



# FULL YEAR RESULTS PRESENTATION

AUGUST 2021

# FY21 FULL YEAR HIGHLIGHTS

PRODUCTION AND FINANCIAL METRICS WITHIN / EXCEEDING FY21 GUIDANCE RANGE

Production Volume

**1.33 MMbbl**

Sales Revenue

**US\$63.6 million**

EBITDAX

**US\$36.4 million**

Net Cash

**US\$31.7 million**

Underlying Profit after Tax

**US\$7.8 million**

Cash on Hand

**US\$44.4 million**

# FY21 EXECUTIVE SUMMARY

**STRONG CASHFLOW DRIVING VALUE FOR SHAREHOLDERS**

**NET CASH  
US\$32 MILLION**

**RETURNS TO  
SHAREHOLDERS**

**STRONG  
PRODUCTION**

**REDUCED  
COSTS**

# FINANCIAL RESULTS



# 2021 FULL-YEAR HIGHLIGHTS

## LOW COST, CASH GENERATIVE OIL PRODUCER

- **Cashflow positive during low oil prices** – cashflow from operating activities of US\$23.2 million
- **Strengthened balance sheet** – net cash of US\$31.7 million at 30 June 2021, an increase of US\$31.2 million during the financial year
- **Efficient operations** – continued rationalisation of operating costs <US\$20/bbl
- **Drilling activities** – investment during the low oil price environment resulted in increased production as the oil price strengthened
- **Workovers** – 10 workovers across both fields safely completed
- **Capital management initiatives** – return of capital to shareholders through on-market and off-market buy-backs of 23.0 million shares and announced A\$47.4 million share capital return
- **Environmental, Social & Governance (ESG)** – continued focus with no losses of containment, strong safety record (TRIFR 1.02)

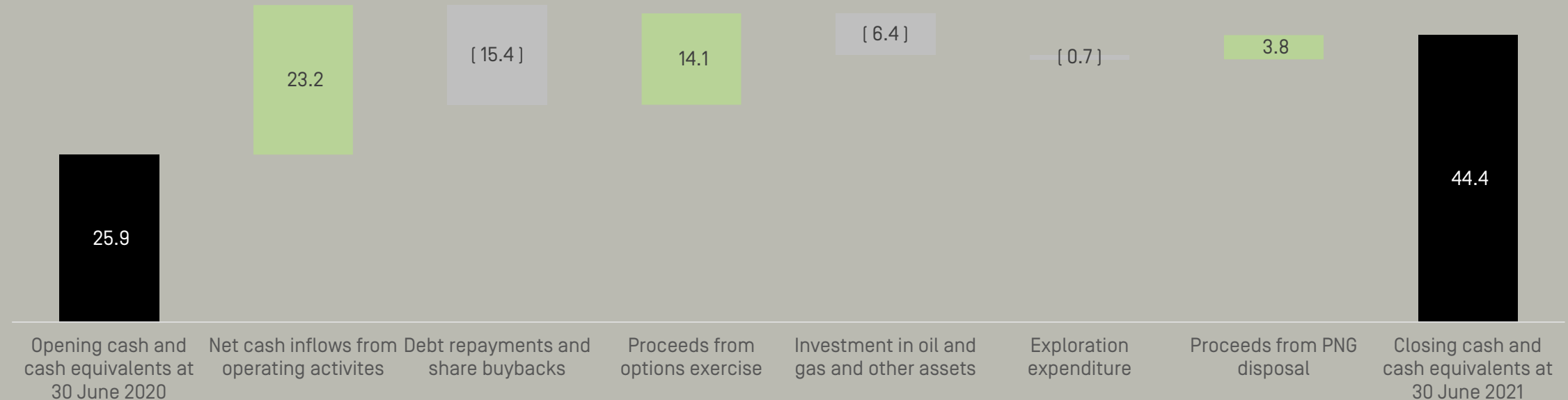
### Resilient cashflow despite COVID-19 pandemic which impacted operations and oil prices

	FY 2021	FY 2020
Production Volumes [MMbbl]	1.33	1.48
Sales Volumes [MMbbl]	1.27	1.43
Revenue [USD]	\$63.6 million	\$84.0 million
EBITDAX [USD] <sup>1</sup>	\$36.4 million	\$51.4 million
Underlying Profit after tax [USD] <sup>1</sup>	\$7.8 million	\$8.3 million
Statutory Profit/[Loss] after tax [USD]	\$8.0 million	[\$55.1 million] Loss
Net Cash [USD] at 30 June	\$31.7 million	\$0.5 million
Cash [USD] at 30 June	\$44.4 million	\$25.9 million

<sup>1</sup>Excludes profit/loss from PNG discontinued operations

# POSITIVE CASHFLOW INCREASING NET CASH

US\$ MILLION



**STRONG POSITIVE CASHFLOW**  
despite lower realised oil prices

## DISCIPLINED INVESTMENT

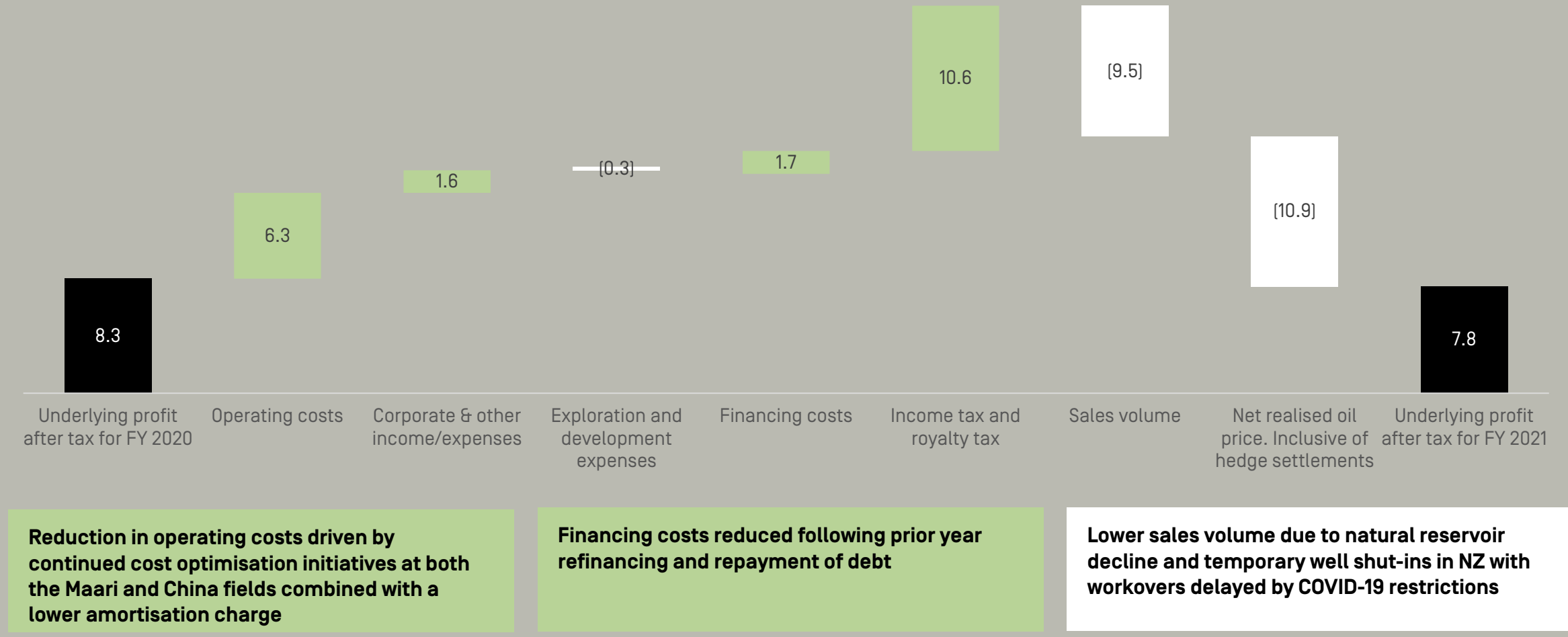
cashflow used to retire debt, invest in our low-cost producing China asset, with surplus cash returned to shareholders

