

28 August 2023

Forecast Dividend Yield 25%

NEED TO KNOW

- Final FY23 dividend A\$0.02 per share (ps) (ex-date 17 October) taking annualised yield to 25%.
- FY23 EBITDAX of US\$103.5m (up 42% on the previous comparable period (pcp)).
- Net cash (30 June 2023) was US\$32.7m with US\$10.6m received shortly after year end. Further capital management likely in our view.

FY23 net production to HZN up 44% on pcp to 1.92 million barrels (MM bbls) (mid HZN guidance of 1.85-1.95 MM bbls).

Sales volume of 1.77 MM bbls (guidance of 1.7–1.8 MM bbls) were lower due to delays in Maari workovers impacting on lifting timing.

FY23 sales of US\$151m up 44% on FY22 with EBITDAX up 42% on pcp to US\$103.5m.

Annualised 2H23 Yield of ~25%. Final dividend of A\$0.02 ps (unfranked) (~US\$21m), A\$0.035 ps for FY23 in line with MST forecast of A\$0.035 ps.

Cash received from the June lifting at Maari raised effective year end net cash by US\$10.7m from US\$35.7m to US\$43.4m.

2P reserves at year end (net to HZN) are down 14% on pcp at 4.9 million bbl (MM bbl), reflecting production but benefiting from revisions, 2C reserves are up 13% on pcp to 6.9 MM bbl, with 2U resources down to 2.6 MM bbl reflecting the mandatory relinquishment of the WZ12-8 Development Area upon formal definition of the WZ12-8E Production Area.

Investment Thesis

HZN's strategy is to:

- Maximise free cash flow from its current producing assets.
- Make further distributions to shareholders.
- Continue to invest in existing assets to maximise production and field life while keeping an eye out for opportunities to pursue value enhancing investments.

Given the latest development in China and associated capital expenditure has now been substantially expensed, **we are comfortable with our free cash flow per share forecasts in FY24, FY25 and FY26.**

We are forecasting FY24, FY25 and FY26 forecast distributions of A\$0.04 per share implying a 25% dividend yield.

Valuation

Our fully diluted base case valuation for HZN is unchanged at ~A\$0.19 at an AUDUSD exchange rate of 0.64.

Our low and high oil price valuations (FY24 of US\$74/bbl and US\$94/bbl) scenarios for HZN derive sensitivities of A\$0.18 and A\$0.22.

Risks

The key risk to our forecasts and valuation are the asset production volume forecasts and the oil price.

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Equities Research Australia

Energy

David Fraser, Senior Analyst
david.fraser@mstaccess.com.au



Horizon Oil Ltd. is an oil and petroleum exploration, development and production company.

It operates in New Zealand (26% interest in the Maari field) and in China (26.95% production interest and a 55% exploration interest in Block 22/12 in the Beibu field).

<https://horizonoil.com.au>

For an overview of the company, asset details and recent performance please see our research at:

<https://www.mstaccess.com.au/research-notes>

Valuation	A\$0.19 (Unchanged)
Current price	A\$0.16
Market cap	A\$256 m
Net cash (June) (Pre dist'n)	US\$43.4 m

Upcoming Catalysts / Next News

Period	
Oct. 2023	1Q FY24 Quarterly production and cash flow report released
CY 2023	Block 22/12 production enhancement projects investigated
CY 2023	Maari workovers to enhance production
CY 2023	Preliminary planning for potential WZ12-8E Phase 3
Ongoing	Field life extension post 2027

Share Price (\$A)



Source: FactSet, MST Access

Horizon Oil Financial Data

Horizon Oil

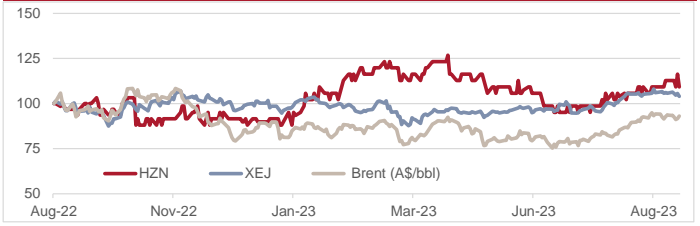
HZN-AU

Year end 30 June

MARKET DATA

Price	\$					0.16
52 week high / low	A\$		0.180			0.125
Valuation	A\$					0.19
Market capitalisation	A\$m					248.2
Shares on issue (basic)	m					1601.4
Partly paid	m					1.5
Share rights	m					50.2
Potential shares on issue (diluted)	m					1653.1

HZN 12 month relative versus S&P/ASX 200 Energy Index & Brent Oil A\$/bbl



INVESTMENT FUNDAMENTALS		FY22	FY23	FY24E	FY25E	FY26E
EPS reported	US ¢	1.5	2.7	1.9	2.0	2.3
EPS reported diluted	US ¢	1.5	2.7	1.9	2.0	2.2

P/E reported	x	5.4	3.4	5.4	5.0	4.6
P/E underlying	x	5.4	3.4	5.4	5.0	4.6
P/E underlying (diluted)	x	5.6	3.5	5.6	5.2	4.7

Year end AUDUSD	x	0.69	0.67	0.67	0.67	0.67
Free cash flow per share	A ¢	4.3	3.7	5.2	5.2	5.6
Distribution	A ¢	3.0	3.5	4.0	4.0	4.0
Yield (Y/E/ spot)	%	25.0%	25.0%	25.8%	25.8%	25.8%
Franking	%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Yield (Y/E/ spot)	%	25.0%	25.0%	25.8%	25.8%	25.8%
NTA / share	US ¢	6.3	6.0	5.3	4.6	4.1

		FY22	FY23	FY24E	FY25E	FY26E
Year end shares	m	1,580	1,603	1,603	1,603	1,603
Average diluted shares	m	1,637	1,650	1,655	1,655	1,655
Year end share price	A\$	0.12	0.14	0.16	0.16	0.16
Year end share price	US\$	0.08	0.09	0.10	0.10	0.10
Market cap (Y/E / Spot)	US\$m	130.4	149.3	165.3	165.3	165.3
Net debt /(cash)	US\$m	(42.9)	(32.7)	(37.1)	(41.9)	(51.1)
Enterprise value	US\$m	87.5	116.6	128.2	123.4	114.3
EV/EBITDAX	x	1.2	1.1	1.4	1.4	1.2
Gearing (net debt / EBITDAX)	x	(0.6)	(0.3)	(0.4)	(0.5)	(0.5)

Free cash flow	US\$m	46.5	39.7	55.0	55.4	59.7
Free cash flow per share	US ¢	2.9	2.5	3.4	3.5	3.7
Price to free cash flow	x	2.8	3.8	3.0	3.0	2.8
Free cash flow yield	%	36%	27%	33%	34%	36%

DIVISIONAL		FY22	FY23	FY24E	FY25E	FY26E
Crude Oil Production ('000 bbls) net to HZN						
China (Beibu Gulf)		925	1,523	1,134	1,180	1,279
New Zealand (Maari)		407	393	533	527	503
Total ('000 bbls)		1,332	1,916	1,667	1,707	1,782
Reserves (mm bbl) net to HZN		1P	2P	2C	2P & 2C	2U
Maari (New Zealand)		1.0	2.1	3.4	5.5	3.4
Beibu (China)		1.8	2.8	3.5	6.3	2.6
Total		2.8	4.9	6.9	11.8	6.0
Brent Oil price forecast (US\$/bbl)		90.1	86.4	83.7	82.7	83.7

Valuation		Low	Base	High
US\$m				
FY24 Brent oil price (US\$/bbl)		74	84	94
Discount rate used in NPV10 calculations		12%	10%	8%
China (Beibu Gulf) (FY21 NPV @ 12%, 10%, 8%)		109	133	163
New Zealand (Maari) (FY21 NPV @ 12%, 10%, 8%)		34	45	57
Corporate Costs Allocation		(17)	(18)	(20)
Enterprise Value		125	160	200
Net debt / (Cash) (adjusted)		(46)	(46)	(46)
Equity		172	206	246
Diluted Shares on Issue		1,653	1,653	1,653
Per Share US\$		0.10	0.12	0.15
AUDUSD exchange rate		0.59	0.64	0.69
Per Share A\$		0.18	0.19	0.22

