HZN ADVISES ANNUAL FINANCIAL RESULTS

The results for the financial year ended 30 June 2023 are set out in the attached results announcement, Preliminary Financial Report (Appendix 4E) and Annual Financial Report. All references to reserves and contingent resources within the financial report are drawn from the Horizon Oil 30 June 2023 Reserves and Resources Statement contained in the attached Annual Report.

HIGHLIGHTS

Final FY23 dividend announced

- Recognising the strong results for the financial year, the Company announces a final unfranked (conduit foreign income) dividend distribution of AUD 2.0 cents per share.
- Together with the interim dividend distribution of AUD 1.5 cents per share declared at the half year and paid in April 2023, the interim and final dividend distributions totalling AUD 3.5 cents per share represent a return to shareholders of approximately AUD 56 million for the year.

Record production and revenue for FY23

- Horizon's net working interest share of production for the financial year increased 44% to 1.9 mmbbls with a 47% increase in sales volumes to 1.7 mmbbls.
- Revenue for the financial year increased 41% to US$152.1 million.
- Cash operating costs continued to be maintained below US$20/bbl for the financial year.
- EBITDAX for the financial year increased 42% to US$103.5 million.
- Cashflow from operating activities for the financial year increased 26% to US$72.0 million.
- Profit after tax increased 80% to US$43.9 million.
- Net cash at 30 June 2023 was US$35.7 million, with remaining debt outstanding of US$7.9 million repaid on 31 July 2023.
- Material reserves upgrade announced during the year associated with Block 22/12.
- The Company maintains leverage to the oil price with a minimal hedge position of 40,000 bbls of swaps which hedge a proportion of September forecast sales coinciding with the next scheduled Maari lifting. These hedges have a weighted average price of ~US$83.4/bbl.

Successful completion of Block 22/12 drilling programs, and workovers at Maari

- The Block 22/12 Joint Venture successfully completed a two well WZ6-12 development/appraisal drilling program followed by a four well WZ12-8E Phase 2 drilling program, marking the end of a 10-month Block 22/12 drilling campaign.
- Record Block 22/12 production achieved during the financial year with peak production reaching ~20,000 bopd (gross) (5,400 bopd net), the result of a successful development, infill and workover campaign.
- Workovers at Maari throughout the year restored production back above 5,000 bopd (gross) by year end with further workover activity planned.

COMMENTING ON THE RESULT, HORIZON'S CHIEF EXECUTIVE OFFICER, RICHARD BEAMENT, STATED:

"A record year for the Company. The outstanding production results, particularly from the recently commissioned Block 22/12 WZ12-8E field development, drove production growth of 44% to 1.9 mmbbls. This strong production, aided by robust oil prices, realised record revenue of over US$152 million which in turn led to continued strong free cashflow generation. EBITDAX increased an impressive 42% to over US$103 million, with cashflows from operating activities up by over 26% to US$72 million. Although Block 22/12's production was the standout, we were especially delighted to observe Maari's production back above 5,000 bopd by year end after successful workover operations. With consistent production and continued workover operations planned in the upcoming year, we expect that Maari's production will stay strong. This instills confidence in seeking an extension to the permit beyond the current December 2027 license expiry. As for Block 22/12, the joint venture is progressing plans for an additional infill drilling program, with execution expected in the latter part of FY24.

Recognising the strong results, we are delighted to announce a final distribution of AUD 2.0 cents per share for the 2023 financial year. This is a continuation of our strategy, having consistently provided substantial distributions amounting to over AUD 150 million (AUD 9.5 cents per share) over the past 3 years whilst still investing in production growth. The quantum of the FY23 distributions was a reflection of the record results achieved, with future distributions dependent on, amongst other things, commodity prices, production and future commitments."

A financial summary and key financial and operational results are set out below:

[All figures are presented in United States dollars, unless otherwise stated].

FINANCIAL SUMMARY

HORIZON 2023 FINANCIAL YEAR RESULT		30 JUNE 2023 US$'000	30 JUNE 2022 US$'000	CHANGE %
Oil and gas sales	*bbls*	1,774,437	1,205,103	47.2%
Oil and gas production *(net working interest)*	*bbls*	1,915,886	1,332,203	43.8%
Sales revenue		152,121	108,133	40.7%
EBITDAX[1]		103,525	73,008	41.8%
Statutory profit for the period		**43,852**	**24,326**	**80.3%**
Cash on hand		**43,591**	**44,086**	**(1.1%)**
Cashflow from operating activities		71,960	56,926	26.4%
Senior debt facility[2]		7,939	1,237	>100%
Net Cash[3]		**35,652**	**42,849**	**(16.8%)**

Note 1: EBITDAX is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation and exploration expenditure (including non-cash impairments). The directors consider EBITDAX to be a useful measure of performance as it is widely used by the oil and gas industry. EBITDAX information has not been audited, however it has been extracted from the audited financial reports for the periods ended 30 June 2023 and 30 June 2022.

Note 2: Represents principal amounts drawn down.

Note 3: Represents cash on hand less the principal amount drawn down under the senior debt facility.

The Group's CEO, Richard Beament, and CFO, Kyle Keen will host a webcast on 24 August 2023 at 11.00am (Sydney time) to discuss the Group's operations and financial results for the Financial Year.

To register, please copy and paste the link below into your browser https://ccmediaframe.com/?id=0vgfSvQ2

Authorisation

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

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (ASX:HZN)

ABN 51 009 799 455

This Preliminary Final Report is provided to ASX Limited ('ASX') under ASX Listing Rule 4.3A.

This information should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023.

Current reporting period: Financial year ended 30 June 2023

Previous corresponding period: Financial year ended 30 June 2022

Results for announcement to the market

		PERCENTAGE CHANGE		AMOUNT US$'000
Revenue from continuing operations	Up	40.7 %	to	152,121
Profit from ordinary activities after tax	Up	80.3 %	to	43,852
Profit for the period attributable to members	Up	80.3 %	to	43,852

Dividends/distributions

	AMOUNT PER SECURITY AUD CENTS	FRANKED AMOUNT PER SECURITY
Interim dividend (Paid 21 April 2023)	1.5	Nil
Final dividend	2.0	Nil

Horizon Oil Limited announced on 24 August 2023 that it has declared a final unfranked (conduit foreign income) dividend distribution of AUD 2.0 cents per Ordinary share. Payment of the final dividend will be on 25 October 2023 with an ex-dividend date of 17 October 2023.

Net Tangible Assets

	FY2023 US CENTS	FY2022 US CENTS
Net tangible asset backing per ordinary share	5.9	6.2

Controlled entities acquired or disposed of

During the financial year, the Group established a wholly owned subsidiary (Horizon Australia Investments Pty Ltd) to hold the equity investment in Nobrac Limited.

During the financial year, the Group dissolved of a wholly owned dormant subsidiary (Horizon Oil (New Zealand) Limited.

Other than the abovementioned entities established and dissolved, no controlled entities were acquired or disposed of during the current or the prior reporting period.

Notes:

Reports are based on audited consolidated financial statements.

All figures are presented in United States dollars, unless otherwise stated.

Authorisation

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

HORIZON

ACN 51 009 799 455

2023 Annual Report

horizonoil.com.au

2023 Investment Highlights

Statutory profit after tax	Total FY23 distributions to Shareholders	Sales revenue
US$43.9 million ▲ 80%	AUD 3.5 cps [~A$56 million]	US$152.1 million ▲ 41%

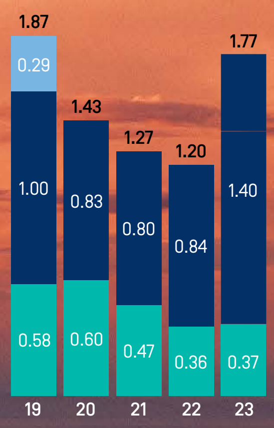
Net cash	Sales volume	EBITDAX
US$35.7 million	1,774,437 bbls ▲ 47%	US$103.5 million ▲ 42%

- FY23 Total Shareholder Return [TSR] of 40% adding over AUD 80 million of shareholder value
- WZ12-8E project successfully completed - production results exceeded pre-drill expectations with significant reserve upgrade
- Seed capital investment in carbon removal credit developer [Nobrac] to aid decarbonisation, hedge against Maari emission costs and provide investment returns
- Cash operating costs <US$20/bbl despite inflationary pressures

Contents

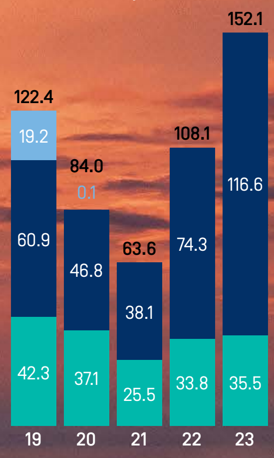
Oil sales
[MMbbl]

Maari
Beibu
Cost recovery entitlement



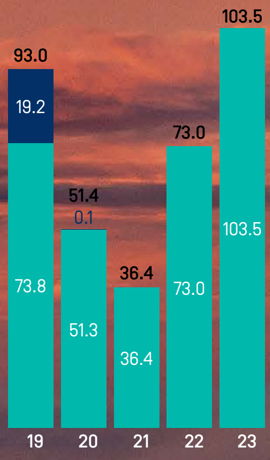
Revenue
[US$m]

Maari
Beibu
Cost recovery entitlement



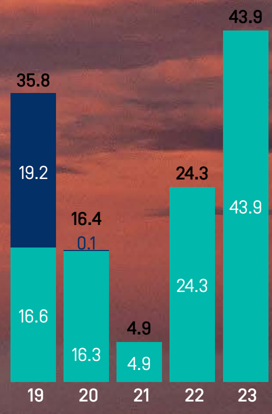
EBITDAX[2]
[US$m]

[Excl. cost recovery]
Cost recovery



Statutory profit after tax[2]
[US$m]

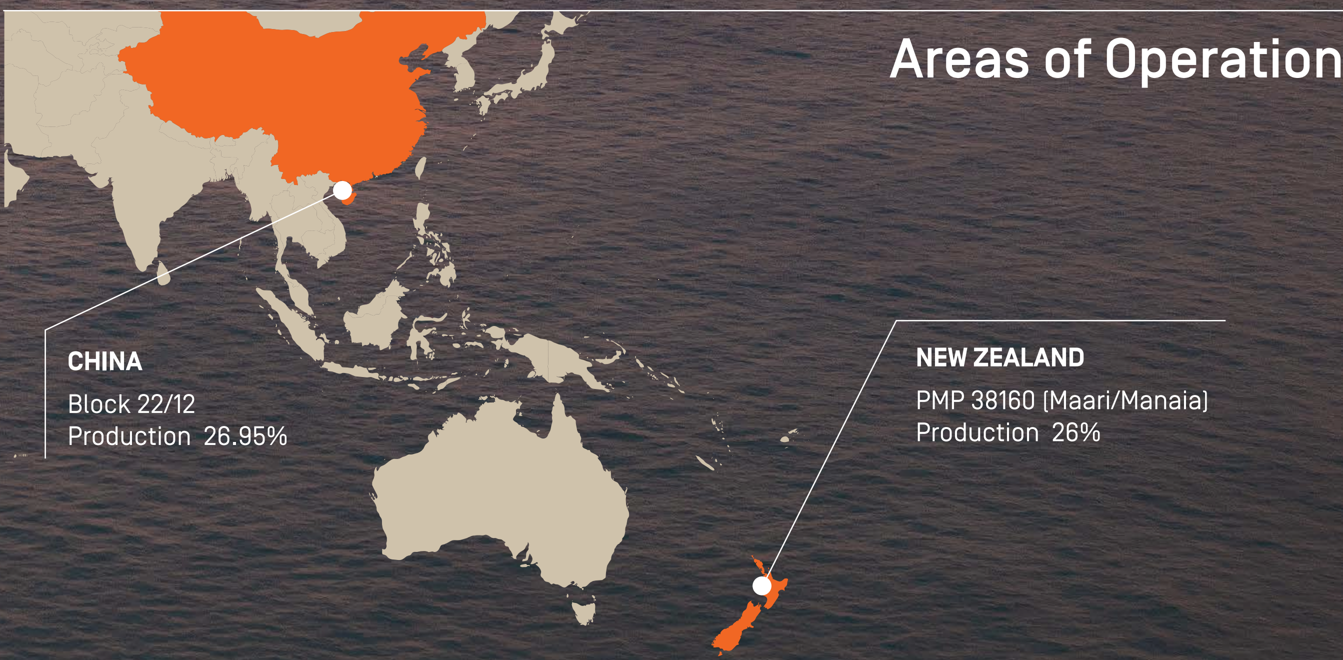
[Excl. cost recovery]
Cost recovery



[1] Net of hedge settlements
[2] FY20 and FY21 excludes profit and loss from discontinued operations

We are delighted to announce a final distribution of AUD 2.0 cents per share for the 2023 financial year. This is a continuation of our strategy, having consistently provided substantial distributions amounting to over AUD 150 million [AUD 9.5 cents per share] over the past 3 years whilst still investing in production growth.