## REDUCED COSTS

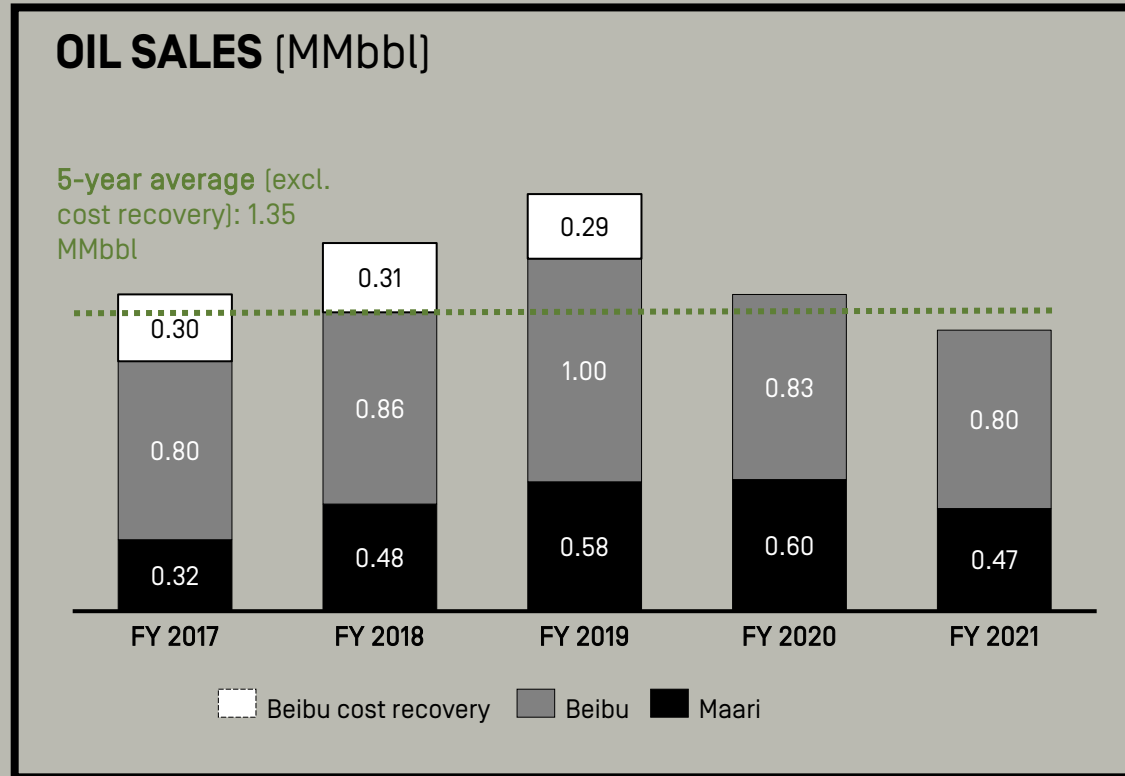
rationalisation of operating/corporate costs and reduction in interest costs