Source: Company data. MST Access

PROFIT AND LOSS (US\$m)	FY22	FY23	FY24E	FY25E	FY26E
Sales post hedging	108.1	152.1	134.2	135.7	142.8
Other income	0.0	0.0	0.0	0.0	0.0
Total Income	108.1	152.1	134.2	135.7	142.8
Operating costs	(35.9)	(53.2)	(44.9)	(45.5)	(46.8)
EBITDAX	73.0	103.5	90.1	90.7	95.9
Exploration expenditure	(0.8)	(4.5)	(0.8)	(0.5)	0.0
EBITDA	72.2	99.0	89.4	90.2	95.9
Depreciation & Amortisation	(27.5)	(38.7)	(33.7)	(34.5)	(36.0)
EBIT	44.7	60.2	55.6	55.7	59.9
Net interest	(2.0)	(2.9)	(0.4)	1.7	2.1
Pretax Profit	42.7	57.4	55.2	57.4	62.0
New Zealand Royalties	(3.5)	(2.6)	(6.4)	(6.2)	(5.8)
Tax expense	(14.9)	(10.6)	(18.1)	(18.4)	(19.9)
NPAT (underlying)	24.3	44.2	30.6	32.8	36.3
NPAT (reported)	24.3	43.9	30.6	32.8	36.3

BALANCE SHEET (US\$m)	FY22	FY23	FY24E	FY25E	FY26E
Cash	44.1	40.6	37.1	41.9	51.1
Maari Abandonment Fund (Reserved cash)	0.0	3.0	10.5	18.0	25.4
Receivables	18.1	18.4	16.2	16.4	17.2
Inventory	4.2	3.0	2.6	2.6	2.8
Other	2.5	1.6	4.1	4.1	4.3
Current assets	68.9	66.5	70.4	83.0	100.8
Exploration phase expenditure	0.0	0.0	0.0	0.0	0.0
Oil and Gas assets	106.9	104.7	82.9	60.3	36.1
Other	6.7	12.3	12.3	12.3	12.3
Non current assets	113.6	117.0	95.2	72.6	48.4
Total Assets	182.5	183.5	165.6	155.6	149.3
Accounts Payable	26.4	13.4	12.2	12.4	12.9
Borrowings	1.2	7.9	0.0	0.0	0.0
Other	9.2	7.1	7.1	7.1	7.1
Current liabilities	36.8	28.4	19.2	19.5	20.0
Borrowings	0.0	0.0	0.0	0.0	0.0
Provisions	33.3	53.9	55.2	56.6	58.0
Other	13.2	5.5	5.6	5.7	5.9
Non current liabilities	46.5	59.3	60.8	62.4	63.9
Total Liabilities	83.2	87.7	80.1	81.8	83.9
Equity	159.3	147.8	147.8	147.8	147.8
Retained earnings / Reserves	(60.1)	(52.0)	(62.2)	(74.1)	(82.4)
Total equity	99.2	95.8	85.5	73.7	65.4

CASH FLOW (US\$m)	FY22	FY23	FY24E	FY25E	FY26E
EBITDAX	73.0	103.5	90.1	90.7	95.9
Change in working capital	(0.8)	(3.7)	1.8	(0.0)	(0.7)
Net interest	(1.0)	(1.1)	0.3	1.7	2.1
New Zealand Royalties paid	(3.5)	(2.6)	(6.4)	(6.2)	(5.8)
Tax paid	(10.7)	(24.2)	(18.1)	(18.4)	(19.9)
Other	0.0	0.0	0.0	0.0	0.0
Operating cash flow	56.9	72.0	67.7	67.8	71.6
Capital expenditure	(10.4)	(30.9)	(12.7)	(12.4)	(11.9)
Net investment / Other	0.0	(1.4)	0.0	0.0	0.0
Investing cash flow	(10.4)	(32.3)	(12.7)	(12.4)	(11.9)
Change in Equity	(34.8)	2.3	0.0	0.0	0.0
Increase / (decrease) in borrowings	(11.5)	6.7	(7.9)	0.0	0.0
Distributions	0.0	(46.6)	(42.7)	(42.7)	(42.7)
Other	(0.6)	(2.8)	(0.4)	(0.4)	(0.4)
Financing cash flow	(46.8)	(40.3)	(51.0)	(43.1)	(43.1)
Change in Cash / FX	(0.4)	(0.5)	4.0	12.3	16.6

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FY23 Result

FY23 net production to HZN up 44% on pcp to 1.92 m bbls (mid HZN guidance of 1.85-1.95 mm bbls).

Sales volume of 1.77 mm bbls (guidance of 1.7–1.8 mm bbls) were lower due to delays in Maari workovers impacting on lifting timing.

FY23 sales of US\$151m up 44% on FY22 with EBITDAX up 42% on pcp to US\$103.5m.

Operating costs at a Group level were down largely due to the higher production out of China where cash operating costs are ~US\$11/bbl versus New Zealand at ~US\$33/bbl (excluding workovers).

Figure 1: Horizon Oil FY23 Production, Sales and Financial Results

Production, Sales and Pricing	1H22	2H22	FY22	1H23	2H23	FY23	Year on year
Maari & Manaia ('000 bbls)	215	192	407	186	207	393	(3%)
Beibu ('000 bbls)	451	474	925	746	777	1,523	65%
Total Production ('000 bbls)	666	666	1,332	932	984	1,916	44%
Maari & Manaia ('000 bbls)	124	242	366	111	259	371	1%
Beibu ('000 bbls)	411	431	842	689	714	1,404	67%
Total Sales ('000 bbls)	536	673	1,208	801	974	1,774	47%
Brent (US\$/bbl)	76	104	90	93	80	86	(4%)
US\$/bbl (excl. hedging)	76	107	93	93	80	85	(9%)
US\$/bbl (incl. hedging)	73	102	90	95	80	86	(4%)
US\$/bbl Cash op. costs	17	19	18	16	16	16	(13%)

US\$m	1H22	2H22	FY22	1H23	2H23	FY23	
Sales Revenue	40.7	71.9	112.6	74.6	76.0	150.6	34%
Oil hedging gains (losses)	(1.4)	(3.1)	(4.5)	1.1	0.5	1.6	(135%)
Total Sales	39.3	68.8	108.1	75.7	76.4	152.1	41%
Other income	0.0	0.0	0.0	0.0	0.0	0.0	n/m
Total Income	39.3	68.8	108.1	75.7	76.4	152.1	41%
Total operating expenditure	(11.3)	(23.9)	(35.1)	(23.5)	(25.2)	(48.6)	38%
EBITDAX	28.0	45.0	73.0	52.2	51.3	103.5	42%
Exploration & Development	(0.4)	(0.4)	(0.8)	(4.4)	(0.2)	(4.5)	462%
EBITDA	27.6	44.5	72.2	47.9	51.1	99.0	37%
Depreciation	(0.2)	(0.2)	(0.4)	(0.1)	(0.1)	(0.2)	(51%)
Amortisation	(12.0)	(14.5)	(27.0)	(21.6)	(16.9)	(38.5)	42%
EBIT	15.4	26.7	44.7	26.1	34.1	60.2	35%
Interest income	0.0	0.0	0.0	0.2	0.7	1.0	n/m
Interest expense	(1.0)	(1.0)	(2.0)	(1.5)	(2.3)	(3.8)	91%
Net Interest	(1.0)	(1.0)	(2.0)	(1.3)	(1.6)	(2.9)	43%
Underlying PBT	14.5	28.3	42.7	24.8	32.5	57.4	34%
NZ Royalty expense	(1.3)	(3.5)	(3.5)	(2.2)	(0.4)	(2.6)	(28%)
Taxation	(5.2)	(7.4)	(14.9)	(3.1)	(7.4)	(10.6)	(29%)
Underlying NPAT	7.9	16.4	24.3	19.5	24.7	44.2	82%

Source: Company, MST Access.