Areas of Operation



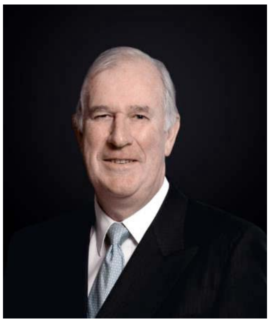
A MESSAGE FROM OUR CHAIRMAN

2023 was yet again an excellent year for Horizon. We achieved a very strong financial result which has allowed us to continue to provide strong returns for shareholders. The final financial year 2023 dividend of AUD 2 cents per share, together with the interim dividend paid at the half year of AUD 1.5 cents per share, combined to total AUD 3.5 cents per share in distributions for the year – an annual return to shareholders of approximately AUD 56 million.

We achieved record production, revenue and profitability for financial year 2023, underpinned by the strong performance of the Group's Block 22/12 asset in China. Revenue increased by 41% to USD 152.1 million driven by the 44% increase in production which delivered net sales volumes of approximately 1.8 million barrels for the year. Our cash operating costs continued to be kept below USD 20/bbl ensuring continued strong free cashflow generation. Along with a strong oil price, this delivered an excellent year for 2023.

The financial result was achieved whilst maintaining a strong safety and environmental record, with a continued focus on ESG matters. All our employees, consultants and the Board are involved with the various components that comprise sustainability, ensuring our approach is fit for purpose and we achieve the right balance between community expectations, responsibility to shareholders and our role in ensuring a smooth global energy transition.

It was Richard's first year as Group CEO, and on behalf of the Board I would like to thank him and his team for all of their efforts in working to achieve such an excellent set of results for 2023. The Board looks forward to working with Richard and his team to continue to deliver value for shareholders.



Mike Harding
Chairman

A MESSAGE FROM OUR CEO

Financial Year 2023 was a year that I look back upon very proudly. It was a year in which we achieved many records and was a testament to the quality of our assets and what a focussed, highly skilled and motivated team can deliver.

I am often reminded that it was less than three and a half years ago that the Company was still in a net debt position with a market capitalisation of less than AUD 100 million. Since that time, we have continued to invest in production growth, de-lever the Group, streamline operations and importantly provide regular substantial distributions to shareholders which now total approximately AUD 150 million since October 2021. The most satisfying aspect of these achievements has been the Group's ability to do all this whilst growing the business, which is best highlighted by the outstanding Financial Year 2023 results, including:

- Record revenue of US$152 million (a 41% increase year on year)
- Record production[1] of over 1.9 million barrels (a 44% increase year on year)
- Record earnings with EBITDAX of over US$103 million (a 42% increase year on year)
- Cash operating costs maintained below US$20/bbl despite the higher inflationary environment.

These results were primarily delivered through the excellent performance of our Block 22/12 fields, in particular the new WZ12-8E field development, more than offsetting the fall in the realised oil price during the year. Our results highlight the quality of our assets and reinforce our Group's primary strategy of maximising free cashflow from our current asset base.

Throughout the year, our assets demonstrated continued strong performance. At Block 22/12, we experienced a period of impressive production growth, with an approximate 65% increase in production to over 1.5 million barrels (net working interest). This growth was driven by successful infill drilling in the legacy oilfields and completion of Phase I and II of the WZ12-8E project. The success of these projects boosted Block 22/12 production to record highs of over 20,000 bopd (gross) in January and resulted in a material reserves upgrade of 1.0 mmbbls (after production) by financial year end. In light of these production results, the joint venture is now encouraged to pursue additional infill well opportunities with the next drilling campaign expected during FY24.

I was delighted to be able to visit our Block 22/12 facilities and our joint venture partners in China earlier this year following a three-year absence caused by the COVID-19 pandemic. We were warmly welcomed by CNOOC and our other joint venture partners and were able to commemorate two significant milestones being ten years since first oil from Block 22/12, and the one year anniversary following first oil from the WZ12-8E field. The joint venture held very constructive meetings focussed on pursuing future infill drilling and other opportunities. CNOOC also hosted a visit to the offshore facilities where we were able to view our new WZ12-8E platform for the first time and witness the professionalism and dedication of the operator in managing these impressive facilities.

At Maari, although production was affected by workover activity delays, we were pleased to see production at Maari restored back above 5,000 bopd following the successful workover of the MN1 well late in the year. With sustained production performance and ongoing workover initiatives planned in FY24, we anticipate that continued strong production at Maari will provide confidence to pursue an extension to the permit beyond the December 2027 expiry. We were also pleased to witness the considerable demand for Maari crude oil, which attracted strong premiums during the year.

The resilience and dedication of our operators at both Maari and Beibu were commendable during the financial year, despite the residual challenges posed by the COVID-19 pandemic. This was particularly challenging at Block 22/12, with the main drilling programs completed seamlessly as COVID-19 continued to spread throughout China resulting in widespread lockdowns. Pleasingly, safety remains a priority at both Maari and Block 22/12, with the Group Total Reportable Injury Frequency Rate and Lost Time Injury Frequency Rate both well below the NOPSEMA industry average.

Thanks to Horizon's strong balance sheet and consistent cashflow generation, we are delighted to continue to provide significant distributions to shareholders. In addition to the AUD 1.5 cent per share interim dividend paid in April 2023, we have approved a further AUD 2.0 cent per share final dividend to be paid in October 2023. These

[1] Production calculated on a net working interest basis

distributions combined represent over a 25% dividend yield for the financial year. Given our continued robust cashflow generation, our aim is for distributions to continue to be a recurring feature in the years ahead.

On the ESG front, we were pleased to make a modest investment (~USD1.35 million) of seed capital in a carbon removal credit developer (Nobrac). The investment is aimed at aiding with the Group's longer term decarbonisation ambitions whilst also acting as a natural hedge against the growing carbon emission costs incurred at Maari under the NZ Emissions Trading Scheme. We are encouraged that Nobrac's foundation project, the Kangaroo Island biochar project, has made significant progress. Clearing and stockpiling of the burnt trees is continuing, providing the biomass feedstock for the creation of biochar and associated Carbon Removal Credits (CRCs). The delivery of the first pyrolysis unit is expected in the coming months which should allow for the production of the project's first biochar and CRC certification. Importantly, the investment presents an opportunity to deliver an additional cashflow stream and further value for shareholders.

Having just completed my first year as the Group's CEO and Managing Director, I consider myself fortunate to have the support of such a dedicated and talented team. Our small group of staff and consultants continue to punch above their weight, playing a pivotal role in driving and achieving the Company's strategic goals. I extend my gratitude to them for their hard work and commitment throughout the year, and I look forward to achieving even greater heights together in the future.

Looking to the future, our strategy remains simple:

- We aim to continue to maximise free cashflow from our current high quality assets;
- We are focussed on making further distributions to shareholders; and
- We will continue to invest in organic production growth initiatives in China and New Zealand, with a focus on bringing into production our pipeline of contingent resources, whilst keeping an eye out for exceptional new business opportunities.

Despite the ongoing challenges our business and sector encounters, we are equipped with a capable team, extensive expertise, and the necessary influence to skilfully navigate these hurdles and continue to create substantial value for our shareholders.

Richard Beament
Chief Executive Officer

Horizon Oil Limited
2023 Reserves and Resources Statement
as at 30 June 2023

2023 Highlights*

- Very strong production trends in both China and New Zealand with total Horizon net production of 1.8 MMbbl (average 4,900 bopd) this year which is 0.6 MMbbl or 46% more than last year. China contributed 1.4 MMbbl following a full year of production from the WZ12-8E project while New Zealand contributed a stable 0.4 MMbbl.
- Horizon net Proved + Probable (2P) Reserves of oil declined by only 0.9 MMbbl from 5.8 to 4.9 MMbbl with production of 1.8 MMbbl materially offset by upwards revisions and transfers from Contingent Resources to Reserves, particularly associated with WZ12-8E. The current assessment of WZ12-8E Phase 1 & 2 has confirmed Horizon's assessment as advised to the market on 9 February 2023.
- The WZ12-8E project in China commenced production from the six Phase 1 wells in April last year and reached a peak of 12,600 bopd gross (3,100 bopd Horizon net) in August 2022. The strong performance of the Phase 1 wells resulted in Phase 2 drilling being brought forward with four additional wells drilled by end December 2022. Total China production reached a record of 20,600 bopd gross (5,100 bopd Horizon net) in December 2022.
- 2C Contingent Resources decreased slightly from 3.6 to 3.4 MMbbl Horizon net with the addition of five new drilling and facilities opportunities in China nearly offsetting transfers to reserves.
- The combination of high oil rates, high oil prices and an expanded opportunity portfolio provides Horizon with a strong base from which to generate future cashflows.

* All volumes quoted in text and table are Horizon net. Refer also to note 12.

Proved and Proved + Probable Reserves

Proved and Proved + Probable Reserves (Horizon net)			
		1P Total Liquids MMbbl	2P Total Liquids MMbbl
China			
Block 22/12	Developed: WZ6-12S,M,N; WZ12-8W,M,E	1.8	2.8
New Zealand			
PMP 38160	Developed: Maari, Manaia	1.0	2.1
Closing Balance 30 June 2023 (arithmetic summation)		**2.8**	**4.9**

Contingent Resources

Contingent Resources (Horizon net)				
		2C Total Liquids MMbbl	2C Raw Gas Bcf	2C Sales Gas PJ
China				
Block 22/12	WZ6-12S,M,N; WZ12-8W,M,E	3.5		
New Zealand				
PMP 38160	Maari, Manaia	3.4		
Closing Balance 30 June 2023 (arithmetic summation)		**6.9**	**0**	**0**

Prospective Resources

Prospective Resources (Horizon net)				
		2U Total Liquids MMbbl	2U Raw Gas Bcf	2U Sales Gas PJ
China				
Block 22/12	WZ12-8 (six independent opportunities)	2.6		
New Zealand				
PMP 38160	Maari, Manaia	-		
Closing Balance 30 June 2023 (arithmetic summation)		**2.6**	**0**	**0**

Cautionary statement: Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. The estimates have both an associated risk of discovery and risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of hydrocarbons. The 2U Prospective Resources in the above table are unrisked volumes.

Reconciliation of Proved and Proved + Probable Reserves*

- **Overall:** Horizon net 2P Reserves fell by only 0.9 MMbbl from 5.8 to 4.9 MMbbl as strong production (1.8 MMbbl Horizon net) was substantially offset by revisions to previous Reserves estimates due to strong production trends in both China and New Zealand.

- **Production:** Total Horizon net production of 1.8 MMbbl (net of cost recovery oil) which is up from 1.2 MMbbl last year in particular because of strong production from China including a full year of production from the WZ12-8E project, together with stable production associated with the Maari Moki waterflood project.

- **China:** 2P Reserves fell by only 0.3 MMbbl to 2.8 MMbbl as Horizon net production (1.4 MMbbl) was largely offset by upwards Reserves revisions at both the new WZ12-8E project and the WZ12-8M field (total +0.6 MMbbl from the two fields) and the transfer from Contingent Resources to Reserves associated with the WZ12-8E Phase 2 drilling programme and the WZ6-12M infill well (total +0.5 MMbbl). 1P Reserves revisions of +1.1 MMbbl associated with strong field performance also largely offsetting production.

- **New Zealand:** 2P Reserves have been reduced by production (-0.4 MMbbl) and revisions based on production performance (-0.1 MMbbl). 1P Reserves have decreased less than production due to positive revisions (+0.3 MMbbl) based on field performance.

Proved and Proved + Probable Reserves Reconciliation (Horizon net)		
	1P Total Liquids MMbbl	2P Total Liquids MMbbl
Opening Balance 30 June 2022	3.0	5.8
Production (Net Working Interest)	(1.9)	(1.9)
Production (Cost Recovery oil entitlement)	0.1	0.1
Revisions of Previous Estimates	1.4	0.5
Economic Interest adjustment	-	-
Transfers, Discoveries and Extensions	0.2	0.5
Acquisitions, Divestments and Relinquishments	-	-
Closing Balance 30 June 2023 (arithmetic summation)	**2.8**	**4.9**

* All volumes quoted in text and table are Horizon net. Refer also note 12.

Reconciliation of Contingent Resources*

Overall: Horizon net 2C Contingent Resources increased by 0.8 MMbbl to 6.9 MMbbl in particular because of a material expansion of our opportunity portfolio in China.

China: 2C increased by 1.0 MMbbl as a number of additional drilling and facilities enhancement opportunities were identified plus an upward revision to a possible WZ 12-8E Phase 3 project that more than offset the transfer of WZ12-8E Phase 2 and the WZ6-12M infill well from Contingent Resources to Reserves.

New Zealand: 2C decreased by 0.2 MMbbl primarily due to a reduction in forecast production from the existing development post December 2027 (end of current licence term).