# REDUCED COSTS OFFSET LOWER OIL PRICES AND SALES VOLUME

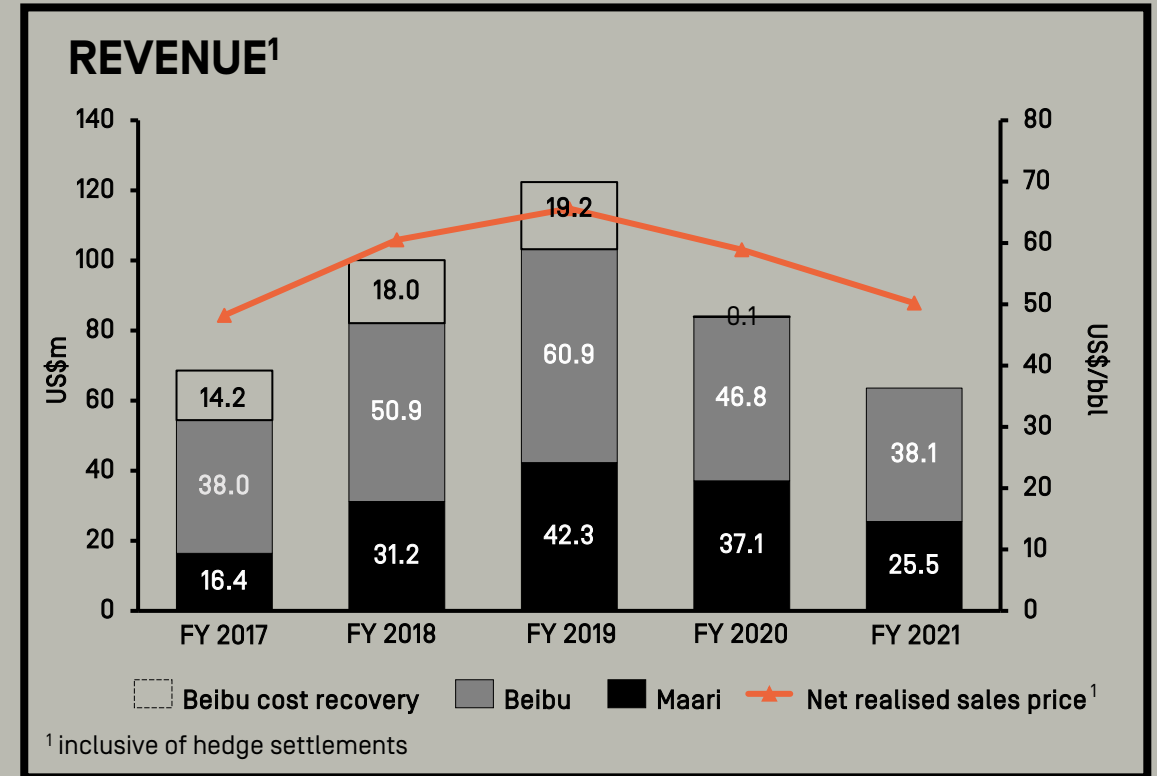
US\$ MILLION



# CONSISTENCY OF SALES VOLUMES



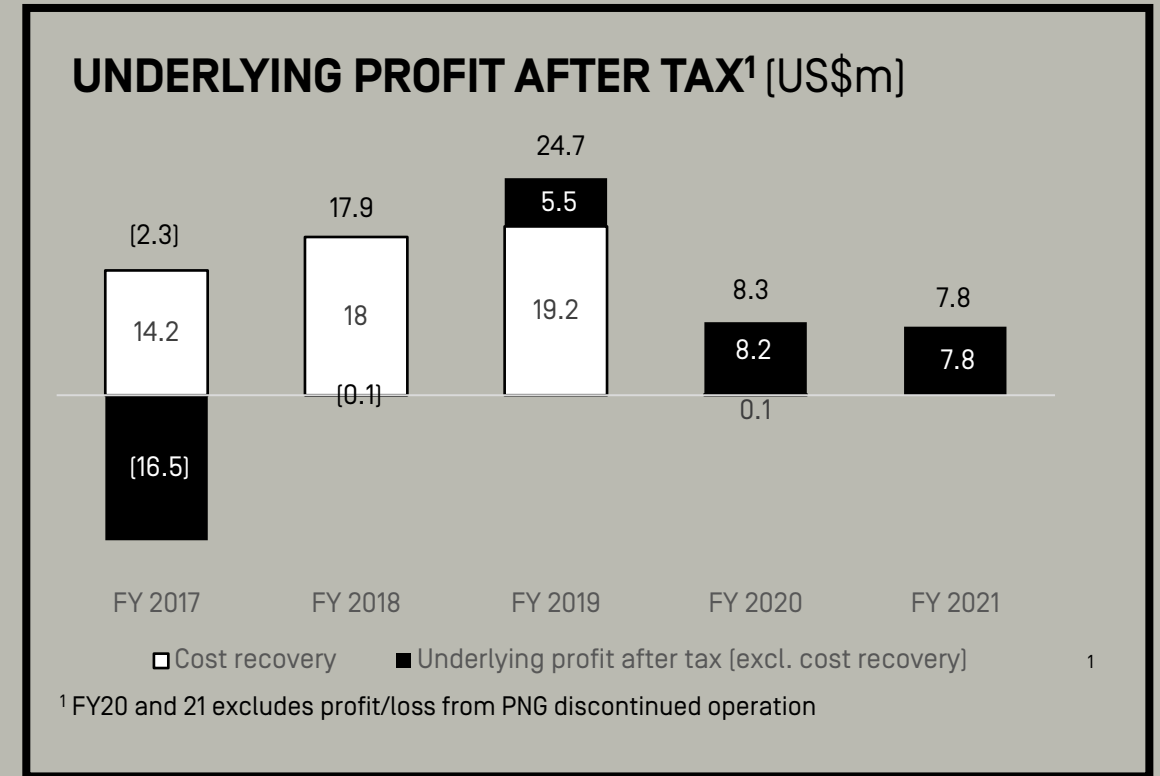
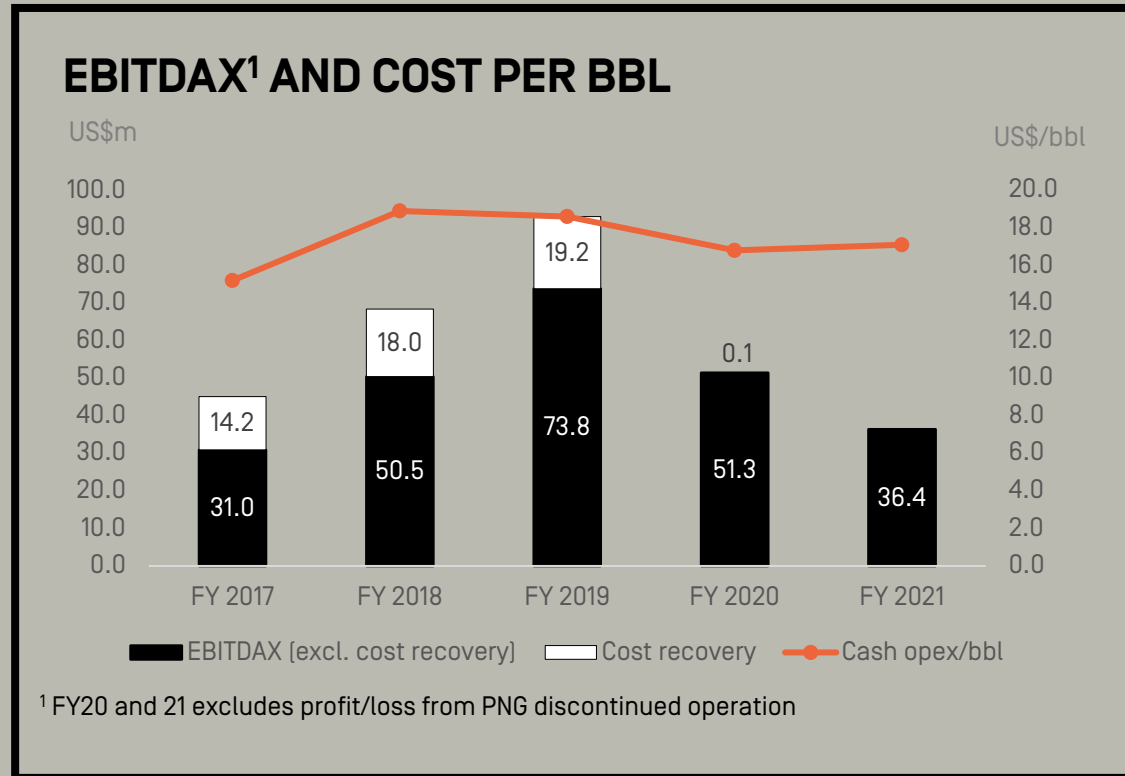
Oil sales volume just shy of 5 year average - impacted by the recoupment of Beibu cost recovery entitlement, natural reservoir decline and Maari production disruptions



Base sales revenue impacted by the lower oil prices following the COVID-19 pandemic and lower sales volume