How our forecasts have changed

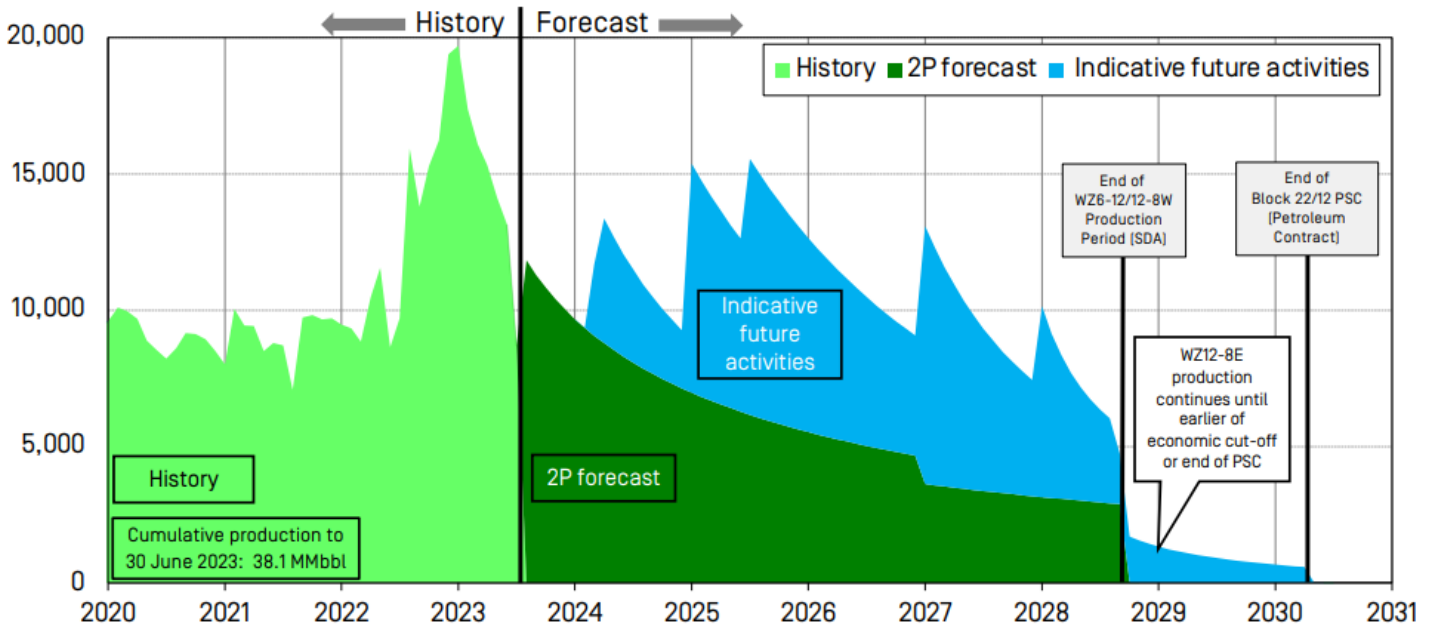
We have updated our forecasts reflecting HZN's published production profiles and the current oil price forecasts. There has been no material impact on our valuation or our distribution forecasts.

See Figures 10 and 11 for more detailed asset production and financial forecasts.

Block 22/12 oil production

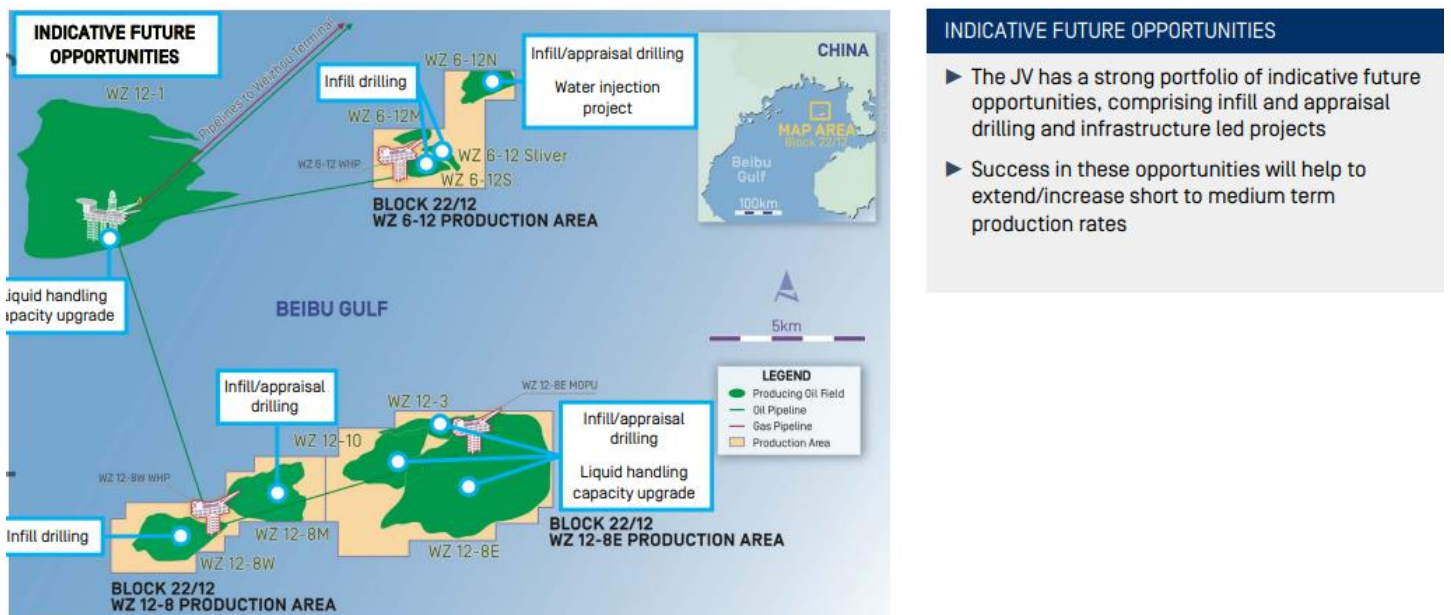
In our asset valuations we include all the indicative future activities for China out to 2030 with an associated forecast capital spend of US\$12.5m p.a. out to FY28 (mid-range of HZN's guidance of US\$10m to US\$15m p.a.).

Figure 2: Block 22/12 Historical and Forecast Production Profile



Source: Company

Figure 3: Block 22/12 indicative future opportunities.

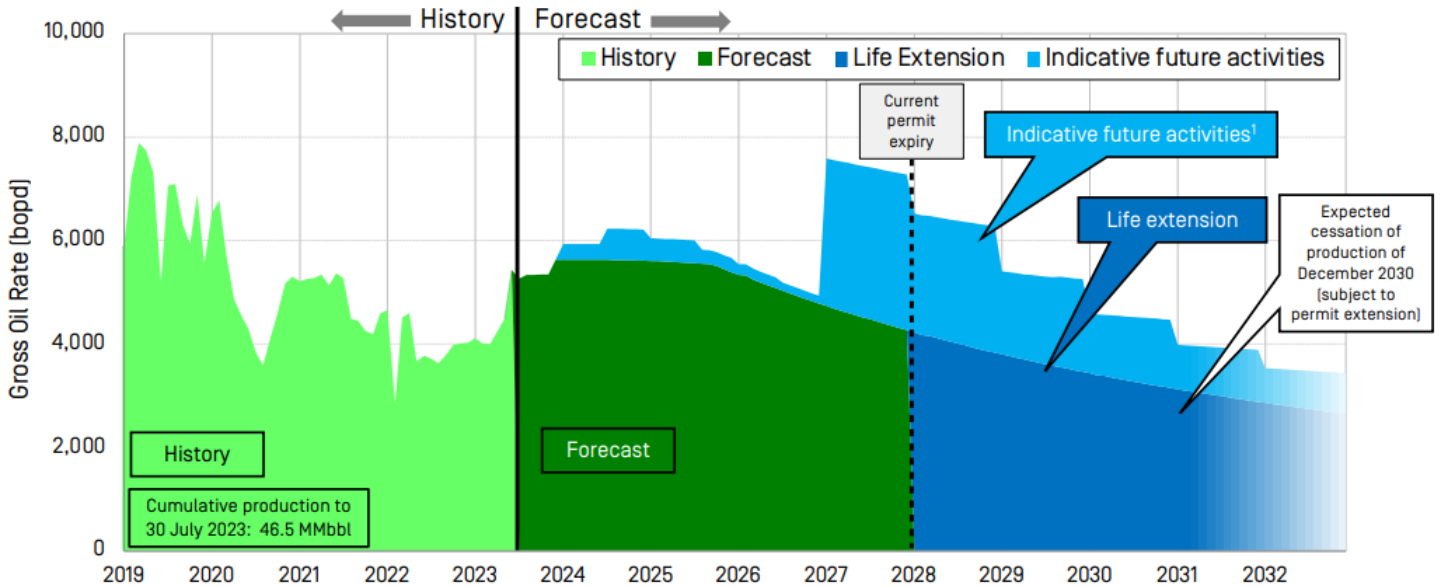


Maari

Unlike China, we do not include any indicative future activities production in our asset value for New Zealand.