Contingent Resources Reconciliation (Horizon net)			
	2C Total Liquids MMbbl	2C Raw Gas Bcf	2C Sales Gas PJ
Opening Balance 30 June 2022	**6.1**	**0**	**0**
Revisions of Previous Estimates	(0.1)		
Economic Interest adjustment	-		
Transfers, Discoveries and Extensions	0.9		
Acquisitions, Divestments and Relinquishments	-		
Closing Balance 30 June 2023 (arithmetic summation)	**6.9**	**0**	**0**

* All volumes quoted in text and table are Horizon net. Refer also to note 12.

Reconciliation of Prospective Resources*

China: Horizon net 2U Prospective Resources from six opportunities is 2.6 MMbbl which has reduced from 5.9 MMbbl from nine opportunities. A reduction of 2.8 MMbbls was due to the mandatory relinquishment of the residual WZ12-8 Development Area upon formal definition of the WZ12-8E Production Area (in accordance with the terms of the PSC) . Appraisal drilling of 'WZ6-12-M3' led to a further 0.8 MMbbl reduction.

New Zealand: No Prospective Resource opportunities identified at this time.

Prospective Resources

Prospective Resources Reconciliation (Horizon net)			
	2U Total Liquids MMbbl	2U Raw Gas Bcf	2U Sales Gas PJ
Opening Balance 30 June 2022	**5.9**	**0**	**0**
Revisions of Previous Estimates	-		
Economic Interest adjustment	-		
Transfers, Discoveries and Extensions	(0.5)		
Acquisitions, Divestments and Relinquishments	(2.8)		
Closing Balance 30 June 2023 (arithmetic summation)	**2.6**	**0**	**0**

* All volumes quoted in text and table are Horizon net. Refer also to note 12.

Permits, Licences and Interests Held

Permit or License	Operator	Material Projects	Net Working Interest (%)	
			30 June 2023	30 June 2022
China Block 22/12	CNOOC	WZ6-12S,M,N; WZ12-8W,M,E	**26.95%**	26.95%
New Zealand PMP 38160	OMV	Maari, Manaia	**26.00%**	26.00%

Notes

1 All estimates are prepared in accordance with the Society of Petroleum Engineers (SPE) Petroleum Resources Management System (PRMS) revised 2018.

2 Relevant terms used in this statement, capitalised or otherwise, have the same meaning given to those terms in the SPE PRMS.

3 Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

4 Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

5 Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. See also above Cautionary Statement.

6 Contingent and Prospective Resource estimates quoted for China have assumed China National Offshore Oil Corporation ('CNOOC') participation at 51%. CNOOC is entitled to participate at up to a 51% equity level in any commercial development within Block 22/12. Prospective Resources also only include Horizon's on-block share.

7 Liquids are equal to the total of oil, condensate and natural gas liquids where 1 barrel of condensate or natural gas liquids equals 1 barrel of oil.

8 Raw Gas is natural gas as it is produced from the reservoir which may include varying amounts of heavier hydrocarbons which liquefy at atmospheric conditions, water vapor and other non-hydrocarbon gases such as hydrogen sulphide, carbon dioxide, nitrogen or helium.

9 Sales Gas represents volumes that are likely to be present a saleable product. Sales Gas are reported assuming average values for fuel, flare and shrinkage considering the variable reservoir fluid properties of each constituent field on an energy basis the customary unit is PJ. PJ means petajoules and is equal to 1015 joules.

10 For Reserves and Contingent Resources, depending on the asset, either deterministic estimates or probabilistic estimates have been used. For Prospective Resources, all estimates are probabilistic estimates.

11 Reported estimates of petroleum Reserves, Contingent Resources and Prospective Resources have been aggregated by arithmetic summation by category. 1P Reserves reported beyond the field, property or project level aggregated by arithmetic summation may be a very conservative estimate due to the portfolio effects of arithmetic summation.

12 Estimates are reported according to Horizon Oil's net economic interest, this being Horizon Oil's net working interest adjusted for entitlements (Economic Interest adjustment) under production-sharing contracts and risked-service contracts; and are reported net of royalties and lease fuel up to the reference point. For New Zealand, the reference point is defined as the outlet of the Raroa Floating Production Storage and Offtake (FPSO) facility. For China, the reference point is the exit flange of the loading hoses at Weizhou Terminal. For China, Horizon's net economic interest ranges from 24.32% to 26.95%. For New Zealand, Horizon's net economic interest is equal to Horizon's net working interest of 26.00%.

13 Horizon Oil employs a Reserves Management System to ensure the veracity of data used in the estimation process. This process includes review by senior staff where data is endorsed for inclusion in the estimating process. Estimates are reviewed annually, at a minimum, with interim reviews as required, to respond to any material changes. Horizon Oil undertakes semi-regular external reviews to complement its own internal process.

14 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 and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Masters 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.

15 Some totals in the tables may not add due to rounding.

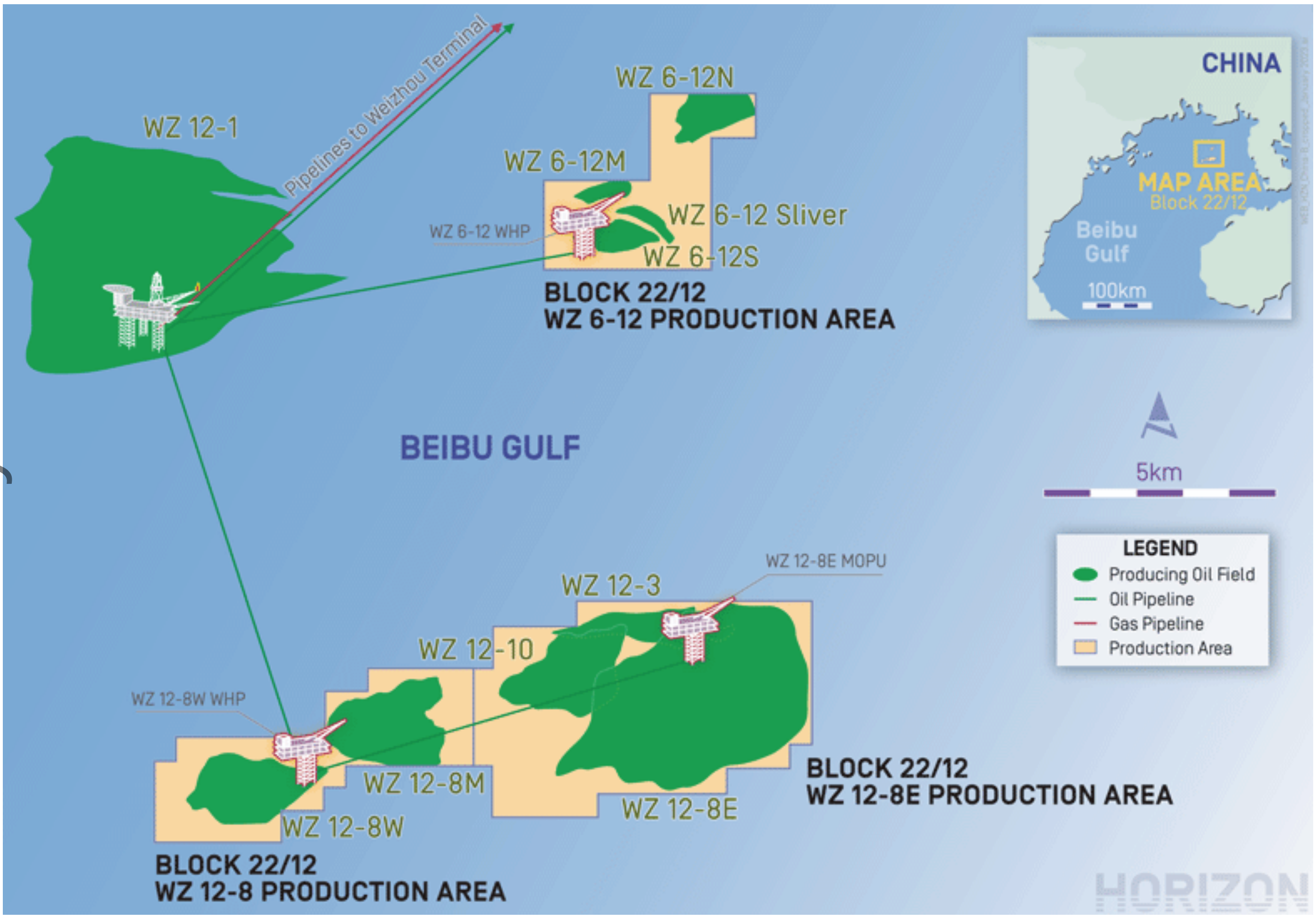
HORIZON OIL LIMITED

Activities Report

PRODUCTION

Block 22/12, Beibu Gulf, Offshore China

HORIZON INTEREST	%
PRODUCTION	26.95



During the financial year, the Group's working interest share of production from the Beibu Gulf fields was 1,523,074 barrels of oil, a 65% increase over the prior year. Average daily gross production for the year was over 15,000 bopd, of which the Group's share was approximately 4,000 bopd. Crude oil sales were 1,403,782 barrels at an average price of US$83/bbl, exclusive of executed hedging. The Group’s share of sales volumes over the period was an average of 3,846 bopd. Cash operating costs for the year averaged less than US$12/bbl, excluding the cost of workovers.

The financial year was a period of significant activity within Block 22/12, with operations in the legacy WZ6-12/12-8W fields comprising a five well workover program which was successfully completed in late August, followed by a two well infill/appraisal drilling campaign. The first well, WZ6-12-A10S1 was drilled as a sidetrack of the now abandoned WZ6-12-A10 production well, targeting unswept oil in the central area of the WZ6-12 North field. A10S1 intersected the two main WZ6-12 North reservoirs and also intersected commercial oil in the T32U reservoir that was not expected and has not been previously produced. A10S1 was completed as a producer and brought on to production in October. The second well, WZ6-12-A12S1 was drilled as a sidetrack of the M3 appraisal well that did not intersect commercial hydrocarbons. A12S1 is located in the east of the M1 field as a follow-up to the successful A3S2 development well that was drilled in 2021 and is designed to drain oil from three reservoirs. A12S1 was completed as a producer and brought on to production in November 2022. The two wells were producing at a combined rate of over 1,400 bopd gross at financial year end.

Activity continued throughout the year on the WZ12-8E field development, with repairs to the subsea flowline completed and wells from Phase 1 of the development progressively brought online throughout July 2022. The success of the Phase 1 drilling program (A1H to A6H production wells, A7 water disposal well) encouraged the Joint Venture to fast track a subsequent four well Phase 2 drilling program which was completed by January. The Phase 2 program comprised three Jiaowei production wells (A8H, 9H, 10H) and one WZ12-10-1 production well (A11H).

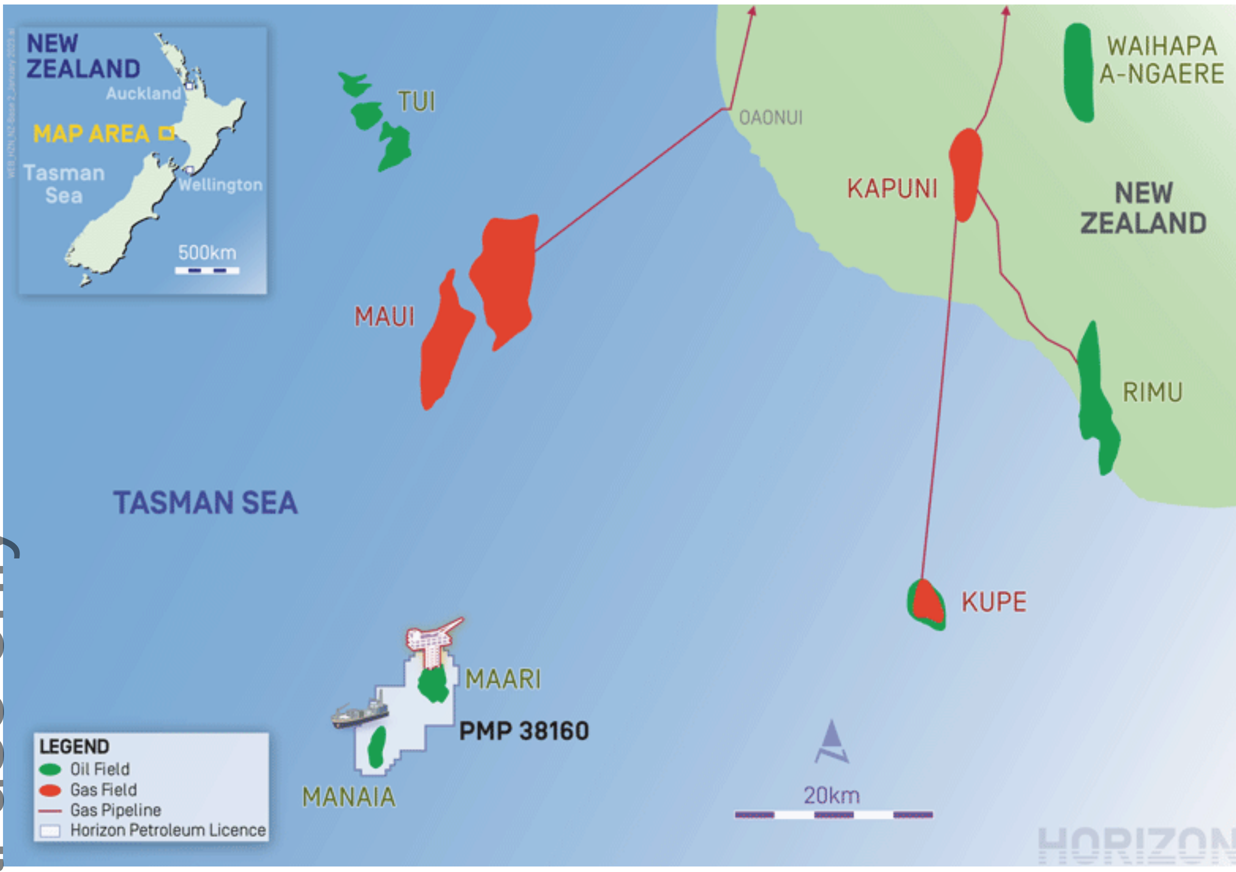
The WZ12-8E development project continues to be an outstanding success for Horizon and our Block 22/12 Joint Venture partners, with a maximum monthly rate achieved of over 9,500 bopd gross during January 2023 which declined as expected to approximately 5,000 bopd gross during June 2023. The project comprises ten horizontal production wells that drilled a total of 9,953m of reservoir plus one water disposal well. Production performance has generally exceeded pre-drill expectations due to a combination of longer horizontal production intervals (achieved average 995m vs planned 920m) and greater offset from the underlying oil-water contact, particularly for the wells in the main Jiaowei field.