# LOW COST PRODUCTION RETAINS PROFITABILITY

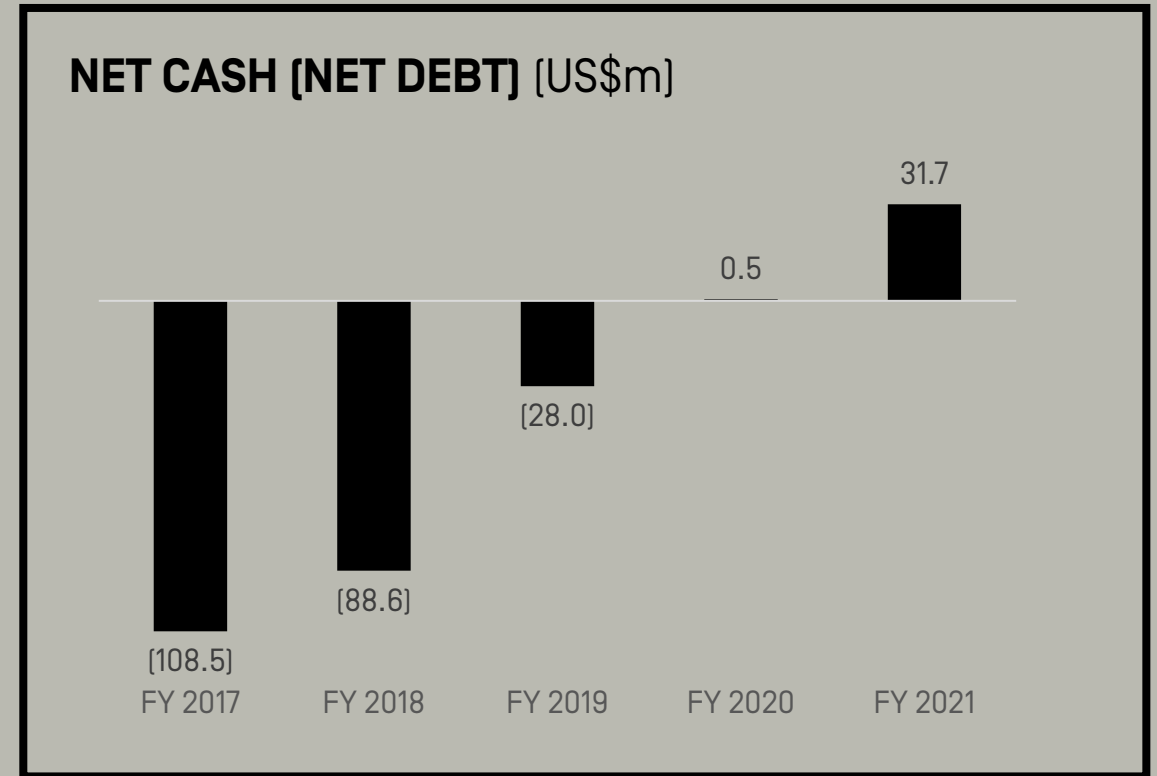
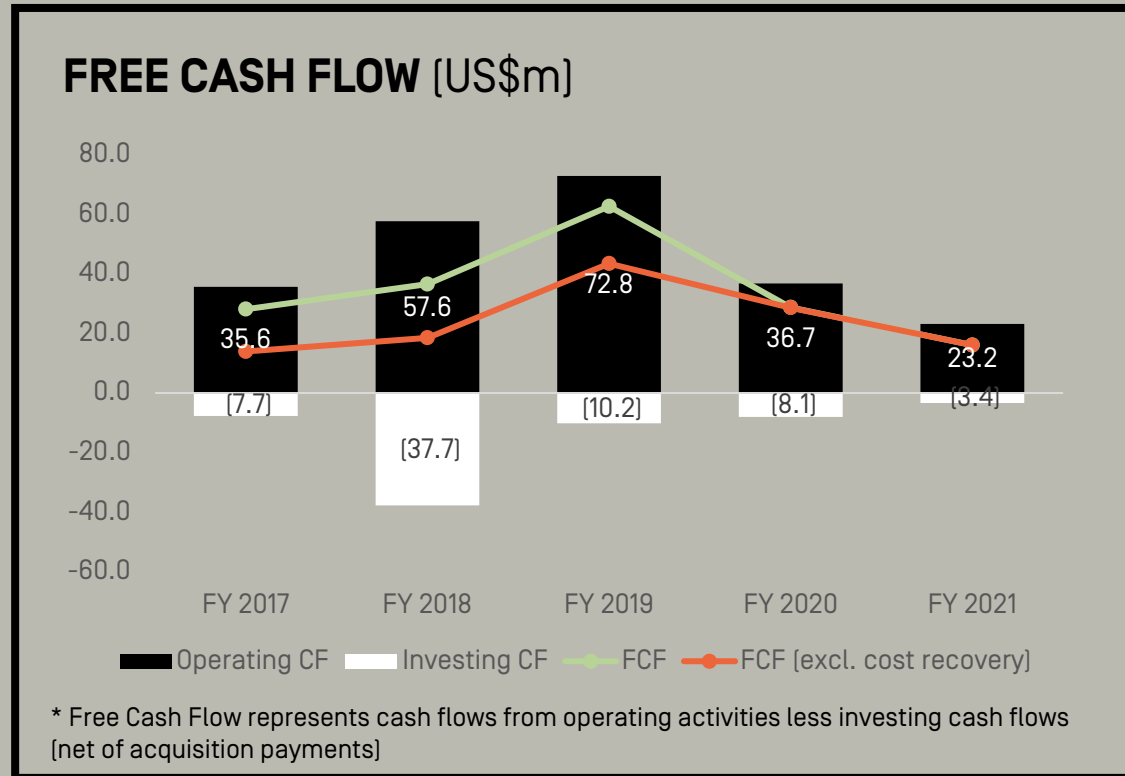


**Continued strong EBITDAX despite low oil prices, aided by low cost of production**

**Cash operating costs sustained below US\$20/bbl**

**Underlying profit of \$7.8m despite low oil prices with continued cost discipline**

# POSITIVE FREE CASHFLOW & INCREASED NET CASH POSITION



**Positive free cash flow with disciplined investment in exploration and development activities**

**Low-cost production, option proceeds and PNG divestment ensured continued build in the net cash position despite low oil prices**

**Net cash of US\$31.7 million as at 30 June 2021, an increase of US\$31.2 million over the financial year**

# OUTLOOK AND ASSET UPDATES

The background features three large, textured, triangular shapes pointing downwards. These shapes are composed of a dense pattern of black dots on a light gray background, creating a halftone or stippled effect. The triangles are arranged in a staggered, overlapping fashion, with the leftmost triangle being the smallest and the rightmost being the largest.

# OPERATIONS

## □ CHINA BEIBU GULF

Block 22/12 [Beibu Gulf] 26.95% / 55%

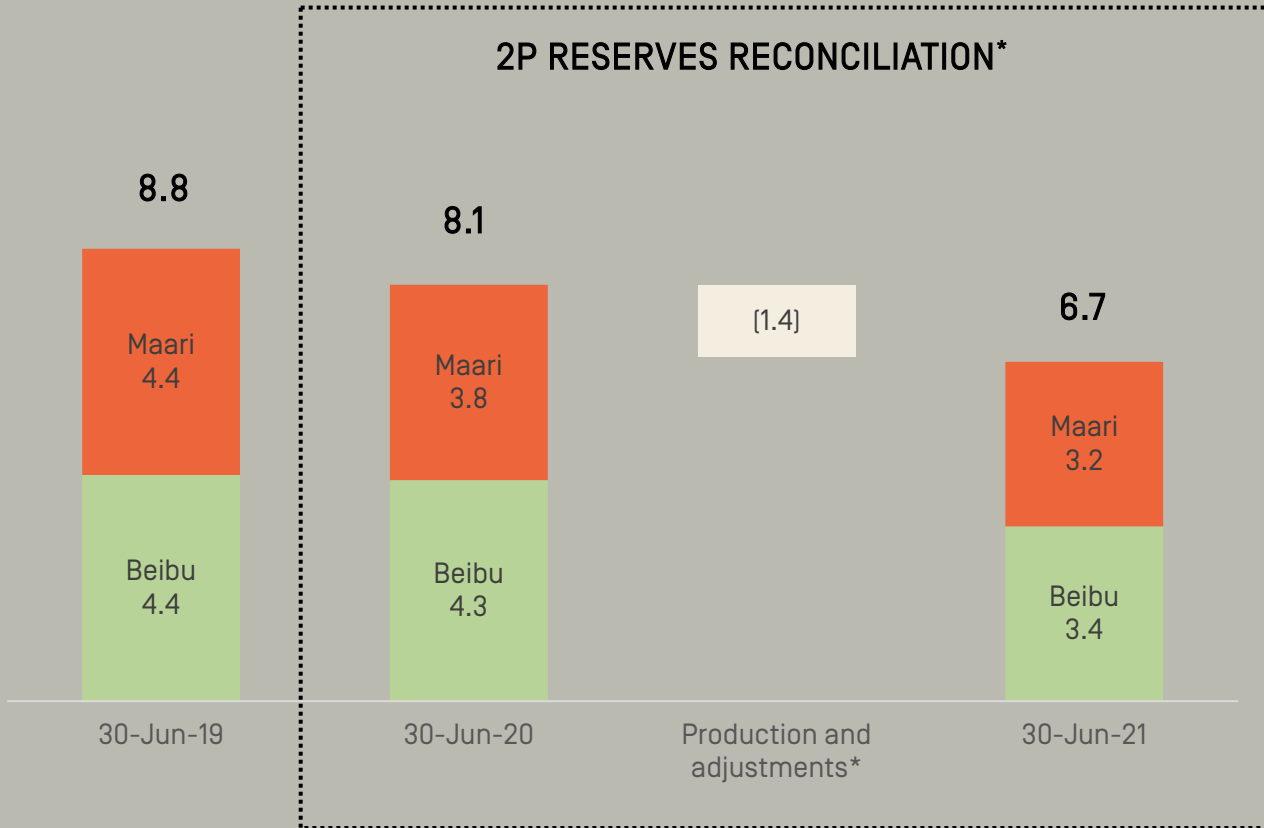
- Asia Pacific focus
- Material joint venture interests
- High margin, long life oil production assets in China and New Zealand generating strong cashflow