Given the potential for further production from the field there is a fairly good chance that a license extension may be able to be obtained but whether this option is pursued will be dependent on the additional cost to achieve the like extension and the indicative future activities.

Figure 4: Maari Historical and Forecast Production Profile.



Abandonment

HZN and its partners have revised the abandonment cost up from ~US\$185m to a gross level of ~US\$202m. We inflate that to FY28 by 3.5% p.a. implying a gross FY28 abandonment cost of US\$240m then. This has lifted our forecast FY28 abandonment cash cost to HZN of \$37.4m (post tax credit allowance).

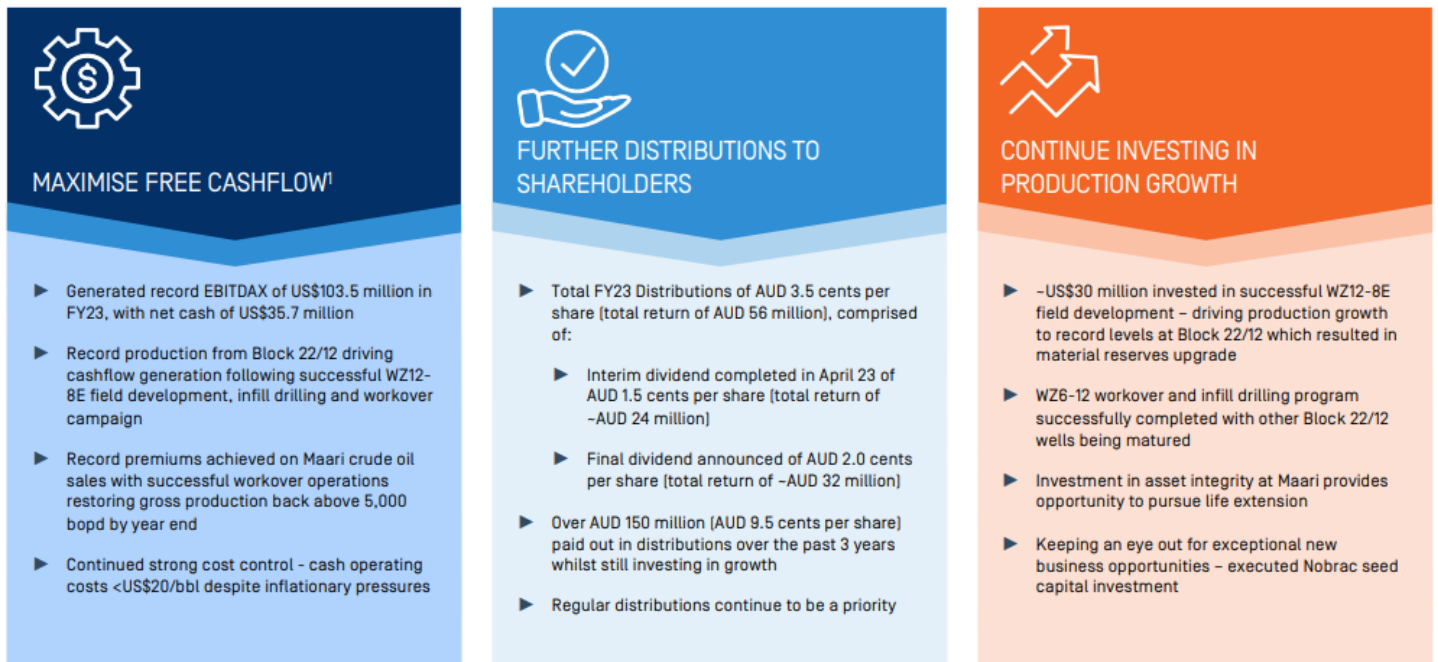
As noted previously we break out a notional restricted cash line on our forecast balance sheet relating to the Maari abandonment costs which are likely to be required to be set aside out until FY28.

Outlook

In keeping with HZN's strategy to:

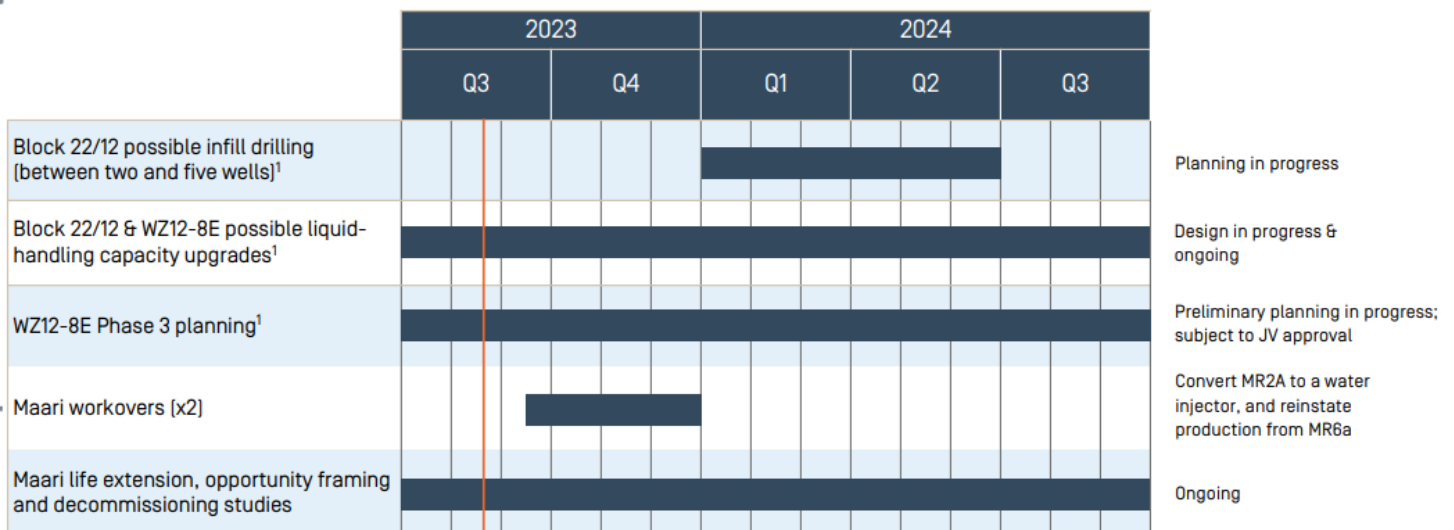
- Maximise free cash flow from its current producing assets,
 - Make further distributions to shareholders, and to
 - Continue to invest in existing assets to maximise production and field life while keeping an eye out for opportunities to pursue value enhancing investments,
- the company has a number of projects it is progressing.

Figure 5: Horizon Oil Strategy



Source: Company

Figure 6: Horizon Oil plans for the next 12 months



Source: Company Notes. 1 Indicative only and subject to technical and economic evaluation, joint venture and regulatory approvals.

Valuation

Our base case diluted valuation for HZN is unchanged at A\$0.19 per share.

If we assume our Brent Oil price assumption appreciates by US\$10/bbl from FY24 across the forecast period, our valuation lifts from US\$0.12 (A\$0.19) to US\$0.15 (A\$0.22). NB: For the higher oil price forecast we use a higher AUDUSD exchange rate of 0.69 versus 0.64 for our base case.

Likewise, if we assume our Brent Oil price assumption is lower by US\$10/bbl across the forecast period, our valuation lowers from US\$0.12 (A\$0.19) to US\$0.10 (A\$0.18) at an AUDUSD cross rate of 0.59.