Following a detailed review of production data from the ten WZ12-8E production wells, together with the corresponding subsurface data obtained during the drilling of those wells, the Company significantly increased its WZ12-8E project 2P reserves.

During the year the Joint Venture commemorated two significant milestones being ten years since first oil from Block 22/12, and the one-year anniversary following first oil from the WZ12-8E field. Given the recent success at WZ12-8E and in the legacy WZ6-12/12-8W fields, the Joint Venture continues to evaluate and mature further infill drilling targets and well workovers with a view to executing a drilling program during FY24, 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.

PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand

HORIZON INTEREST	%
PRODUCTION	26



During the financial year the Group's net working interest share of production from the Maari and Manaia fields was 392,812 barrels of oil, a 3% decrease on the prior year. Average gross production over the year was 4,139 bopd, of which the Group's share was 1,076 bopd. Crude oil sales were 370,655 barrels at an average realised price of US$92/bbl exclusive of executed hedging. Maari crude continues to attract strong premiums with an average 2023 financial year premium to dated Brent of ~US$10/bbl. Cash operating costs for the year remained below US$35/bbl, excluding workovers.

Production from the main Maari Moki reservoir continued largely uninterrupted during the year with ongoing strong pressure support provided by water injection into the field. Overall, Maari production rates were impacted by the shut-in of three wells during the period which required workovers. The MR9 well was temporarily shut-in during July owing to an electric submersible pump (ESP) failure which was rectified with the well brought back online during September. Workover of the shut-in MN1 well also progressed with the well successfully brought back online in May, restoring gross field production back above 5,000 bopd. Work also continued during the year to reinstate production from the currently shut-in MR6A well.

In addition to the production well workovers, the near-term focus of the Joint Venture remains to complete the workover of the MR2 well to convert it to a permanent water injection well, which aims to allow for optimised water injection into the field to provide further pressure and displacement support to the producing wells.

During the second half of the year, the operator substantially completed life extension works and inspections, with formal sign-off expected shortly for the Raroa FPSO to be certified for a further 5 years through to 2028. The Joint Venture is now assessing and prioritising value adding projects, including production enhancement and cost reduction opportunities with the aim of extending the field life past the current 2027 permit expiry.

On 27 October 2022, OMV and Jadestone Energy PLC (AIM:JSE) had announced that they had mutually agreed to terminate the proposed acquisition by Jadestone of OMV New Zealand Limited's 69% interest in the Maari project.

At the end of the year, the operator completed and lodged with the NZ regulator an updated Maari decommissioning plan and cost estimate which will be evaluated for the purpose of determining the level of financial security which will likely be needed to be provided by the Maari Joint Venture over coming years under the Crown Minerals (Decommissioning and Other Matters) Amendment Act. Whilst the guidance and regulations surrounding decommissioning security are still being finalised, it will be necessary for Horizon to set aside funds judiciously over the coming years to ensure it can meet these obligations.

HORIZON OIL LIMITED

Financial Report

For the financial year ended 30 June 2023

This annual financial report covers the consolidated financial statements for the Group, consisting of Horizon Oil Limited (the 'Company') and its subsidiaries. The annual financial report is presented in United States dollars.

Horizon Oil Limited is a public company limited by shares and is listed on the ASX. It is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
360 Kent Street
Sydney NSW 2011

The annual financial report was authorised for issue by the Board of Directors on 24 August 2023. The Board of Directors has the power to amend and reissue the annual financial report.

All references to reserves and contingent resources within the financial report are drawn from the Horizon 2023 Reserves and Resources Statement dated 24 August 2023.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of Horizon Oil Limited (the 'Company') and the subsidiaries it controlled at the end of, or during the financial year ended, 30 June 2023.

Directors

The following persons were directors of Horizon Oil Limited during the whole, or for part where noted, of the financial year and up to the date of this report:

M Harding
R Beament (appointed 1 July 2022)
S Birkensleigh
G Bittar
B Clement
N Burgess

Richard Beament was appointed as Managing Director and Chief Executive Officer on 1 July 2022 following the retirement of Chris Hodge on 30 June 2022.

Review of operations

Principal activities

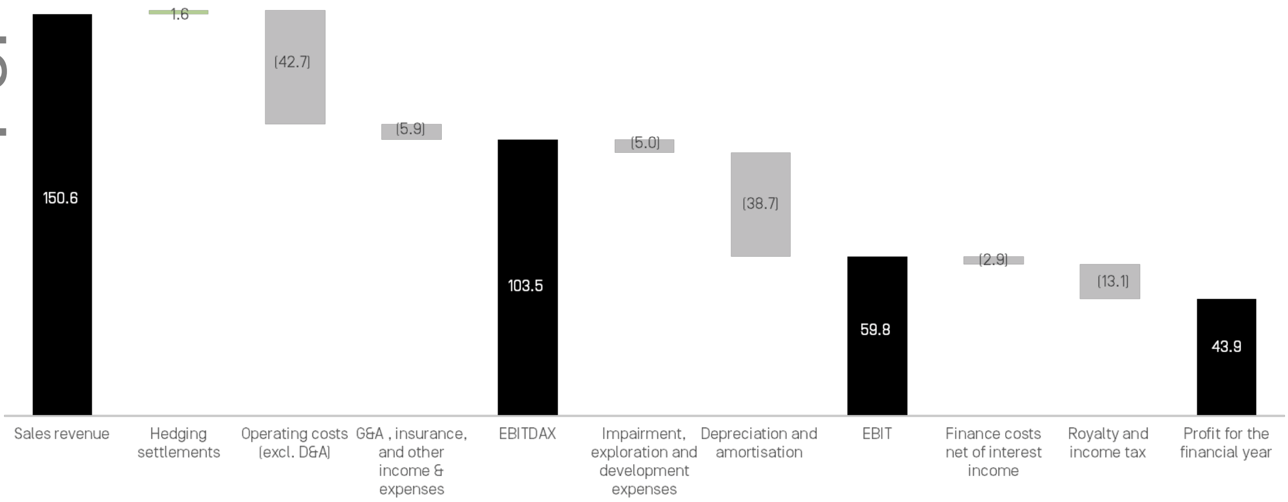
During the financial year, the principal activities of the Group continued to be directed towards petroleum production, development and exploration.

A detailed review of the operations of the Group during the financial year is set out in the Activities Review on pages 11 to 14. of this annual financial report.

Group Financial Performance

Consolidated Statement of Profit or Loss and Other Comprehensive Income

2023 Profit Drivers



The Group reported a statutory profit after tax of US$43.9 million for the financial year, a 80% increase on the prior year (2022: US$24.3 million). Non-cash items impacting on the financial year result include US$38.5 million (2022: US$27.0 million) in amortisation of production phase assets, US$0.4 million (2022: Nil) impairment of carbon credits, US$1.5 million (2022: US$0.5 million) of finance costs associated with the unwinding of the restoration provision, US$0.2 (2022: US$0.4 million) million of depreciation of property, plant and equipment, US$1.4 million (2022: US$0.4 million) of non-cash expense related to the value of performance rights and share appreciation rights granted to Horizon employees and US$0.2 million (2022: US$0.5 million) financing expense related to amortised establishment fees on the senior debt facility.

EBITDAX increased 42% to US$103.5 million (2022: US$73.0 million), and EBIT was 34% higher at US$59.8 million (2022: US$44.7 million). Cashflows from operating activities of US$72.0 million (2022: US$56.9 million) and cash reserves enabled the Group to return ~US$46 million to shareholders whilst also meeting its capital expenditure commitments and repaying a further US$13.3 million in debt during the financial year.

EBITDAX and EBIT are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure (including non-cash impairments). The directors consider EBITDAX and EBIT to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX and EBIT information has not been audited. However, they have been extracted from the audited annual financial reports for the financial years ended 30 June 2023 and 30 June 2022.

Basic earnings per share for the financial year was 2.74 US cents based on a weighted average number of fully and partly paid ordinary shares on issue of 1,598,627,894 shares.

Sales and Production

The Group's producing assets performed exceptionally well, with a 44% increase in Horizon's net working interest share of production to 1,915,886 barrels of oil against the prior comparative period (2022: 1,332,103 barrels). Production at Block 22/12 was substantially higher compared to the comparative period owing to the successful WZ12-8E oilfield development comprising of two phases of development drilling, and a multi-well workover program and in-fill well program in the WZ6-12 fields. Production at Maari was stable despite being impacted by the temporary shut-in of three producing wells, two of which have been successfully worked over with plans progressing for a subsequent workover of the shut-in MR6A well.

Sales volumes increased 47% over the financial year to 1,774,437 bbls (2022: 1,205,103 bbls) with 41,298 bbls of crude oil inventory on hand as at 30 June 2023, driven by the higher production volume. Sales revenue increased 41% to US$152.1 million (2022: US$108.1 million) during the financial year owing to the strong production despite a reduction in the net realised oil price to US$85.71 per barrel (2022: ~US$90 per barrel), inclusive of hedge settlements. Throughout the period 10% of oil sales were hedged (2022: 45%) with hedging settlement gains of US$1.6 million (2022: US$4.5 million loss) realised on 185,000 barrels hedged (2022: 545,000 barrels).

Operating costs for the period were US$81.2 million which was higher than the prior comparative period (2022: US$57.4 million). The increased costs were predominantly the result of a higher non-cash amortisation charge driven by the substantial increase in production and incremental operating costs associated with the successful WZ12-8E development.

General and Administrative Expenses

General and administrative expenses increased by US$0.5 million during the financial year to US$3.8 million (2022: US$3.3 million). This increase was driven by an increase in non-cash share-based payment expenses of US$1.0 million. General and administrative expenses comprised net employee benefits expense of US$2.8 million (including non-cash share-based payment expense of US$1.4 million), corporate office expense of US$0.8 million, and depreciation of US$0.2 million.

Insurance Expense

Insurance expense of US$2.0 million (2022: US$2.0 million) was consistent with the prior financial period.

Exploration and Development Expenses

Exploration and development expenses were US$4.6 million (2022: US$0.8 million) and was focused on appraisal and exploration opportunities in and around Block 22/12 in China and the evaluation of inorganic growth opportunities.

Finance Costs

The Group's net borrowing costs of US$2.9 million were US$0.9 million higher during the period following an increase of US$1.1 million to the non-cash unwinding of the Maari Restoration provision.

Income and Royalty Tax

The net income and royalty tax expense of US$13.1 million (2022: US$18.4 million) incurred during the financial year included a current tax expense of US$21.1 million, a deferred income tax benefit of US$10.5 million and a royalty related tax expense of US$2.5 million. The net income tax expense was driven by cash taxes of US$19.0 million in China and US$2.0 million in New Zealand. Royalty tax expense of US$2.5 million reflected cash and deferred royalty tax associated with the Maari/Manaia field.