## □ NEW ZEALAND MAARI

PMP 38160 [Maari/Manaia] 26%

# 2P RESERVES

AT 30 JUNE 2021



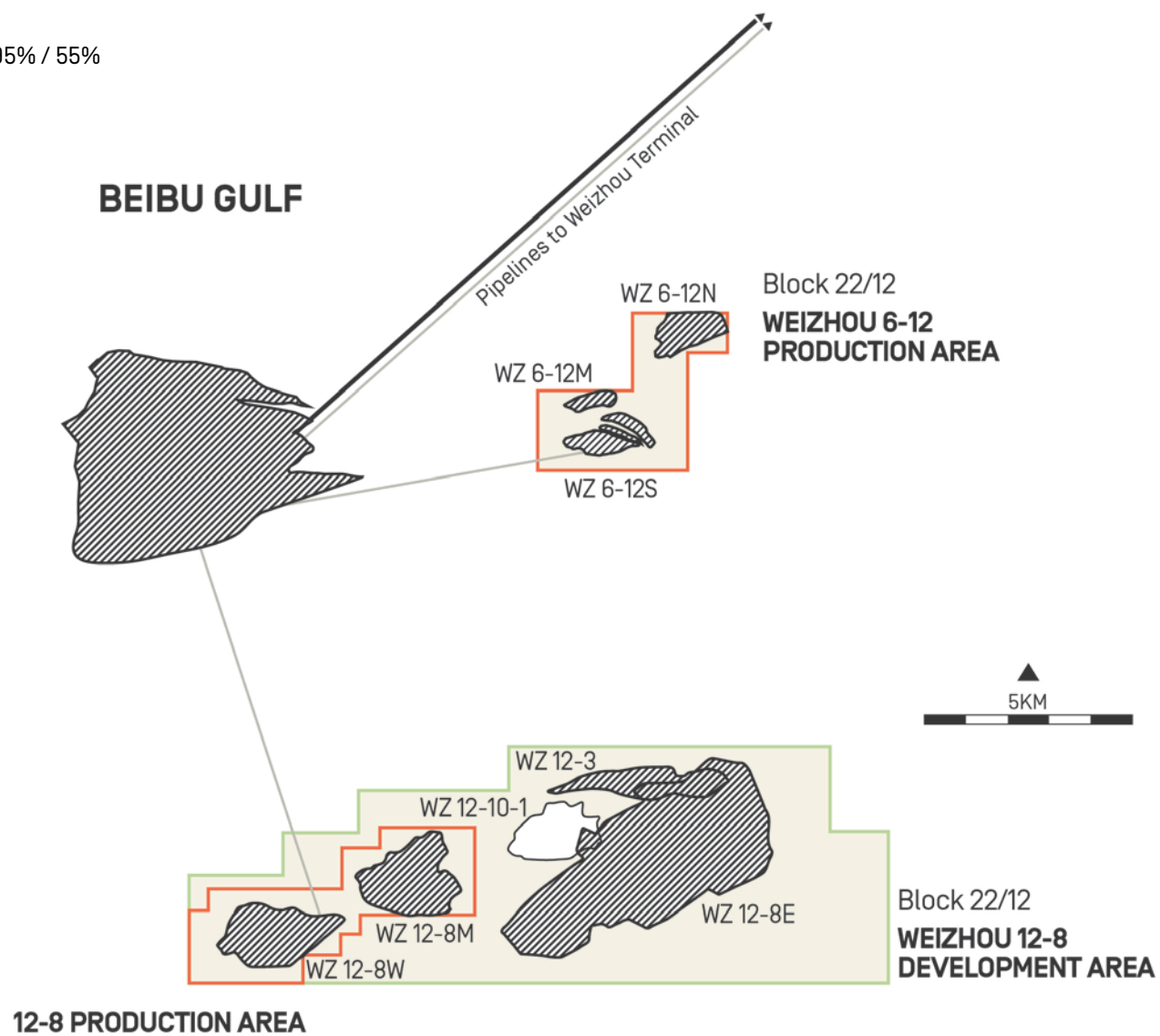
- Proved plus Probable Reserves [2P] of oil is 6.7 MMbbl, compared with 8.1 MMbbl last year.
- Reserves reduction driven by consistent strong production performance from producing oil assets, 1.3 MMbbl, and some minor technical reserves adjustments.
- Cashflow from continued strong production puts Horizon in a good position to take advantage of a pipeline of development and appraisal opportunities in China and New Zealand.