Figure 7: Horizon Oil Valuation Sensitivity

US\$m	Low	Base	High
FY24 Brent oil price (US\$/bbl)	74	84	94
Discount rate used in NPV calculations	12%	10%	8%
China (Beibu Gulf) (FY21 NPV @ 12%, 10%, 8%)	109	133	163
New Zealand (Maari) (FY21 NPV @ 12%, 10%, 8%)	34	45	57
Corporate Cost allocation	(17)	(18)	(20)
Option Exercise	0	0	0
Enterprise Value	125	160	200
Net debt / (Cash) (adjusted)	(46)	(46)	(46)
Equity	172	206	246
Diluted Shares on Issue	1,653	1,653	1,653
Per Share US\$	0.10	0.12	0.15
AUDUSD	0.59	0.64	0.69
Per Share A\$	0.18	0.19	0.22

Source: MST Valuation, MST Access

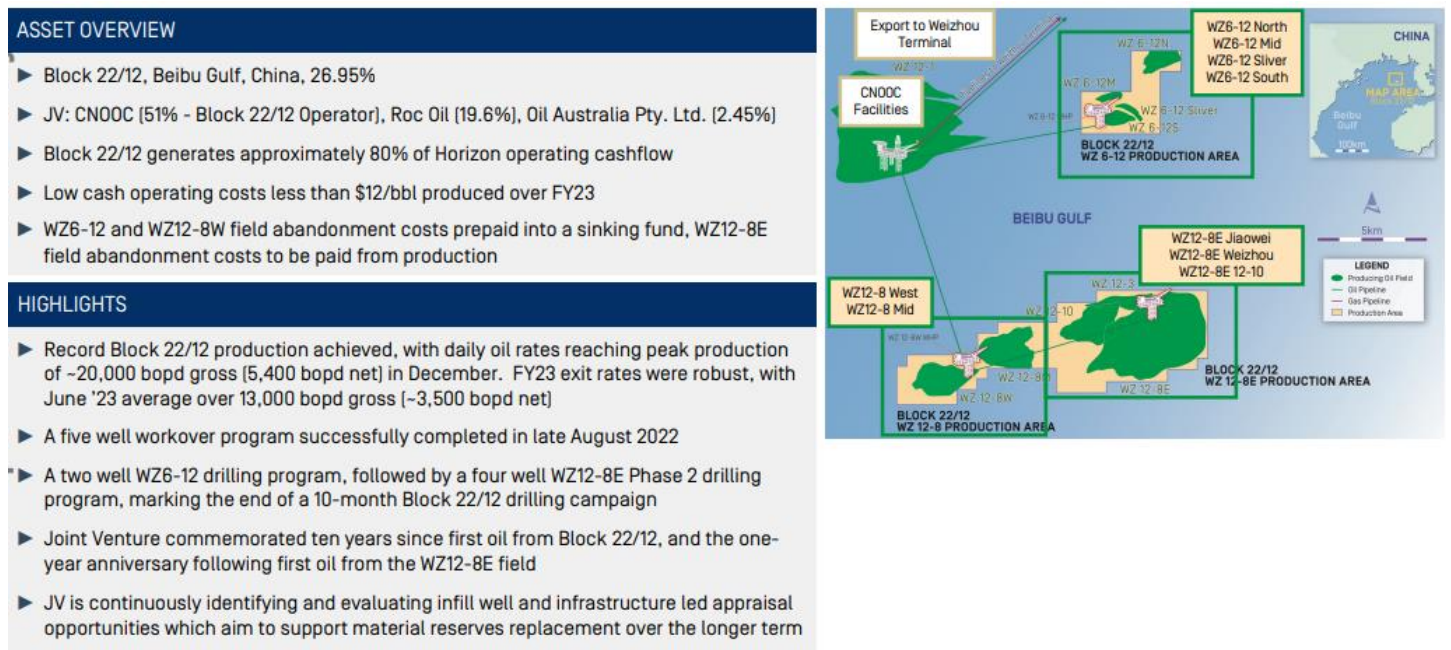
Risks

Key risks to our forecasts and valuation include:

- Oil price risk.
- Movement in New Zealand and United States exchange rates.
- Production forecasts from existing operations.
- Process equipment failure.
- Regulatory changes impacting royalty and tax rates and abandonment requirements.
- Operating cost appreciation.
- Sovereign risk associated with owning and operating assets in international arenas.
- Future investments failing to meet financial and operational targets including acquisitions, exploration, development and production capital expenditure, forecast production profiles etc.
- Interest rates impacting any future financing and discount rate used in valuation. Body text.

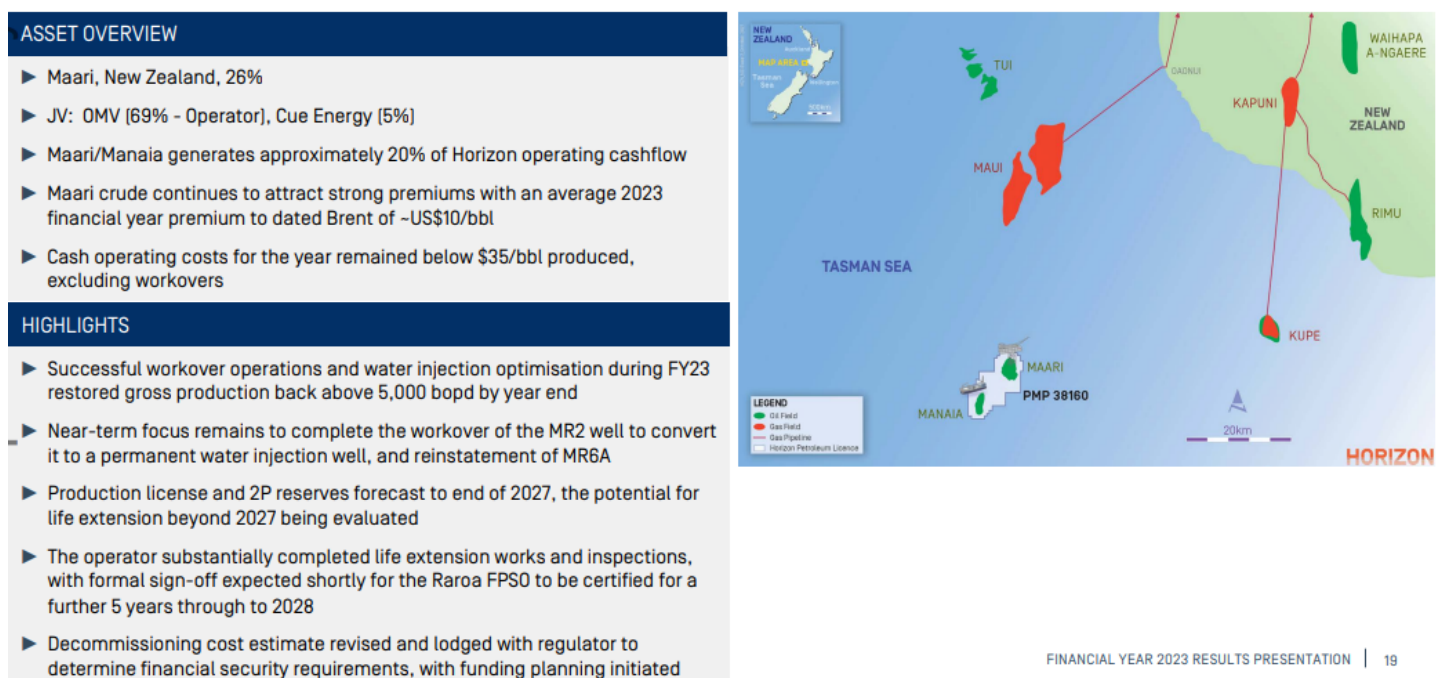
Asset overviews

Figure 8: China - Block 22/12



Source: Company

Figure 9: New Zealand - Maari



Source: Company

China – Block 22/12 Forecasts

Figure 10: China Forecasts

Block 22/12 (Beibu Gulf) (26.95%)