Consolidated Statement of Financial Position

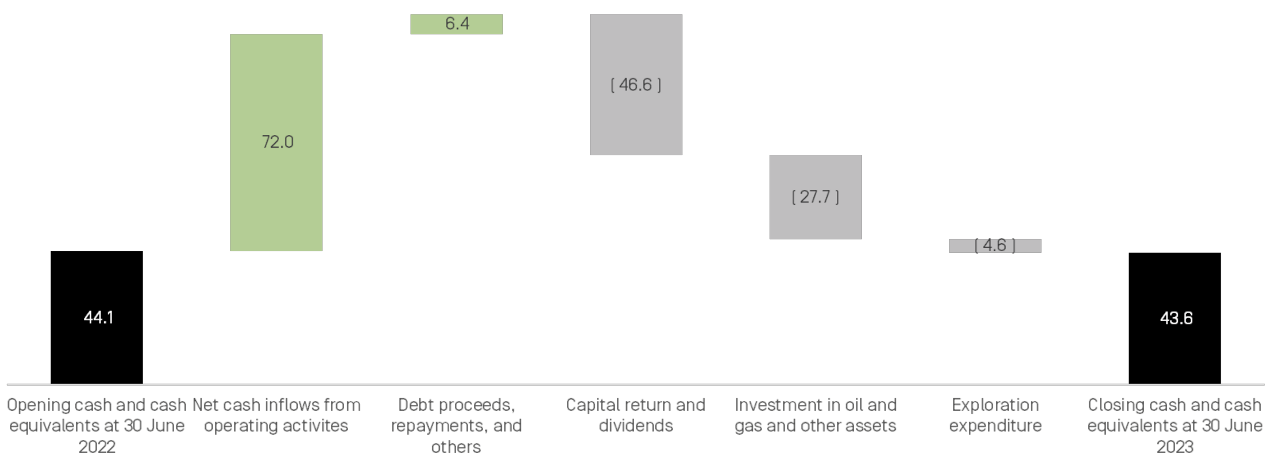
At 30 June 2023, total assets were US$183.5 million (2022: US$182.5 million) and total liabilities were US$87.7 million (2022: US$83.2 million), resulting in net assets of US$95.8 million (2022: net assets of US$99.2 million). Following the commissioning of the WZ12-8E oil field development, which comprised the drilling of 10 development wells and a water disposal well, as well as the Maari joint venture updating its decommissioning plan and cost estimate, the Group revised its estimates for decommissioning of the wells and facilities at both Block 22/12 and Maari. As a result of the increased development works, inflation and revisions to the proposed scope of works to effect the decommissioning of the fields, Horizon recorded a US$20.5 million increase to its restoration provision liability, and an equivalent adjustment to oil and gas assets in the period.

The Group had a working capital surplus of US$38.1 million (2022: US$32.1 million) resulting predominately from the strong cash flow generation which largely offset US$13.3 million in debt repayments and ~US$46 million in distributions to shareholders.

At 30 June 2023, the Group reported a net cash position of US$35.7 million, following distributions to shareholders of ~US$46 million during the financial year. Net cash of US$35.7 million comprised of cash and cash equivalents held of US$43.6 million (2022: US$44.1 million) offset by borrowings of US$7.9 million (2022: US$1.2 million). At financial year end, borrowings consisted of US$7.9 million principal outstanding on the Group's Cash Advance Facility. On 31 July 2023 the Group repaid the Cash Advance Facility in full.

Consolidated Statement of Cash Flows

2023 Cash Drivers



Net cash generated from operating activities was significantly higher for the financial year at US$72.0 million (2022: US$56.9 million) due predominantly to the higher production from Block 22/12 owing to the successful WZ12-8E oilfield development comprising of two phases of development drilling, and a multi-well workover program and in-fill well program in the WZ6-12 fields. Production and sales volumes increased materially to 1.9 mmbbls and 1.8 mmbbls respectively. This is despite the temporary shut-ins of three production wells in Maari. Pleasingly, two of the three shut-in wells at Maari were brought back into production following successful workover campaigns with plans progressing for a subsequent workover on the shut -in MR6A well.

The free cash available after operating and investing activities, enabled further distributions to shareholders of ~US$46 million and funding of the Group's share of capital costs associated with the WZ12-8E development as well as a multi-well workover program and in-fill well program in the WZ6-12 fields.

Corporate

Group liquidity

At 30 June 2023, the Group's net cash position was US$35.7 million (30 June 2022: US$42.8 million) following ~US$46 million in distributions paid to shareholders during the financial year. Net cash comprises cash and cash equivalent assets held of US$43.6 million (30 June 2022: US$44.1 million) offset by the nominal value of borrowings drawn down of US$7.9 million (30 June 2022: US$1.2 million), on the Cash Advance Facility. As advised on 29 July 2022, the Group executed a 12-month extension of its senior debt facility limit of US$20 million. On 31 July 2023 the Group repaid the Cash Advance Facility in full. Details of the Group's debt facilities are set out in Note 19.

Distributions

The Board has declared a final distribution of AUD 2.0 cents per Ordinary share totalling approximately AUD32 million. This distribution was declared as a Conduit Foreign Income (CFI) unfranked dividend and will be paid on 25 October 2023. During the financial year, the Board also declared an interim distribution of AUD 1.5 cents per Ordinary share totalling approximately AUD24.1 million. This distribution was declared as a Conduit Foreign Income (CFI) unfranked dividend and was paid on 21 April 2023.

On 25 August 2022 and following shareholders' approval at the Extraordinary General Meeting (EGM) on 7 October 2022, Horizon announced that the Board approved an equal capital reduction of approximately AUD 21.3 million or AUD 1.35 cents per ordinary share (Share Capital Reduction).

In conjunction with the Share Capital Reduction, the Board also declared a CFI unfranked dividend of AUD 1.65 cents per ordinary share (approximately AUD 26.1m), which, combined with the Share Capital Reduction, equated to a total distribution of AUD 3 cents per share representing approximately AUD 47.4 million. Horizon made payment of the AUD 3 cents per share distribution on 20 October 2022. During the period, the ATO issued Class Ruling CR2022/111 confirming the capital return component of AUD 1.35 cents per ordinary share as a return of capital.

Oil Price Hedging

The Company maintains leverage to the oil price with a minimal hedge position of 40,000 bbls of swaps which hedge a proportion of September forecast sales coinciding with the next scheduled Maari lifting. These hedges have a weighted average price of ~US$83.4/bbl.

Group business strategies and prospects for future financial years

The Company's exploration, development and production activities are focused in Southeast Asia. The robust cash flows from the Company's interests in Block 22/12, offshore China, and the Maari/Manaia fields, offshore New Zealand will be applied to fund the Company's future capital and growth program, with surplus funds returned to shareholders. The growth program is focussed on enhancing shareholder value by bringing into production the Company's substantial inventory of contingent and prospective resources in fields in China and New Zealand, whilst keeping an eye on potential other value accretive growth opportunities.

The Company has a targeted and selective exploration strategy with specific focus on plays providing material scale and upside in and around existing permits with ready access to development infrastructure. The reserves and contingent resources in the company's inventory provide shareholders with exposure to commodity price upside and potential production growth opportunities.

The achievement of these strategic objectives may be affected by macro-economic and other risks including, but not limited to, global growth, volatile commodity prices, exchange rates, climate change, access to financing and political risks. The speculative nature of petroleum exploration and development will also impact the Company's ability to achieve these objectives; key risks of which include production and development risk, exploration and drilling risks, joint operations risk, and geological risk surrounding resources and reserves.

The Group has various risk management policies and procedures in place to enable the identification, assessment and mitigation of risks that may arise. Whilst the Group can mitigate some of the risks described above, many are beyond the control of the Group. For further information in relation to the Company's risk management framework, refer to the Corporate Governance Statement.

Outlook

In the near term, continued strong operating cashflow generation is forecast, albeit that group production levels and cashflows are forecast to be impacted by natural reservoir decline in the near-term before further infill drilling and other production enhancing initiatives are completed. These cashflows are expected to enable continued returns to shareholders and fund further production growth opportunities.

The Group's short-term focus is on:

– Continued optimisation of production performance from the Block 22/12 and Maari/Manaia fields;
– Continued evaluation of organic and inorganic opportunities.

Matters subsequent to the end of the financial year

Other than the matters noted above and disclosed in the review of operations, there has not been any matter or circumstance which has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

[1] - the Group's operations in future financial years; or
[2] - the results of those operations in future financial years; or
[3] - the Group's state of affairs in future financial years.

Environmental regulation

The Group is subject to significant environmental regulation in respect of exploration, development and production activities in all countries in which it operates – China and New Zealand. Horizon Oil Limited is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner.

The Directors believe the Group has adequate systems in place for managing its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

Reporting currency

The Company's and the Group's functional and reporting currency is United States dollars. All references in this annual financial report to "$" or "dollars" are references to United States dollars, unless otherwise stated.

Information on Directors & Officers

The following persons held office as Directors or Officers of Horizon Oil Limited at the date of this Directors' Report:

Chairman, Independent Non-Executive Director	**Mike Harding**
Responsibilities:	Mr Harding has been Chairman of Horizon since November 2018. He is Chairman of Horizon's Disclosure Committee and Member of Horizon's Audit and Remuneration and Nomination Committees.
Experience:	Mr Harding has held management positions around the world with British Petroleum (BP), including President and General Manager of BP Exploration Australia.
Directorships:	Mr Harding is a former Director of Cleanaway Waste Management Limited, former Chairman of Downer, Lynas Limited, Roc Oil Company Limited, Clough Limited and ARC Energy Limited and a former Director of Santos Limited.
Qualifications:	Mr Harding holds a Master of Science, majoring in Mechanical Engineering.
Managing Director, Chief Executive Officer	**Richard Beament**
Responsibilities:	Mr Beament has been Managing Director and Chief Executive Officer of Horizon since July 2022. He was formerly Horizon's Chief Financial Officer from July 2018 to June 2022 and was Company Secretary from September 2021 to June 2022. He joined Horizon as Finance and Commercial Manager in May 2010. Since that time, he has been actively engaged in arranging and managing the Group's funding, as well as managing the Group's investments in Maari and Block 22/12. He is a Member of Horizon's Risk Management and Disclosure Committees.
Experience:	Mr Beament is a Chartered Accountant with over 25 years' experience in accounting and finance across a range of sectors, including over 13 years in managerial positions in the oil and gas sector. Prior to joining Horizon in 2010, he held senior positions with PricewaterhouseCoopers in Sydney and London.
Directorships:	Nil
Qualifications:	Mr Beament holds a Bachelor of Commerce degree and is a member of the Chartered Accountants Australia and New Zealand (CAANZ).
Independent Non-Executive Director	**Sandra Birkensleigh**
Responsibilities:	Ms Birkensleigh has been a Director of Horizon since February 2016. She is Chair of Horizon's Audit Committee and a Member of Horizon's Risk Management, and Remuneration and Nomination Committees.
Experience:	Ms Birkensleigh has 24 years' experience in financial services, risk management, compliance and corporate governance with PricewaterhouseCoopers including as Global Lead for Governance Risk & Compliance, National Lead for Partner Risk and Controls Solutions and a Service Team Leader for Performance Improvement. Sandra has been a professional non-executive director at a range of entities for the past 11 years.
Directorships:	Ms Birkensleigh is Chairman of Auswide Bank Limited, Non-Executive Director of 7-11 Holdings and its subsidiaries, National Disability Insurance Agency and Adore Beauty Limited, Deputy Chancellor and a Council Member of the University of the Sunshine Coast and Chair of its Audit and Risk Committee. She is an Independent Member of the Audit Committee of the Reserve Bank of Australia and Chair of the Tasmania Finance Corporation. Ms Birkensleigh is a former director of MLC Limited.
Qualifications:	Ms Birkensleigh is a Chartered Accountant and holds a Bachelor of Commerce. She is a Graduate Member of the Australian Institute of Company Directors and Fellow of the Governance, Risk and Compliance Institute.

Non-executive Director	Gregory Bittar
Responsibilities:	Mr Bittar has been a Director of Horizon since March 2017, as nominated by Horizon's substantial shareholder IMC Pan Asia Alliance Group. He is Chairman of Horizon's Remuneration and Nomination Committee and a Member of Horizon's Audit Committee.
Experience:	Mr Bittar has extensive experience in public and private markets mergers and acquisitions, capital markets and strategic advisory assignments across a range of sectors including general industrials, metals and mining, mining services and energy. Mr Bittar has worked for Bankers Trust, Baring Brothers Burrows and Morgan Stanley.
Directorships:	Mr Bittar is currently Chairman of Brightstar Resources Limited and was former Chairman of Trek Metals Limited and Millennium Minerals Limited.
Qualifications:	Mr Bittar holds a Master of Finance from London Business School, a Bachelor of Economics and a Bachelor of Laws (Hons).

Alternate Director for Gregory Bittar	Bruno Lorenzon
Responsibilities:	Mr Lorenzon has been an Alternate Director for Greg Bittar since March 2017.
Experience:	Mr Lorenzon has extensive experience in investments, strategy and corporate finance in the resources sector both in Australia and overseas. He has worked for the IMC Pan Asia Alliance Group for the past 15 years and previously worked for Vale in Brazil and Rio Tinto in Australia in roles encompassing strategic planning, mergers and acquisitions and business development.
Qualifications:	Mr Lorenzon is a Chartered Financial Analyst and holds a Master of Business Administration and Bachelor of Civil Engineering.