\* Refer to Horizon 2021 Reserves and Resources Statement for full details

# CHINA

Block 22/12 [Beibu Gulf] 26.95% / 55%

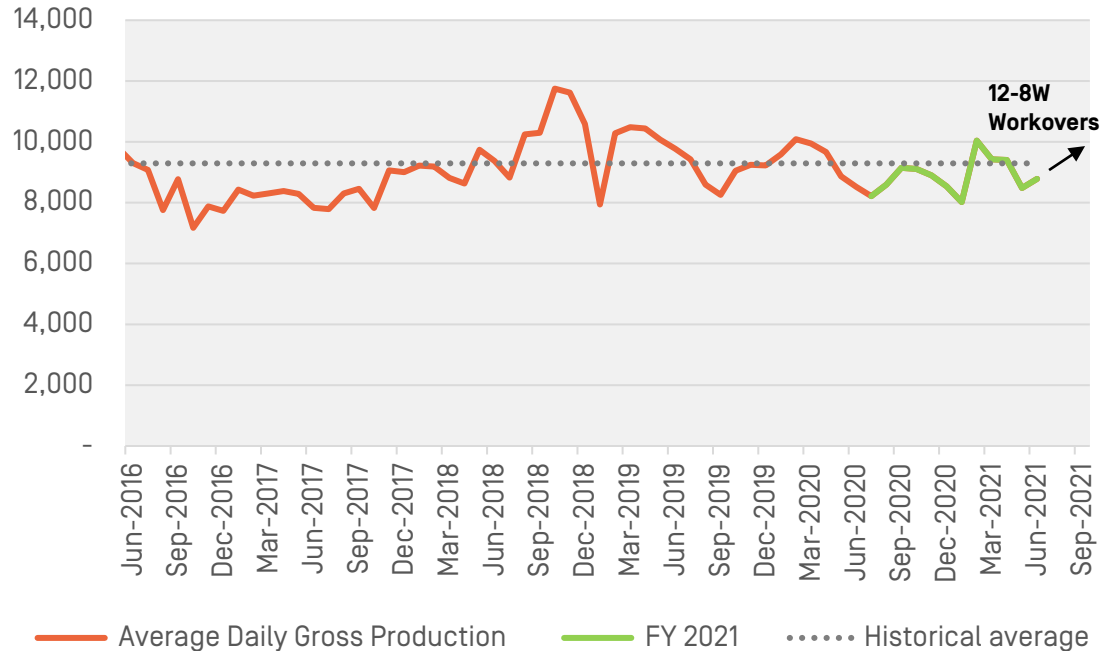
- Oil Field
- Discovered Oil Field
- Oil Pipeline
- Gas Pipeline
- Production Area
- Development Area



# CHINA BLOCK 22-12

## RELIABLE, HIGH MARGIN PRODUCTION

### BLOCK 22/12 PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production MMbbl	Average Daily Gross Production bopd
FY 2017	2.98	8,150
FY 2018	3.20	8,779
FY 2019	3.72	10,188
FY 2020	3.37	9,230
FY 2021	3.24	8,876
<b>Average</b>		<b>9,345</b>

- Current production rate ~8,700 bopd. Recent 4 well workover program in 12-8W field is forecast to increase daily oil production by ~1,000 bopd.
- Production rates maintained through infill and nearfield drilling, installation of additional water handling capacity and production optimising well workovers.
- JV evaluating infill well and near-field exploration opportunities, which together with the WZ12-8E field development, seeks to maintain production levels.

**Block 22/12 continues to generate approximately 70% of Horizon cashflow**

**Permits continue - WZ6-12 and WZ12-8W fields until 2028 / WZ12-8E field until 2030**

**Low cash operating costs – approximately US\$12/bbl produced for FY2021**

**Current WZ6-12 and WZ12-8W field abandonment costs prepaid in sinking fund**



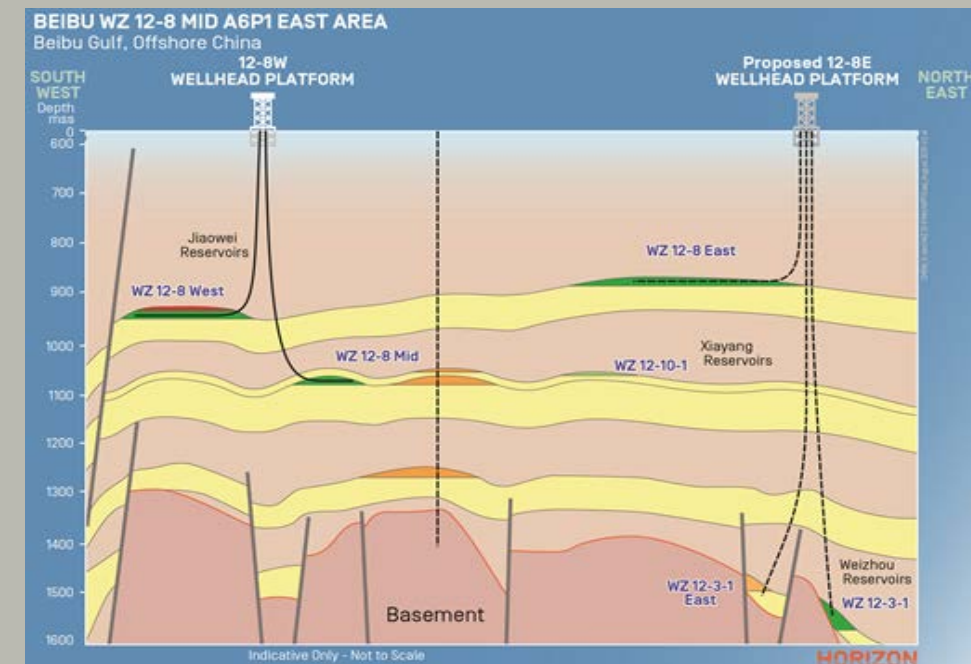
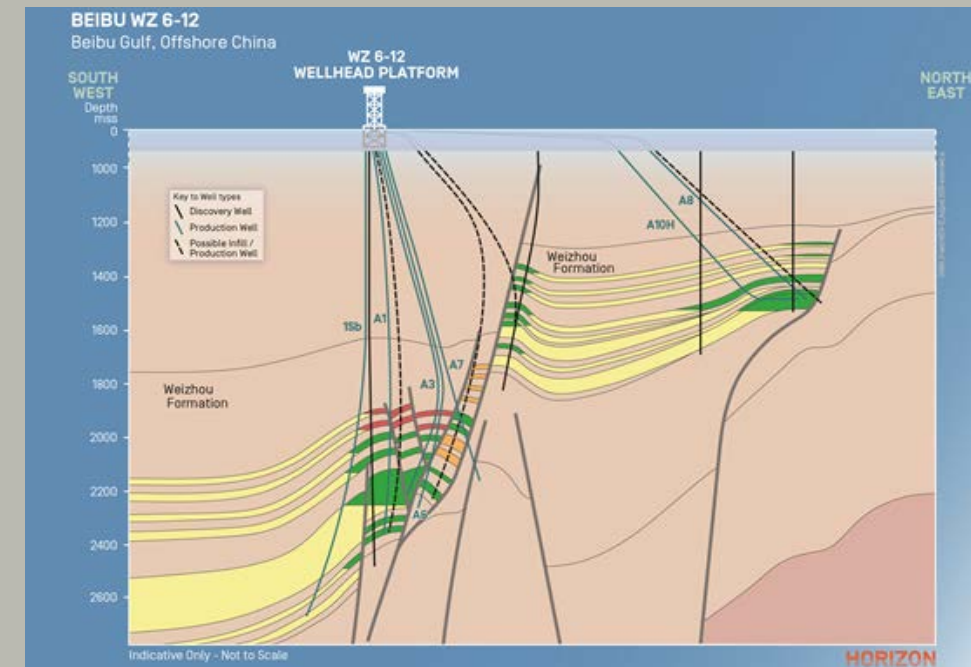
# INFILL AND PRODUCTION ENHANCEMENT

## CHINA BLOCK 22/12

- Production from the Group's interest in the Beibu Gulf fields was 873,139 barrels. Crude oil sales were 801,280 barrels at a net realised price of US\$54 per barrel, excluding hedging.
- Cash operating costs were approximately US\$12/bbl produced.
- In early 2021, two infill wells were drilled to target undeveloped reserves in the WZ6-12 area. The WZ6 12-A11 well into the producing WZ6-12 North field, and the WZ6-12 A3S2 well into the WZ6-12 M1 discovery. Both wells were successful & commenced production in Feb 2021.