US\$m	FY22	FY23	FY24	FY25	FY26	FY27	FY28
HZN share	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%
Crude Oil Production ('000 bbls) Gross	3,434	5,651	4,209	4,380	4,745	3,833	2,920
<i>Decline</i>	6%	65%	(26%)	4%	8%	(19%)	(24%)
Crude Oil Gross Production (bopd)	9,408	15,484	11,500	12,000	13,000	10,500	8,000
HZN Crude Oil Production (bopd)	2,535	4,173	3,099	3,234	3,504	2,830	2,156
Crude Oil Production ('000 bbls) (HZN)	925	1,523	1,134	1,180	1,279	1,033	787
Crude Oil Sales ('000 bbls)	842	1,404	1,040	1,082	1,172	947	721
Oil Price assumption (Brent)	90	86	84	83	84	85	87
Discount for Crude quality	2	(4)	0	0	0	0	0
US\$/bbl (excl. hedging)	92	83	84	83	84	85	87
Total cash operating costs (production) / bbl	13	11	15	15	15	19	25
Revenue	78	116	87	90	98	80	63
Operating expenses	(12)	(17)	(17)	(18)	(19)	(19)	(20)
Oil levy	(8)	(8)	(5)	(5)	(6)	(5)	(5)
Workover expenditure	0	(2)	(2)	(2)	(2)	(2)	(2)
Net operating cash flow	58	90	62	64	71	54	36
Exploration & Development (Cash)	(19)	(20)	(11)	(11)	(11)	(11)	(11)
Depreciation and Amortisation	(19)	(30)	(22)	(23)	(25)	(20)	(16)
EBIT	20	39	30	31	36	23	10
Amortisation for tax calculation		(4)	(4)	(4)	(4)	(4)	(4)
PBT (excluding capex)	39	85	58	60	67	49	32
Tax	(10)	(21)	(14)	(15)	(17)	(12)	(8)
US\$m	FY22	FY23	FY24E	FY25E	FY26	FY27	FY28
Workover	0	1.9	2.0	2.0	2.0	2.0	2.0
Development & Production Capex	19	20.2	10.5	10.5	10.5	10.5	10.5

Source: Company

New Zealand – Forecasts

Figure 11: New Zealand Forecasts

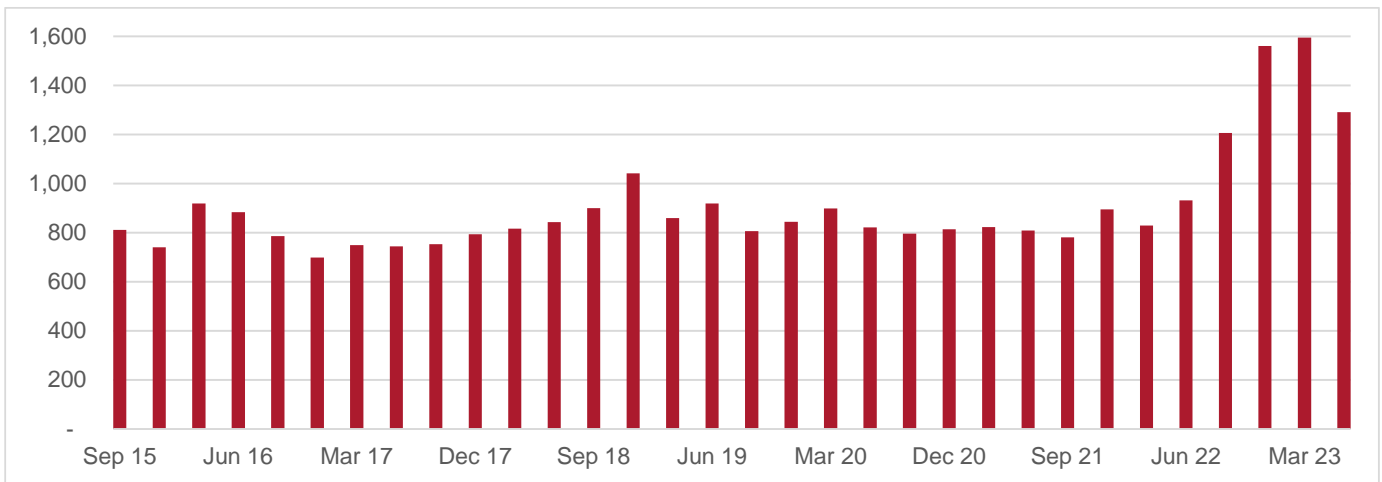
PMP 38160 (Maari & Manaia) (26.0%)

US\$m	FY22	FY23	FY24E	FY25E	FY26	FY27	FY28
HZN share	26%	26%	26%	26%	26%	26%	26%
Crude Oil Production ('000 bbls) Gross	1,565	1,679	2,050	2,026	1,935	1,734	787
Crude Oil Gross Production (bopd)	4,287	4,600	5,600	5,550	5,300	4,750	4,300
Crude Oil Production ('000 bbls) (HZN)	407	393	533	527	503	451	205
Crude Oil Production (bopd) (HZN)	1,115	1,076	1,456	1,443	1,378	1,235	561
Crude Oil Sales ('000 bbls)	366	371	533	527	503	451	205
Brent	90.1	86.4	83.7	82.7	83.7	84.7	86.9
Premium to Brent	5.5	5.9	5.0	5.0	5.0	5.0	5.0
US\$/bbl (realised excluding hedging)	95.6	92.3	88.7	87.7	88.7	89.7	91.9
Total cash operating costs (production) / bbl	28.4	32.7	24.6	25.4	27.1	30.8	34.8
Revenue	35.0	34.2	47.3	46.2	44.6	40.5	18.8
Operating expenses	(11.6)	(12.8)	(13.1)	(13.4)	(13.6)	(13.9)	(7.1)
Workover expenditure / Other	(1.0)	(2.0)	(2.0)	(2.0)	(2.0)	0.0	0.0
Net operating cash flow	22.5	19.3	32.2	30.9	29.0	26.6	11.7
Inventory adjustment	(2.1)	0.8					
Exploration & Development (Cash)	(1.0)	(2.3)	(1.4)	(1.4)	(1.4)	0.0	(37.4)
Depreciation and Amortisation	(7.8)	(8.4)	(11.4)	(11.3)	(10.7)	(9.6)	(4.4)
EBIT	11.5	9.4	19.4	18.2	16.9	16.9	(30.1)
Net interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT	11.5	9.4	19.4	18.2	16.9	16.9	(30.1)
NZ Royalties (Ad Valorem (AVR))	(3.5)	(1.7)	(2.4)	(2.3)	(2.2)	(2.0)	(0.9)
NZ Royalties (Accounting profits royalty (APR))		(2.2)	(4.1)	(3.9)	(3.6)	(3.3)	(1.4)
Company Tax	(2.2)	(1.6)	(3.6)	(3.4)	(3.1)	(3.3)	0.0
US\$m	FY22	FY23	FY24E	FY25E	FY26	FY27	FY28
Abandonment		201.8	208.9	216.2	223.8	231.6	239.7
Development & Abandonment Expenses	1.0	1.4	1.4	1.4	1.4	0.0	37.4
Workovers	1.0	2.0	2.0	2.0	2.0	0.0	0.0

Source: Company

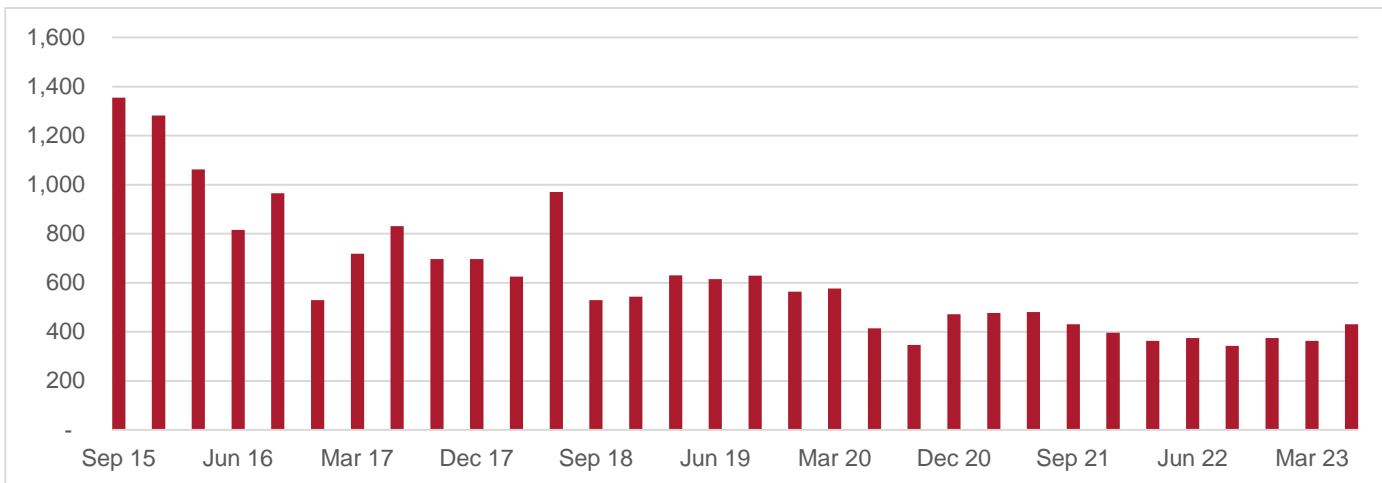
HZN Quarterly Production & Financial Performance