Independent Non-Executive Director	Bruce Clement
Responsibilities:	Mr Clement was appointed as an independent non-executive director on 1 September 2020. He is Chairman of Horizon's Risk Management Committee.
Experience:	Mr Clement has over 40 years' oil and gas experience; beginning his career as a projects engineer at Esso Australia Limited (now Exxon). He has managed exploration, development and production operations in Australia and Asia, as well as successfully delivering key projects in Australia, China, Indonesia, the UK and the USA, including implementation of major acquisitions and divestments. Mr Clement has led AWE Limited and Roc Oil Limited as Chief Executive Officer and has held senior managerial roles at Santos Limited, Ampolex Limited and Esso Australia Limited (Exxon).
Directorships:	Mr Clement is the Executive Director and Interim Chief Executive Officer of Beach Energy Limited (ASX:BPT). Mr Clement is a former director of Norwest Energy Limited.
Qualifications	Mr Clement holds a Bachelor of Engineering (Civil) Hons and Bachelor of Science (Maths & Computer Science) from Sydney University and Masters of Business Administration from Macquarie University.

Non-Executive Director	Nigel Burgess
Responsibilities:	Mr Burgess was appointed as a non-executive director on 1 July 2021. Mr Burgess is a nominee director of Samuel Terry Asset Management, which manages the Samuel Terry Absolute Return Fund, a substantial shareholder in Horizon. Due to his association with Samuel Terry, he is not considered independent. He is a Member of Horizon's Audit Committee.
Experience:	Mr Burgess has 30 years of commercial experience in funds management with Samuel Terry, Hunter Hall, GIO of Australia and Friends Provident in Australia, and a family office in Europe. He has experience in a variety of commercial transactions and corporate restructurings across a range of industries and jurisdictions.
Directorship:	He is a former director of Spicers Limited (ASX: SRS; de-listed 2019) and Yellow Holdings Limited (New Zealand).
Qualifications:	Mr Burgess holds a Bachelor of Economics degree and Masters of Accounting degree from the University of New South Wales.

Chief Financial Officer / Assistant Company Secretary	**Kyle Keen**
Responsibilities:	Mr Keen has been Horizon's Group Financial Controller until his appointment as Chief Financial Officer on 1 July 2022. Mr Keen has been Horizon's Assistant Company Secretary since November 2018.
Experience:	Mr Keen is a Chartered Accountant with expertise in financial risk management and financial reporting across a range of sectors, in particular, oil and gas. He has 12 years' experience including working in top tier accounting practices including EY in the United Kingdom and KPMG in South Africa.
Qualifications	Mr Keen holds a Bachelor of Accounting (Hons) degree and is a member of the South African Institute of Chartered Accountants.

Group Tax Manager / Company Secretary	**Vasilios (Vas) Margiankakos**
Responsibilities:	Mr Margiankakos has been Horizon's Group Tax Manager since October 2017.
Experience:	Mr Margiankakos has over 20 years' experience in corporate and international taxation and mergers and acquisitions across a vast number of industries including oil and gas, banking and financial services, infrastructure, media, manufacturing and consumer goods, and technology. Prior to joining Horizon, Vas was Head of Tax at Bravura Solutions Limited and BBC Worldwide Australia (now BBC Studios), prior to which he held a number of senior tax positions at top tier accounting practices such as EY, Deloitte and KPMG.
Qualifications	Mr Margiankakos holds a Bachelor of Economics degree from the University of New South Wales.

Group Chief Operating Officer	**Gavin Douglas**
Responsibilities:	Mr Douglas has been Horizon's Group General Manager – Production & Exploration until his appointment as Chief Operating Officer on 1 July 2022.
Experience:	Mr Douglas is a geologist with over 25 years' experience of exploration, development and production of oil and gas, and has 15 years' experience in technical managerial positions, including leading multidiscipline technical teams in Australia, and throughout South East Asia and the Middle East. Prior to joining Horizon, Gavin was the Well Delivery Manager with Oil Search and Subsurface Manager with Eaglewood Energy.
Qualifications	Mr Douglas holds an Honours Degree in Geology and a Masters in Reservoir Evaluation & Management. He is a member of the American Association of Petroleum Geologists (AAPG) and a member of the Society of Petroleum Engineers (SPE).

Directors' Interests in the Company's Securities

As at the date of this Directors' Report, the Directors held the following number of fully paid ordinary shares:

DIRECTOR	ORDINARY SHARES		
	DIRECT	INDIRECT	TOTAL
M Harding	500,000	-	500,000
R Beament	764,488	-	764,488
S Birkensleigh	-	-	-
G Bittar	1,000,000	-	1,000,000
B Clement	-	-	-
N Burgess[1]	-	314,212,423	314,212,423
B Lorenzon (as alternate)	-	-	-

1 Mr Burgess is a Director of Samuel Terry Asset Management Pty Ltd, the Trustee and Investment Manager of Samuel Terry Absolute Return Fund which holds the 314,212,423 shares.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors (the 'Board') and of each Board Committee held during the financial year, and the numbers of meetings attended by each Director were:

	BOARD	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	REMUNERATION & NOMINATION COMMITTEE	DISCLOSURE COMMITTEE
Number of meetings held:	10	2	2	2	1
Number of meetings attended by:					
M Harding[1]	10	2	2	2	1
R Beament[3]	10	2	2	2	1
S Birkensleigh	10	2	2	2	
G Bittar[1]	10	2	2	2	
B Clement[2]	10	2	2		
N Burgess[1]	10	2	2		
B Lorenzon (as alternate for G Bittar)	0				

1 Mr Harding, Mr Bittar and Mr Burgess attended the risk management committee meetings in their capacity as Non-Executive Directors of Horizon Oil Limited and are not members of the risk management committee

2 Mr Clement attended audit committee meetings in his capacity as a Non-Executive Director of Horizon Oil Limited and is not a member of the audit committee.

3 Mr Beament attended audit committee and remuneration & nomination committee meetings in his capacity as a Executive Director of Horizon Oil Limited and is not a member of the audit committee and the remuneration and nomination committee

Corporate Governance

The Company and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the Company's governance framework and practices to ensure they meet the interests of shareholders. The Corporate Governance Statement was approved by the Board on 24 August 2023.

The Company's Corporate Governance Statement for the year ended 30 June 2023 may be accessed from the Company's website at **www.horizonoil.com.au**. A description of the Company's main corporate governance practices is set out in the Corporate Governance Statement. All these practices, unless otherwise stated, were in place for the full financial year and comply with the ASX Corporate Governance Council's revised Corporate Governance Principles and Recommendations 4th edition, released in 2019.

Sustainability Reporting

Sustainability continues to be an important focus for Horizon with progress made during the current financial year on Horizon's Environmental Social and Governance (ESG) Action Plan and the Company is pleased to present its Sustainability Report for the year ended 30 June 2023.

The Company's Sustainability Report for the year ended 30 June 2023 may be accessed from the Company's website at **www.horizonoil.com.au**.

Horizon is reviewing the recently issued IFRS Sustainability Disclosure Standards S1 and S2 and, in due course, will assess the need for changes in future ESG reporting.

Health, safety & environment (HSE)

Both Block 22/12 and Maari have continued their strong safety performance, despite significant drilling, production and development activities. As at the financial year ended 30 June 2023, Horizon achieved a Total Recordable Injury Frequency Rate (TRIFR) of 1.37, and a Lost Time Injury Frequency Rate (LTIFR) of 0.68, both less than the National Offshore Energy Regulator (NOPSEMA) industry averages in Australia. There were zero fatalities and zero significant environmental incidents for FY23.

With regards to asset integrity management the Maari Operator substantially completed life extension works and inspections, with formal sign-off expected shortly for the Raroa FPSO, to be certified for a further 5 years through to 2028.

The Directors believe the Group has adequate systems in place for managing its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

A qualitative marine ecological survey of the Maari Wellhead platform was undertaken during the reported period. The survey demonstrates that the wellhead platform structure provides a habitat for a healthy ecosystem. On Block 22/12, the 12-8E Operator released fish spawns into the sea surrounding the platform, as is customary for new offshore projects in the region and in compliance with EIA regulations.

Governance

Governance continues to be a core focus for the Group. The Board continues to have oversight of ESG strategy and performance, including climate change, with support from the Sustainability Steering Committee. During the period Horizon conducted its annual assessments on its value and supply chain for risks and incidences of modern slavery. The second Modern Slavery Statement, for the calendar year 2022, was submitted to the Australian Government on 31 December 2022 in line with the requirements of the Australian Modern Slavery Act 2018. The work on 2023 Modern Slavery Statement is currently underway to be submitted in December 2023. This statement may be accessed from the Company's website at **www.horizonoil.com.au**.

Climate change

Horizon continues to support our Operators in emission reduction initiatives. More than three initiatives have been implemented this financial year, which have delivered approximately 2,500 TCO2e annual emission reduction along with reductions in fuel consumption. Scope 1 absolute emissions were approximately 27% higher than FY22, largely due to the introduction of WZ12-8E production. However, year on year emission intensity has reduced by approximately 12%, reflecting the completed emission reduction initiatives and the relatively low quantities of gas associated with the WZ12-8E production.

Horizon continues to acquire and surrender carbon credits in New Zealand Units (NZUs) under the NZ Emissions Trading Scheme (ETS) to cover 100% of the Group's share of Maari Scope 1 emissions. Through participation in the NZ ETS, the Company is supporting New Zealand in achieving its stated commitment to Net Zero GHG emissions by 2050 in alignment with the Paris Agreement.

Following extensive evaluation, during the year Horizon made an AUD2 million (USD1.4 million) seed capital investment to acquire an approximate 3.5% interest in Nobrac Limited, a subsidiary of ASX listed company, Kiland Limited (KIL). Nobrac has plans to develop the Flinders Biochar project on Kangaroo Island in South Australia to sequest the carbon embodied in approximately 4.5 million tonnes of the fire damaged biomass (standing timber) into approximately 960,000 tonnes of biochar over 10 years. Nobrac's Flinders Biochar project is a large scale, institutional-grade carbon removal project that is expected to lead to real reduction and sequestration of carbon, at the same time presenting a long-term opportunity to deliver cashflow and value for shareholders from Carbon Removal Credits (CRC), biochar product sales and company growth.

Biochar is a stable form of carbon, made from biomass, that can endure in soil for hundreds to thousands of years. Using biochar to bury carbon in the ground is a large-scale method to tackle global warming and, at the same time, significantly boost the soil productivity reducing the use of fertiliser and increasing soil water retention. Other agricultural benefits of Biochar include improving animal health through use as feedstock.

Biochar production is now an approved method for generating CRCs in the global voluntary market. Vera VCS and Puro, the international verification authorities, have now published verification methods for biochar generated CRCs.

Commercial production of biochar and sale of CRC's is planned to start in late 2023 and is expected to continue for a ten-year period. Through the Flinders Biochar project Nobrac will seek to diversify into other projects, capitalising on rapidly developing global carbon opportunities, to emerge as an institutional-grade carbon removal credit developer and to make a meaningful contribution to global net zero targets.

The project will provide employment on Kangaroo Island and contribute to the development of South Australia's industrial design, fabrication and engineering industries.

The project has the potential to provide strong returns for Horizon shareholders, whilst contributing to global decarbonisation efforts. We expect that demand for carbon offsets will only increase such that an investment of this nature has the potential to be value accretive.

During the year, Horizon completed its submission for the 2022 Carbon Disclosure Project (CDP). Horizon's responses were assessed against the CDP scoring methodology, with an overall score of B being achieved (scoring range from A to D) which was an improvement from B- in 2021. This score is in the Management band where the Company is assessed as 'taking coordinated action of climate issues'.

People – Employees & Community

Whilst the impact of the COVID-19 pandemic continued to subside during the period, and as a result of the reduction in headcount over the past 3 years, the Group relocated to a smaller office in Sydney which offers a more collaborative and enticing space for employees after the long periods of remote working over the past few years. Notwithstanding the office move, the Company continues to provide flexibility for employees with some staff electing to work remotely a few days a week to enhance productivity and staff morale.

The Australian government recently passed new legislation which exempts companies from having to pay fringe benefit tax (FBT) on novated leases for certain types of electric vehicles (EV's) and Plug in Hybrid (PHEV's). The company has rolled out a scheme to support employees wishing to purchase EV's or PHEV's by allowing all employees to participate in this arrangement. The novated lease allows for employees to pay for the vehicles from their pre-tax income and in the instance of an EV/PHEV the employee does not need to distinguish between business and private use.

Horizon continues to work with our Operators and partners to identify and participate in meaningful community-based projects in both New Zealand and China.

REMUNERATION REVIEW

During the prior reporting period, the Remuneration and Nomination Committee (RNC) reviewed the remuneration framework and both the long-term (LTI's) and short-term incentive (STI's) plans at Horizon within the context of the Company's corporate strategy. The outcome of the review was to modify the future remuneration structure to reduce fixed remuneration and increase at risk remuneration (STI's & LTI's) which better aligns remuneration outcomes with value creation for shareholders. The majority of these changes were effective for remuneration from 1 July 2022 unless otherwise noted in this remuneration report. The key outcomes and changes were:

- Reduction in overall management costs following the retirement of Mr Hodge effective 1 July 2022 and the resignation of Ms Quinlivan during the prior reporting period; and a reduced fixed remuneration cost for the new CEO, Richard Beament.