## FY 22 Outlook

- Four well workover programme carried out in 12-8W oil fields is forecast to increase initial daily oil production by ~1,000 bopd.
- Potential for further infill, and nearfield appraisal/exploration opportunities to replace reserves and maintain the current production rates.



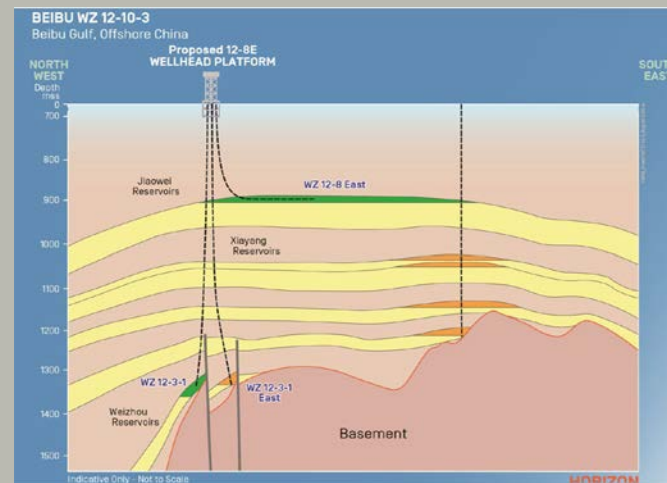
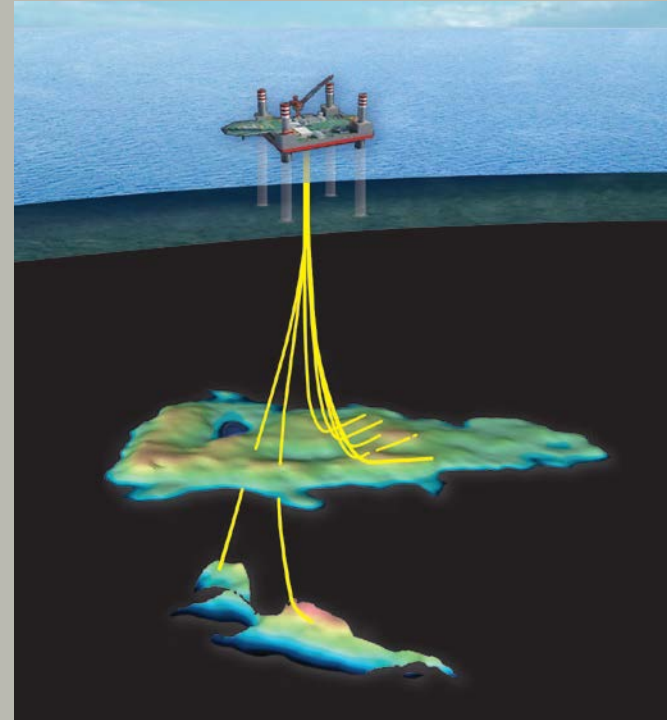


# NEW DEVELOPMENT

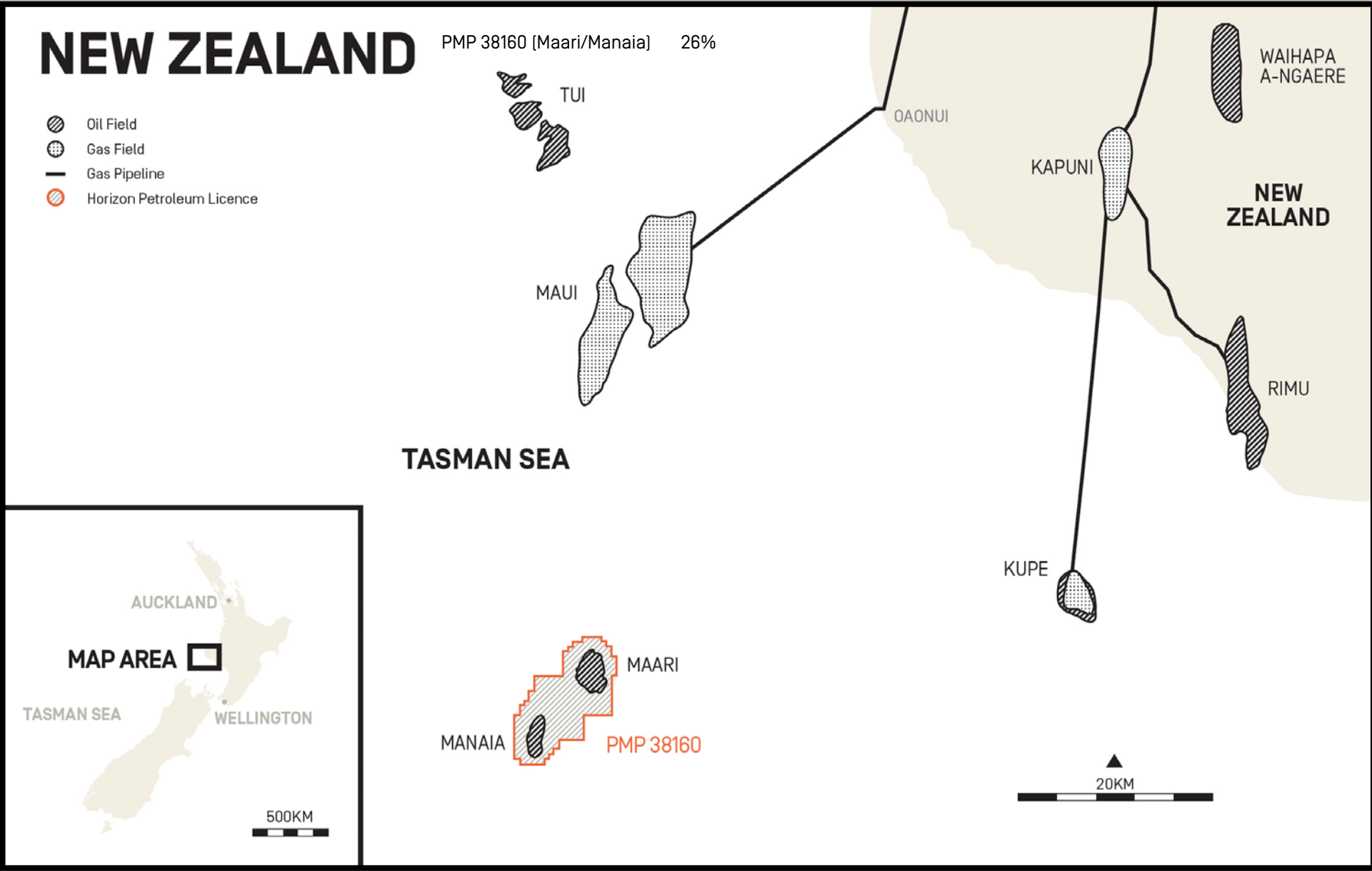
## CHINA BLOCK 22/12

### WZ 12-8E Development Project

- **First oil expected in Q1 CY 2022 with gross oil production from the first phase expected to average 4,000 bopd during the first year**
- FID made in October 2020 with the new wellhead platform launched and soon to be towed to site. The development is on schedule and on budget.
- The WZ12-8E development will comprise a new wellhead platform tied back to the existing WZ12-8W platform. It will be leased by the joint venture thereby reducing upfront capital costs.
- Provides a hub for the development of the remaining discovered resources in Block 22/12 – including WZ12-8E and 12-3 fields, with access to further prospective opportunities. First phase of the development expected to recover 0.6 MMbbl 2P reserves net to Horizon.
- Total development costs are linked to oil prices, Horizon's total share is ~US\$19 million based on current oil prices (US\$70/bbl). US\$3.1 million paid to date, with the majority of remaining payment schedule coinciding with the commencement of production.