Figure 12: Block 22/12 Gross Production ('000 bbls)



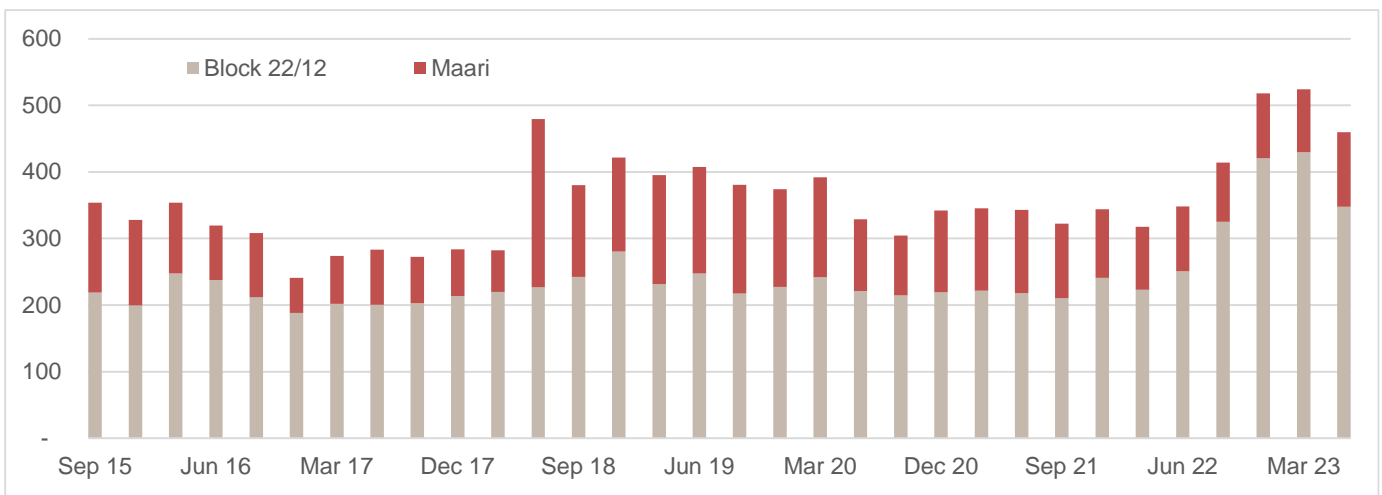
Source: Company

Figure 13: Maari Gross Production ('000 bbls)



Source: Company

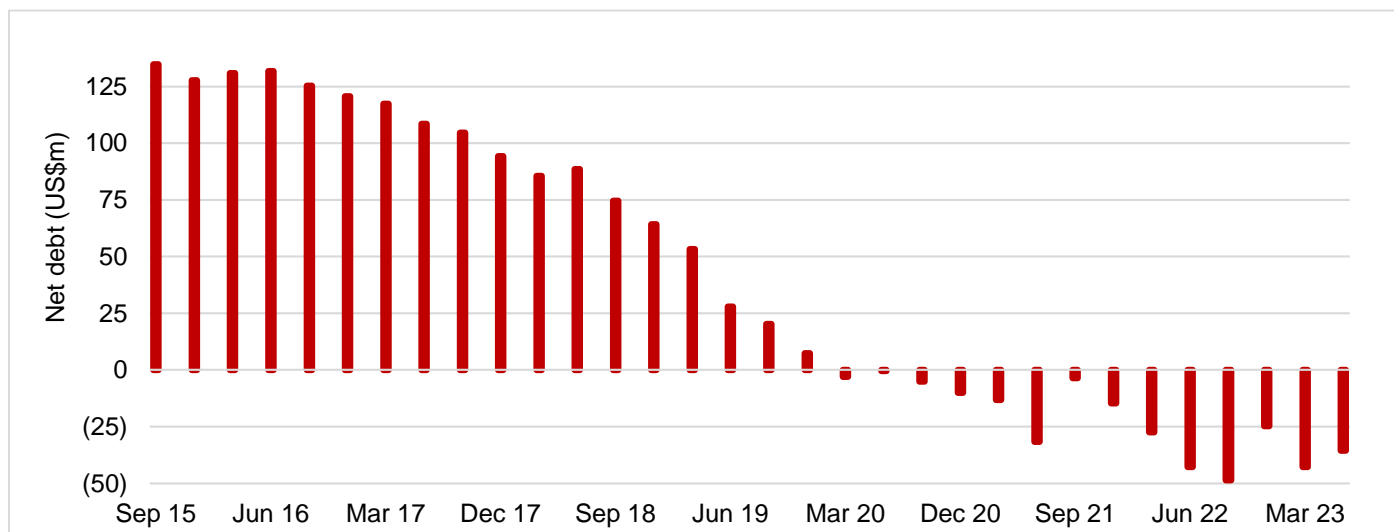
Figure 14: Total Horizon Oil Net Production ('000 bbls) benefiting from 27% ownership in Block 22/12



Source: Company

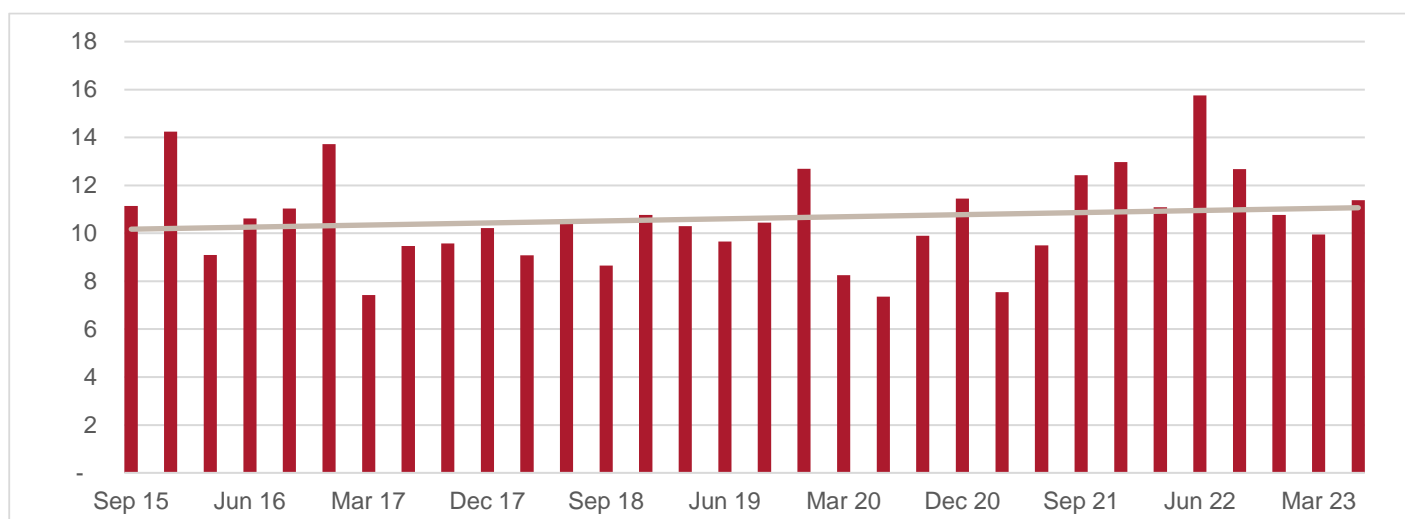
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Figure 15: Horizon Oil Net Debt / (Cash) (US\$m) – Ended the quarter with a net cash position of US\$43m (post Maari lifting)