- A deferred equity component was introduced to the STI applicable to executives remaining with the business.

- The proposed changes to the STI applied to STIs awarded from the FY22 financial year onwards for executives remaining with the business.

- Following a review of the current long term incentive plan (award of Share Appreciation Rights), the RNC formalised a revised LTI Plan (LTI Plan for Performance Rights). The rationale for the New LTI plan is to create a stronger link between performance and reward and to align the interests of Senior Executives more strongly with those of the shareholders of Horizon.

- A clawback provision was included in all performance rights issued giving the Board the discretion to determine that some or all of the unvested rights will lapse if a situation arises that impacts the assessment of performance. Such a situation may include material misrepresentations or material misstatements in the company accounts.

- There are 5 non-executive directors and the RNC has made no recommendation to the Board during the reporting period to increase Non-Executive Director remuneration.

CEO APPOINTMENT

On 16 June 2022, the Company announced that Mr Chris Hodge would retire from the role of CEO/MD and Mr Richard Beament would be appointed into the role of MD/CEO with effect from 1 July 2022. Key terms of his remuneration arrangements were released to the market on 16 June 2022 and include:

- Total Fixed Remuneration of AUD527,000 per annum (including superannuation).

- STI -up to 75% of Total Fixed Remuneration, subject to individual and corporate performance hurdles being met. Any STI award is to be provided in two components – 50% cash and 50% shares (provided certain conditions are met), with deferral of receipt of the shares for 12 months. The FY22 deferred STI rights were approved by shareholders at the 2022 Annual General Meeting.

- LTI -eligible to participate in Horizon's New LTI Plan and received a grant of 19,600,000 Performance Rights on his appointment as Managing Director and Chief Executive Officer which were approved by shareholders at the 2022 Annual General Meeting.

- The grant comprised four tranches of Performance Rights. The vesting and exercise of the Performance Rights is dependent on meeting a service condition (remaining in employment subject to leaver provisions) and the satisfaction of share price and trading volume performance hurdles (set separately for each tranche).

The RNC remains focused on ensuring that the remuneration framework is competitive and rewards executives for meeting or exceeding strategic objectives and facilitating long-term wealth creation for shareholders. The Company's STI and LTI plans are designed to support these strategic objectives and align remuneration outcomes with Horizon's short-term and long-term goals.

This Remuneration Report (Report) outlines the remuneration arrangements for the Key Management Personnel (KMP) of the Company for the financial year ended 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with section 308(3)(c) of the Corporations Act 2001. The Report is structured as follows:

[1] - Individuals covered by the Remuneration Report

[2] - Executive remuneration framework

[3] - Actual remuneration of executives

[4] - Contractual arrangements for executives

[5] - Performance and financial year remuneration outcomes

[6] - Non-executive Director remuneration

[7] - Statutory and share-based reporting

[1] - Individuals Covered by the Remuneration Report

The Group is required to prepare a Report in respect of KMP, those persons who have the authority and responsibility for planning, directing, and controlling the activities of the Company and the Group, either directly or indirectly, being:

– Directors; and
– Other Key Management Personnel

The table below outlines the KMP movements during the financial year:

NAME	TITLE	PERIOD AS KMP
DIRECTORS		
Mike Harding	Chairman (non-executive)	Full financial year
Richard Beament[1]	Managing Director / Chief Executive Officer	Full financial year
Sandra Birkensleigh	Director (non-executive)	Full financial year
Greg Bittar	Director (non-executive)	Full financial year
Bruce Clement	Director (non-executive)	Full financial year
Nigel Burgess	Director (non-executive)	Full financial year
Bruno Lorenzon	Alternate Director (non-executive)	Full financial year
OTHER KMP (EXECUTIVES)		
Gavin Douglas[2]	Chief Operating Officer	Full financial year
Kyle Keen[3]	Chief Financial Officer / Assistant Company Secretary	Full financial year

1 Mr Beament was appointed Chief Executive Officer and Managing Director on 1 July 2022 having formerly been a KMP given his role as the Group's Chief Financial Officer.

2 Mr Douglas became a KMP on 1 July 2022 as a result of his appointment as the Group's Chief Operating Officer (COO). Prior to his appointment as COO Mr Douglas was the Group's General Manager – Production and Exploration.

3 Mr Keen became a KMP on 1 July 2022 as a result of his appointment as the Group's Chief Financial Officer (CFO). Prior to his appointment as CFO Mr Keen was the Group's Financial Controller.

[2] - Executive Remuneration Framework

[2.1] - How does Horizon determine remuneration outcomes?

The objective of the Group's remuneration framework is to provide reward for performance that is competitive and appropriate for the results delivered. The Board, through its Remuneration and Nomination Committee, continues to review KMP remuneration arrangements to ensure they align with the Group's strategic objectives. The remuneration framework for executives is based on the following principles for guiding the Group's decisions regarding executive remuneration.

- **Good reward governance principles:**
  - competitiveness and reasonableness;
  - performance linkage / alignment of executive compensation;
  - transparency; and
  - capital management.

- **Alignment to shareholders' interests:**
  - focuses on sustained growth in shareholder value; and
  - attracts and retains high calibre executives capable of managing the Group's diverse international operations.

- **Alignment to program participants' interests:**
  - rewards capability and experience;
  - reflects competitive reward for contribution to growth in shareholder wealth;
  - provides a clear structure for earning rewards; and
  - provides recognition for contribution.

[2.2] - Remuneration policy and link to performance

The remuneration framework is designed to recognise performance during the financial year (Short-Term Incentives (**STIs**)) and maximise shareholder value (Long-Term Incentives (**LTIs**)). Executive remuneration is comprised of fixed and variable ("at risk") remuneration consisting of STIs and LTIs. LTI's were issued to the below executives during the financial period following their appointments to drive long term value creation. LTI's are not planned to be awarded annually. The graph below sets out the mix of total annual fixed remuneration and the maximum variable remuneration in the form of STI's. Annual incentives have been established to drive performance without encouraging undue risk taking. The mix of Total fixed remuneration and Short-term incentives for the financial year is shown in the table below with percentages rounded to the nearest whole number.

Chief Executive Officer

Richard Beament

	Performance-based
Total Fixed Remuneration (TFR)	**Maximum STI**
57%	**43%**

Chief Operating Officer

Gavin Douglas

Total Fixed Remuneration (TFR)	**Maximum STI**
63%	**37%**

Chief Financial Officer / Assistant Company Secretary

Kyle Keen

Total Fixed Remuneration (TFR)	**Maximum STI**
71%	**29%**

[2.3] - Elements of remuneration

FIXED REMUNERATION (FR)	
What is Fixed Remuneration?	Fixed Remuneration comprises 'Total Fixed Remuneration' (**TFR**), together with non-monetary benefits. TFR is base salary plus superannuation. Non-monetary benefits include car parking, insurances and other expenses inclusive of fringe benefits tax. Executive remuneration (which is set and paid in Australian Dollars (A$)) and other terms of employment are reviewed annually by the Remuneration and Nomination Committee having regard to relevant comparative information.
Link to strategy and performance	Competitive TFR is paid to ensure that the Group can attract and retain suitable executives to deliver the strategic goals. Fixed Remuneration is reviewed annually by the Remuneration and Nomination Committee considering market data, scope of the Executive's role, expected skill, experience and qualification and individual performance.

SHORT-TERM INCENTIVE (STI)	
Objective	The STI provides all Executives with an opportunity to earn an annual incentive which is paid in a combination of cash and deferred equity in the first quarter of the new financial year. The deferred equity element is subject to the specific terms of the executive's employment agreement and ranges between 25% - 50% of the total STI awarded with the residual paid in cash. The STI award is determined by the Board following the end of the financial year having regard to Group performance over the financial year.
How is the STI linked to performance?	The STI is designed to motivate and reward Executives for contributing to the delivery of annual business performance. Key Performance Indicators (KPIs) are determined each financial year and approved by the Board. The Company's performance against these KPIs is reviewed annually.
How is performance measured for the STI?	Awards are made annually with performance measured over the twelve months to 30 June and are aligned to the attainment of the Company's Board approved KPIs for the relevant year. Awards under the plan are determined and paid in a combination of cash and deferred equity in the first quarter of the new financial year. The deferred equity element is subject to the specific terms of the executive's employment agreement. Actual performance against financial, non-financial and individual measures is assessed at the end of the financial year. In assessing the achievement of measures, the Remuneration and Nomination Committee may exercise its discretion to adjust outcomes for significant factors outside the control of management that contribute positively or negatively to results.
STI opportunity	Up to 75% of the Chief Executive Officer's TFR, up to 60% of the Chief Operating Officer's TFR and up to 40% of the Chief Financial Officer's TFR. A proportion of each executive's STI award will be granted in the form of deferred equity rights with the residual STI paid in cash. The proportions of the STI award paid in cash and received in deferred equity rights will depend on the executive's position in the Company and ranges between 25% - 50% of the total STI awarded. Deferring a proportion of the STI outcome into rights to Shares creates further alignment between the interests of shareholders and extends the focus beyond the short term.
How is STI deferred equity granted?	Any deferred component of STI awarded in relation to a financial year (Performance Year) will be delivered in the form of rights to acquire fully paid ordinary shares in the Company ('Shares') for nil consideration ('Deferred STI Rights').
How is the number of Deferred STI Rights determined?	The number of Deferred STI Rights granted in relation to any Performance Year will be determined by dividing the cash amount of the STI to be deferred by the volume weighted average price ('VWAP') of Shares for the final 10 trading days of the Performance Year (usually 10 trading days up to 30 June).
What are the performance conditions on the Deferred STI Rights?	Deferred STI Rights are designed to reward past performance and encourage retention. Once granted, ordinarily, no further performance conditions will attach to Deferred STI Rights other than the employee remaining in the Company's employment at the time of vesting.
Distribution and capital reorganisation	The number of Deferred STI Rights will be adjusted in the event of reorganisation of capital and a participant will be entitled to receive a distribution equivalent payment in the form of additional shares to the value of dividends the participant would have received during the deferral period. Deferred STI rights will not attract dividend and voting rights.
When and how do Deferred STI Rights vest?	Deferred STI Rights will vest (subject to Board discretion and satisfaction of any applicable condition) 100% after 12 months. Vesting periods will generally commence on 1 July of the year in which the Deferred STI Rights are granted. The Board may satisfy any Deferred STI Rights that vest by procuring that Shares are purchased on market and transferred or issue new Shares in the Company.
Clawback and Board discretion in relation to STI Rights	The Board retains a broad discretion to: • allow for accelerated vesting in special circumstances (e.g., death and incapacity); • determine that some or all unvested Deferred STI Rights will lapse if any situation arises that, in the Board's view should impact the assessment of performance. Such situations may include material misrepresentations and material misstatements in the Company's accounts; • allow for accelerated vesting in certain circumstances e.g. change of control event; and • determine that any Deferred STI Rights that vest are settled in cash not Shares (subject to any ASX Listing Rule or Corporations Act requirements).