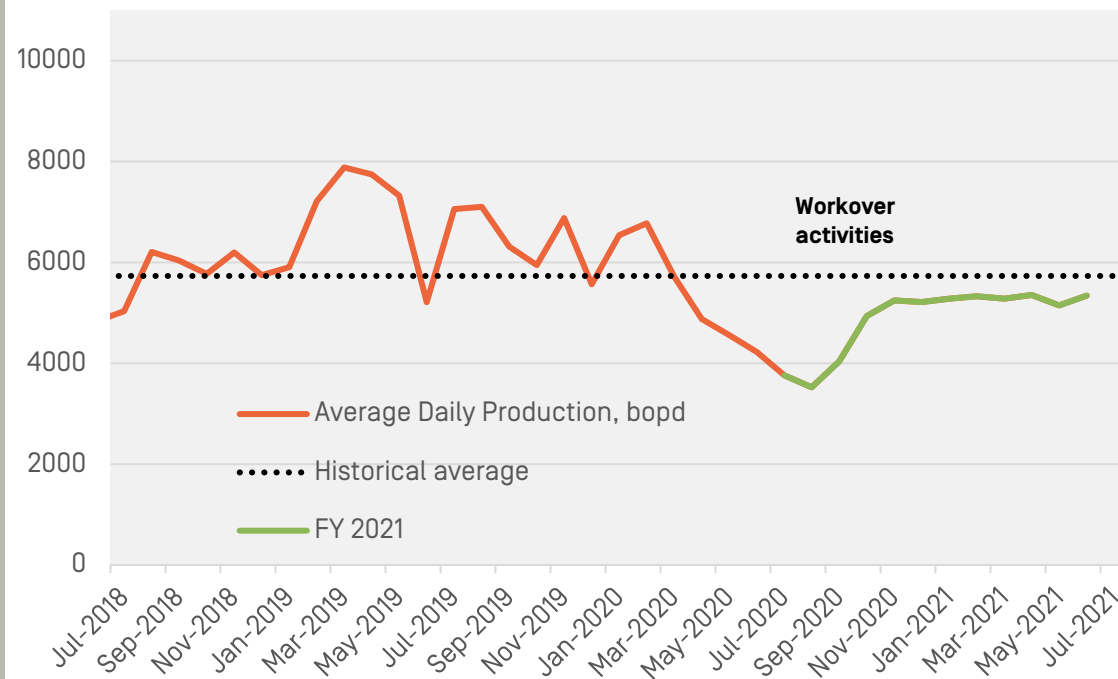
**Above:** Recent images of the WZ12-8E platform as launch date approaches



# NEW ZEALAND – MAARI/MANAIA

## STABLE RESERVOIR PERFORMANCE

### MAARI/MANAIA PRODUCTION HISTORY & OUTLOOK



	Annual Gross Production, MMbbl	Average Daily Gross Production, bopd
FY 2019	2.32	6,384
FY 2020	2.18	5,982
FY 2021	1.78	4,865
Average		5,732

- Production decline rate arrested through continued water injection and well optimisation.
- Successful MR 7A and MR 9 workovers in Q4 CY2020 restored production towards the 3 year average
- MR6A workover completed however currently off-line to assess low levels of sand production

**Maari/Manaia continues to generate approximately 30% of Horizon cashflow**

**FY2021 production impacted by COVID led deferrals of workovers of three producing wells**

**Production licence and reserves forecast to end of 2027 with potential to extend**

**Cash operating costs reduced by 20% during FY2021 to less than US\$25/bbl**

# FIELD OPTIMISATION

## NEW ZEALAND – MAARI/MANAIA

- Net production was 461,675 barrels of oil and crude oil sales were 464,445 barrels at a realised oil price of US\$58 per barrel, excluding hedging.
- Production for the year reduced due to COVID-19 delays in conducting workovers.
- Cash operating costs reduced below US\$25/bbl produced through cost saving initiatives.
- Proposed transition of operatorship to Jadestone Energy, subject to regulatory approvals

### FY 22 Outlook

- Reinstate production from MR6A
- Enhance production rates through conversion of MR2A to injection well
- Continued optimisation of cost structure



Horizon personnel on the Maari FPSO during a site visit in June 2021

# OUTLOOK

## CAPITALISING ON HIGHER OIL PRICES TO DELIVER VALUE

### STRONG OPERATIONAL CASHFLOWS

- Free cashflow increases at a rate of ~US\$8 million per annum for every US\$10/bbl increase in oil price
- Continued low cost of production <US\$20/bbl
- Targeting US\$25-35 million free cashflow<sup>1</sup> at current oil prices

### DISCIPLINED INVESTMENT

- Repayment of ~US\$13 million of debt during FY2022.
- Maintain “flat production” by investing in projects - WZ12-8E development, potential infill wells, water handling
- CAPEX estimate US\$15-20m in FY2022

### INCREASE SHAREHOLDER VALUE

- Capital management
- Maximise value of base business – deliver WZ12-8E development, and other organic growth initiatives
- Opportunistic inorganic growth

### ENVIRONMENTAL SOCIAL GOVERNANCE

- Continued safe and efficient operations
- Implement ESG Action Plan to drive non-financial performance



# COMPLIANCE STATEMENTS

## Disclaimer

Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Horizon Oil Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

While every effort is made to provide accurate and complete information, Horizon accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this presentation.

In this presentation, references are made to EBITDAX, Underlying Profit and Free Cashflow, which are financial measures which are not prescribed by Australian Accounting Standards:

- EBITDAX represents the profit from continuing operations adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments)
- Underlying profit represents the profit from continuing operations adjusted for the unrealised movement in the value of options issued under the subordinated loan facility, and non-cash impairments
- Free Cash Flow represents Cashflow from Operating Activities less Investing cashflows (net of acquisition payments)

All references to dollars in the presentation are United States dollars unless otherwise noted.

Amounts in this presentation may not cast due to rounding differences.

## Reserves Disclosure

Unless otherwise stated, all petroleum reserves and resource estimates refer to those estimates as set out in Horizon's Reserves and Resources Statement as at the balance date (i.e. 30 June) as most recently released to ASX. Horizon is not aware of any new information or data that materially affects the information included in this presentation. All the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

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, GM-Production & Exploration 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 and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from Heriot Watt University, UK and more than 24 years of relevant experience. Mr Douglas consents to the use of the petroleum reserves and resources estimates in the form and context in which it appears.

This presentation should be read in conjunction with the 2021 Reserves and Resources Statement, the Annual Financial Report for the year ended 30 June 2021, ASX Announcements and the Half Year Financial Report for the period ended 31 December 2021.



## **Authorisation**

This ASX announcement is approved and authorised for release by the Horizon board.

# **FOR MORE INFORMATION PLEASE CONTACT US**

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