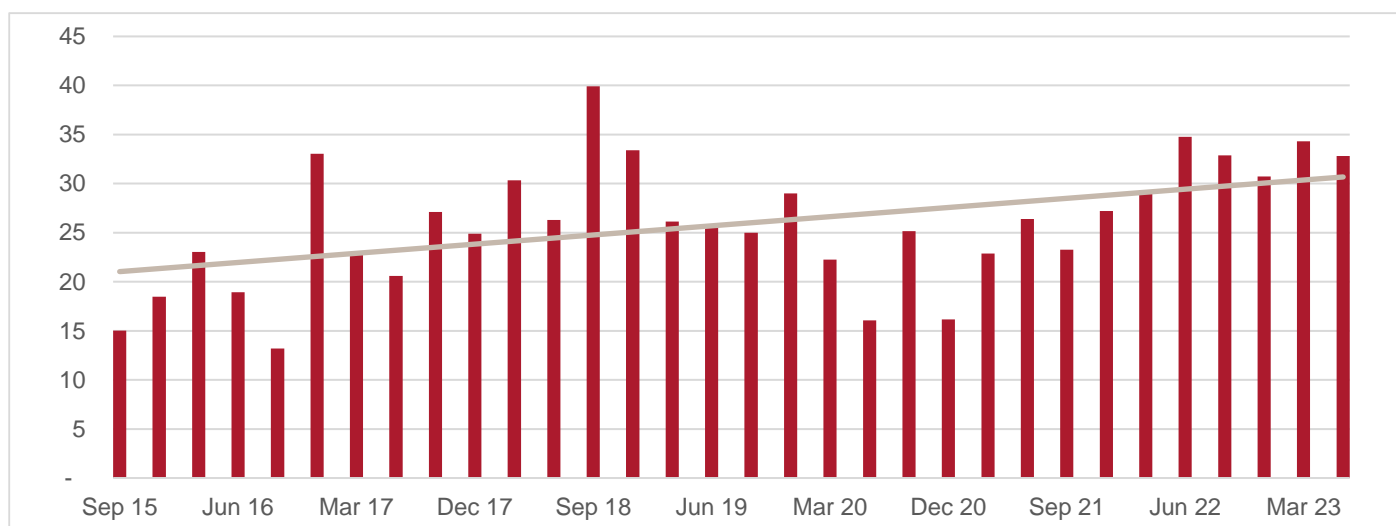
Source: Company

Figure 16: Block 22/12 cash operating costs (US\$/bbl) continue to be around US\$10/bbl produced



Source: Company

Figure 17: Maari cash operating costs (US\$/bbl)



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Figure 18: Horizon Oil Quarterly Performance

US\$m	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Block 22/12 (Beibu Gulf) (26.95%) - (55.00% in WZ 12-8)								
Crude Oil Production ('000 bbls) Gross	780.5	894.1	828.6	930.6	1,206.3	1,560.4	1,594.2	1,290.6
Crude Oil Production (bopd) Gross	8,483	9,719	9,206	10,227	13,112	16,961	17,713	14,182
HZN Share (26.95%)	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Crude Oil Production ('000 bbls) (HZN)	210.3	241.0	223.3	250.8	325.1	420.5	429.6	347.8
Crude Oil Production (bopd) (HZN)	2,286	2,619	2,481	2,756	3,534	4,571	4,774	3,822
Crude Oil Sales ('000 bbls)	191.9	219.2	202.0	228.9	300.1	389.2	395.0	319.4
Revenue	14.0	17.4	20.4	25.7	29.1	33.5	30.1	23.6
Operating expenses	(2.6)	(3.1)	(2.5)	(4.0)	(4.1)	(4.5)	(4.3)	(4.0)
China Oil Levy	(0.4)	(0.9)	(2.5)	(3.7)	(3.2)	(2.4)	(1.4)	(1.0)
Workover expenditure / Other	0.0	0.0	0.0	0.0	0.0	(1.7)	(0.0)	(0.2)
Net operating cash flow	11.0	13.4	15.4	18.0	21.8	24.9	24.4	18.5
Exploration & Development	(2.2)	(3.3)	(3.1)	(10.4)	(3.1)	(15.0)	(2.0)	(0.0)
US\$/bbl (realised excluding hedging)	73.2	79.3	101.2	112.4	97.0	86.2	76.1	73.9
Cash operating costs (production)/bbl	12.4	13.0	11.1	15.8	12.7	10.8	10.0	11.4
PMP 38160 (Maari & Manaia) (10.0% to 26.0% in FY18)								
Crude Oil Production ('000 bbls) Gross	431	396	363	375	343	374	363	431
Crude Oil Production (bopd) Gross	4,683	4,301	4,038	4,117	3,723	4,065	4,037	4,737
HZN Share (26.0%)	26%	26%	26%	26%	26%	26%	26%	26%
Crude Oil Production ('000 bbls)	112.0	102.9	94.5	97.4	89.1	97.2	94.5	112.1
Crude Oil Production (bopd) (HZN)	1,218	1,118	1,050	1,070	968	1,057	1,050	1,232
Inventory on hand ('000 bbls)	17.6	118.8	93.8	57.8	24.0	110.6	70.9	41.3
Crude Oil Sales ('000 bbls)	124.4	0.0	115.9	125.6	111.3	0.0	125.3	134.0
Revenue	9.2	0.0	10.7	15.1	11.9	0.0	11.5	10.8
Operating expenses	(2.6)	(2.8)	(2.8)	(3.4)	(2.9)	(3.0)	(3.2)	(3.7)
Workover expenditure / Other	0.0	(0.7)	0.0	(0.3)	(0.9)	(0.4)	(0.0)	(0.6)
Net operating cash flow	6.6	(3.5)	7.9	11.4	8.1	(3.4)	8.3	6.4
Inventory adjustment	0.4	(5.1)	1.6	0.9	1.7	(4.8)	2.6	1.4
Exploration & Development	(0.1)	(0.5)	(0.4)	(0.1)	(0.6)	(0.7)	(0.7)	(0.3)
US\$/bbl (realised excl. hedging)	74.2	n/a	92.1	120.2	107.3	n/a	92.0	80.2
Cash operating costs (production)/bbl	23.3	27.2	29.3	34.8	32.9	30.7	34.3	32.8
Total Horizon Oil								
US\$m	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total Production ('000 bbls)	322.4	343.9	317.8	348.2	414.2	517.7	524.1	459.9
Total Sales ('000 bbls)	316.4	219.2	318.0	354.6	411.4	389.2	520.3	453.5
Sales Revenue	23.3	17.4	31.1	40.8	41.1	33.5	41.6	34.4
Oil hedging gains (losses)	(0.6)	(0.8)	(2.4)	(0.7)	0.9	0.2	0.1	0.4
Total Revenue	22.7	16.6	28.8	40.1	42.0	33.7	41.7	34.7
Operating expenditure	(5.2)	(5.9)	(5.2)	(7.3)	(7.1)	(7.5)	(7.5)	(7.6)
Workovers, Repairs & Refurbishments / Other	0.0	(0.7)	0.0	(0.3)	(0.9)	(2.1)	(0.0)	(0.8)
Net operating cash flow	17.5	9.9	23.5	32.5	34.0	24.1	34.1	26.3
China Oil Levy	(0.4)	(0.9)	(2.5)	(3.7)	(3.2)	(2.4)	(1.4)	(1.0)
Inventory adjustment	0.4	(5.1)	1.6	0.9	1.7	(4.8)	2.6	1.4
EBITDAX	17.5	4.0	22.6	29.7	32.4	16.9	35.3	26.7
PMP 38160 (Maari & Manaia) & Other NZ	(0.1)	(0.5)	(0.4)	(0.1)	(0.6)	(0.7)	(0.7)	(0.3)
Block 22/12 (Beibu Gulf)	(2.2)	(3.3)	(3.1)	(10.4)	(3.1)	(15.0)	(2.0)	(0.0)
Total Exploration & Development	(2.3)	(3.8)	(3.5)	(10.5)	(3.8)	(15.7)	(2.7)	(0.3)

Source: Company

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