LTI PLAN (PERFORMANCE RIGHTS)	
How is the LTI linked to performance?	The LTI Plan for Performance Rights applies to LTI's issued on and after 1 July 2022. The objective of the Performance Rights granted pursuant to the LTIP is to create a stronger link between eligible employees' performance and reward, increasing shareholder value via the proposed LTIP. The LTI Plan forms part of the Company's performance-based remuneration system and provides "at risk" incentives based on longer term Company performance.
Offer to participate in the Plan and consideration	The Board may from time to time make offers (each a **Plan Offer**) to an '**Eligible Person'** (being, any person who is an employee (including in full-time or permanent part-time employment) or a director of, or a person who provides services to, the Company or its related bodies corporate, or any other person so designated by the Board) to participate in the Plan and receive a right to be allocated a fully paid ordinary share in the Company (**Share**), subject to the rules of the Plan (**Share Right**). A Plan Offer may be subject to such restrictions and conditions as the Board determines in its absolute discretion (including, in relation to the applicable expiry date, exercise period and performance criteria). Unless otherwise stated in the Plan Offer, a participant in the Plan (**Participant**) is not required to pay for a grant of Share Rights or the allocation of Shares under a Plan Offer. Participation in the Plan does not give the Participant a legal or beneficial interest in a Share prior to its allocation to the Participant, nor any entitlement to a Share, otherwise than in accordance with the Plan Offer and the rules of the Plan.
Grant of Share Rights	As soon as reasonably practicable following receipt by the Company of an Eligible Person's acceptance of a Plan Offer, the Company will, provided that the relevant person continues to be an Eligible Person, issue to the person the number of Share Rights the subject of the accepted Plan Offer. Share Rights will not give a Participant any right to dividends or give a Participant a right to vote. However, Shares issued, transferred or allocated (as applicable) upon a relevant Participant exercising their vested Share Rights will convey the same rights to dividends and voting as Shares in the same class.
Term of Share rights	Subject to the terms of the Plan (including in relation to circumstances relating to cessation of employment), the '**Last Exercise Date**' (being, the latest date on which a Share Right may be exercised if the Share Right vests) and '**Plan Acceptable Date**' (being, the latest date on which the Company must receive a completed plan acceptance form from a relevant Participant), are determined by the Board in respect of each grant of Share Rights. The Share Rights granted have an expiry date no longer than 5 years.
Performance criteria applicable to Share Rights	The Board has a broad discretion to prescribe the conditions which must be satisfied or waived before a particular grant of Share Rights vests and becomes exercisable by the relevant Participant. A Share Right may only be exercised if it is a vested Share Right and it has not lapsed in accordance with the terms of the Plan.
Exercise price on vested Share Rights	The Board may determine whether any exercise price must be paid by the participant on the exercise of vested Share Rights.
Allocation of Shares	If a relevant Participant opts to exercise vested Share Rights, the Company will allocate to the Participant the number of Shares to which the Participant is entitled by either (or a combination of) issuing new Shares to the Participant or procuring the transfer of Shares acquired on market to the Participant.
Cessation of Employment	In the case of an "Uncontrollable Events" (including death, permanent disablement, retirement, retrenchment, or such other circumstances which result in the Participant leaving the employment of the Company or any of its related bodies corporate and which the Board determines is an uncontrollable event) resulting in a Participant's cessation of employment, the Board may determine that any unvested Share Rights either lapse or become vested Share Rights. If the Participant ceases employment other than because of an Uncontrollable Event, all of the Participant's unvested Share Rights will automatically lapse.
Lapse of Share Rights	Share Rights may lapse in other circumstances, including where the applicable performance criteria are not wholly satisfied by the time specified in the Plan Offer (unless otherwise specified in the Plan Offer), or where the Participant commits any act of fraud, defalcation or gross misconduct in relation to the Company's, or any of its related bodies corporate's affairs.
Change of Control	If a Change of Control Event occurs, or the Board determines in its absolute discretion that a Change of Control Event is likely to occur, subject to the performance criteria applicable to unvested Share Rights, the Board will determine the appropriate treatment regarding any unvested Share Rights, which may include waiving the relevant performance criteria, replacing unvested Share Rights with rights to Shares in a new controlling entity, or causing the unvested Share Rights to lapse.
Re-organisation of capital, rights issue, dividend or other such event	Upon any re-organisation of the issued ordinary capital of the Company, the number of Share Rights, or the number of Shares allocated on the exercise of the Share Rights, or both will be reconstructed or adjusted to the extent necessary to comply with, and in accordance with, the ASX Listing Rules applying to a re-organisation of capital at the time of the reorganisation (as their application in the circumstances is affected by any waiver granted by ASX).

Key Terms of the Share Rights issued onwards from 1 July 2022	The tables below set out the material terms of Share Rights issued under the New LTIP.
Start Dates	1 July 2022, 1 May 2023
Last Exercise Dates	30 June 2027, 30 April 2028

Share Price Hurdle

TRANCHE (ISSUED 1 JULY 2022)	SHARE PRICE[1] HURDLE (A$)	EXPIRY DATE
Tranche A Rights	0.085	30 June 2027
Tranche B Rights	0.115	30 June 2027
Tranche C Rights	0.135	30 June 2027
Tranche D Rights	0.155	30 June 2027

TRANCHE (ISSUED 1 MAY 2023)	SHARE PRICE HURDLE (A$)	EXPIRY DATE
Tranche E Rights	0.17	30 April 2028
Tranche F Rights	0.18	30 April 2028

[1] In accordance with the plan, the Share Price Hurdles have been adjusted to account for the AUD 4.5 cents of distributions made to shareholders during the 2023 financial year.

Each tranche of Share Rights vests independently of each other tranche of Share Rights.

The Share Price Hurdles are subject to the following adjustments:

- the relevant Share Price Hurdle will be increased by 10% on each anniversary of the Start Date, commencing on the third anniversary of the Start Date.
- the relevant Share Price Hurdle will be decreased by an amount determined by the Board (in its absolute discretion) to account for any dividends or return of capital; and
- the relevant Share Price Hurdle will be increased or decreased (as applicable) by an amount determined by the Board (in its absolute discretion) to account for any share consolidation or other re-organisation of capital of the Company.

Performance Criteria

Each tranche of Share Rights will vest on the first and any relevant subsequent date following grant date upon satisfaction of all of the following conditions:

- the price per share meets or exceeds the relevant Share Price Hurdle at the close of trade (each, a **Relevant Gateway Date**);
- the volume weighted average price of the shares on the ASX for the preceding 1-month period meets or exceeds the relevant Share Price Hurdle at close of trading on the date that is one year thereafter each Relevant Gateway Date (each, a **Relevant Anniversary Date**);
- Shares traded in the twelve-month period from the Relevant Gateway Date to the Relevant Anniversary Date at or above the relevant Share Price Hurdle have a cumulative market value (assessed at the time each trade was made) of $25,000,000 or more; and
- the recipient remains an employee of the Company on the vesting date.

Accordingly, the Share Rights granted in respect of each Tranche may be tested in relation to more than one period (i.e. in respect of successive Relevant Gateway Dates and associated Relevant Anniversary Dates) and, subject to the terms of the Plan and the Plan Offer, will vest in their entirety on the earliest Relevant Anniversary Date on which all of the vesting conditions noted above are satisfied.

Share Right Exercise Price	Nil

Expiry of exercise period

If a Share Right vests, then the Share Right may be exercised at any time up to the date which is the earlier of:

- three years after the Share Right vested; and
- the date on which a Change of Control Event occurs or the date on which the Board makes a determination that a Change of Control Event is likely to occur.

LTI PLAN (SARS)	
LTI PLAN (SARS)	The LTI plan for SARs applied to LTIs awarded prior to 1 July 2022. It will not apply to the award of LTIs after 1 July 2022.
Objective	The LTI plan aimed to align Executive remuneration with the creation of shareholder value.
How is the LTI linked to performance?	LTI vesting is linked to absolute Horizon share performance, and Horizon share performance relative to the S&P ASX 200 Energy Index.
Form of LTI grant?	LTIs are awarded as performance rights, known as share appreciation rights (**SARs**). SARs vest over a three-to-five-year period on fulfilment of two performance criteria: (1) Horizon's Total Shareholder Return (**TSR**) must exceed 10%; and (2) Horizon's TSR must equal or exceed the S&P ASX 200 Energy Index (**Index**), with the level of outperformance determining the proportion of SARs that vest. The SAR value on vesting is calculated as the difference between the Horizon share price at allocation, and the Horizon share price at exercise. The Company may settle the SAR value in cash or shares or a combination, in the Board's absolute discretion.
What are the performance measures applied to the LTI?	The Board considered that the absolute and relative TSR performance hurdles effectively align the interests of Executives with Horizon's shareholders, by motivating Executives to achieve superior outcomes. TSR is a robust and transparent means of measuring shareholder returns. SARs vest over a three to five-year period on fulfilment of two performance criteria: (1) Horizon's Total Shareholder Return (**TSR**) must exceed 10%; and (2) Horizon's TSR must equal or exceed the S&P ASX 200 Energy Index, whereby the proportion of SARs that vest is calculated as follows: – if Horizon's TSR is equal to the Index, 50% vest; – if the Company's TSR is 14% or more above the Index, 100% vest; and – if Horizon's TSR is between the Index and 14% above the Index, a percentage vest based on a linear pro-rata calculation. Performance 14% above the Index equates to a performance level likely to exceed the 75th percentile of market returns of companies in the Index (weighted by company size).
Performance period?	SARs will first be tested for vesting at 3 years from award; and thereafter re-tested every 6 months until 5 years from award.
What was the LTI opportunity?	The former CEO had an LTI opportunity equal to 50% of TFR, and other Executives at that time had an LTI opportunity equal to 21.4% of TFR. The LTI opportunity is prescribed by the Executives' employment contracts. The number of SARs issued to an Executive in a relevant year is calculated by dividing the monetary value of the Executive's LTI opportunity by the fair value of a SAR at allocation. The fair value of a SAR is determined by an independent expert each year using the Black-Scholes model.
Treatment of incentives on cessation of employment	On cessation of an Executive's employment, the Board may exercise its discretion to: (1) lapse all or some of the Executive's SARs; or (2) determine that some or all of the Executive's SARs which have not become exercisable, become exercisable.
When do SARs lapse?	SARs will lapse: – where the SAR has not vested, 5 years after award or such longer period necessary for the Executive to freely deal in Horizon securities in accordance with the Securities Trading Policy; – the Board exercises its discretion to lapse the SARs on cessation of employment; – the Board exercises its discretion to lapse the SARs for serious misconduct or fraud by an Executive; or – the Executive provides a notice to Horizon that they wish the SARs to lapse.
Effect of take-over or change of control of Company, death or disablement	In the event of a takeover or change of control event, the Board will either have the discretion or be required (if a change of control occurs) to determine a special retesting date for vesting of Executives' SARs. For example, the Board will have discretion to determine a special retesting date where a takeover bid is made for the Company. In that case, the special retesting date will be the date determined by the Board. Where a statement is lodged with the ASX that a person has become entitled to acquire more than 50% of the Company, the Board will be required to determine a special retesting date, and the special retesting date will be the day the statement is lodged with the ASX. The SARs will vest if the performance criteria are fulfilled in relation to that special retesting date.

[2.4] - Associated policies

The Group has adopted several policies to support remuneration framework and governance, including the Securities Trading Policy, Continuous Disclosure Policy and the Corporate Code of Conduct. These policies are available on the Group's website **www.horizonoil.com.au**.

[3] - Actual Remuneration of Executives (Non-IFRS Information)

Disclosing actual pay provides shareholders with additional information to assist in understanding the cash and other benefits received by Executives in respect of a financial year. This information differs from the remuneration details prepared in accordance with statutory obligations and accounting standards on pages 38 - 39 of this Report, as those details include the values of performance rights that have been awarded, but which may or may not vest. The information provided below is not prescribed by Australian Accounting Standards and represents the actual remuneration payable to KMP in respect of this financial year. See Statutory and share based reporting (Section 7) of this Report for statutory remuneration disclosures that have been prepared in accordance with the Australian Accounting Standards. The table below excludes the accounting expenses of LTI grants and other long-term benefits such as annual and long service leave and sets out the actual value of remuneration received by executive KMP in connection with the financial year.

Actual remuneration received in respect of the financial year

EXECUTIVE		TOTAL FIXED REMUNERATION (INCL. SUPERANNUATION) US$	NON-MONETARY BENEFITS US$	CASH STI US$[2]	DEFERRED STI RIGHTS US$[2]	LTI AWARDS[3]	TOTAL US$
R Beament[1]	**2023**	**354,498**	**11,319**	**131,150**	**131,150**	**110,285**	**738,401**
	2022	333,993	12,040	94,862	94,862	-	535,757
C Hodge[4]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	452,243	55,256	171,261	-	-	678,760
G Douglas[5]	**2023**	**295,695**	**4,601**	**87,516**	**87,516**	**-**	**475,328**
	2022	-	-	-	-	-	-
K Keen[5]	**2023**	**184,809**	**2,876**	**54,698**	**18,233**	**-**	**260,615**
	2022	-	-	-	-	-	-
K Quinlivan[6]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	78,652	5,683	-	-	175,580	259,915
Total	**2023**	**835,002**	**18,796**	**273,364**	**236,899**	**110,285**	**1,474,346**
	2022	864,888	72,979	266,123	94,862	175,580	1,474,432

1 Mr Beament's prior period remuneration reflects his remuneration in the capacity of his former role as the Group's Chief Financial Officer.
2 Includes STIs payable and deferred STI rights to be granted in respect of the current financial period performance.
3 Represents the cash and value of shares, at the date of exercise, issued for 2018 and 2019 SARs that vested and were exercised during the financial year.
4 Mr Hodge retired as managing director and Chief Executive Officer effective 30 June 2022.
5 Mr Douglas and Mr Keen became KMPs on 1 July 2022, therefore did not have any prior period remuneration in the capacity of a KMP.
6 Ms Quinlivan ceased to be a KMP and Company Secretary effective 30 September 2021.

[4] - Contractual Arrangements for Executives

Remuneration and other terms of employment for the Executives are formalised in employment contracts.

The key terms of the contractual arrangements for the CEO are summarised below:

COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Chief Executive Officer R Beament	**Ongoing basis**	**No expiration date**	**6 months**	**6 months**
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to 6 months remuneration. Pro rata STI award based on Board's reasonable assessment of Mr Beament's performance and period of employment during that STI year. Entitlement to any previously granted LTIP or deferred STI award to be dealt with in accordance with LTIP rules and the terms of offer.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs, Performance Rights and Deferred STI Rights.		

The key terms of the contractual arrangements for the other Executive KMPs are summarised below:

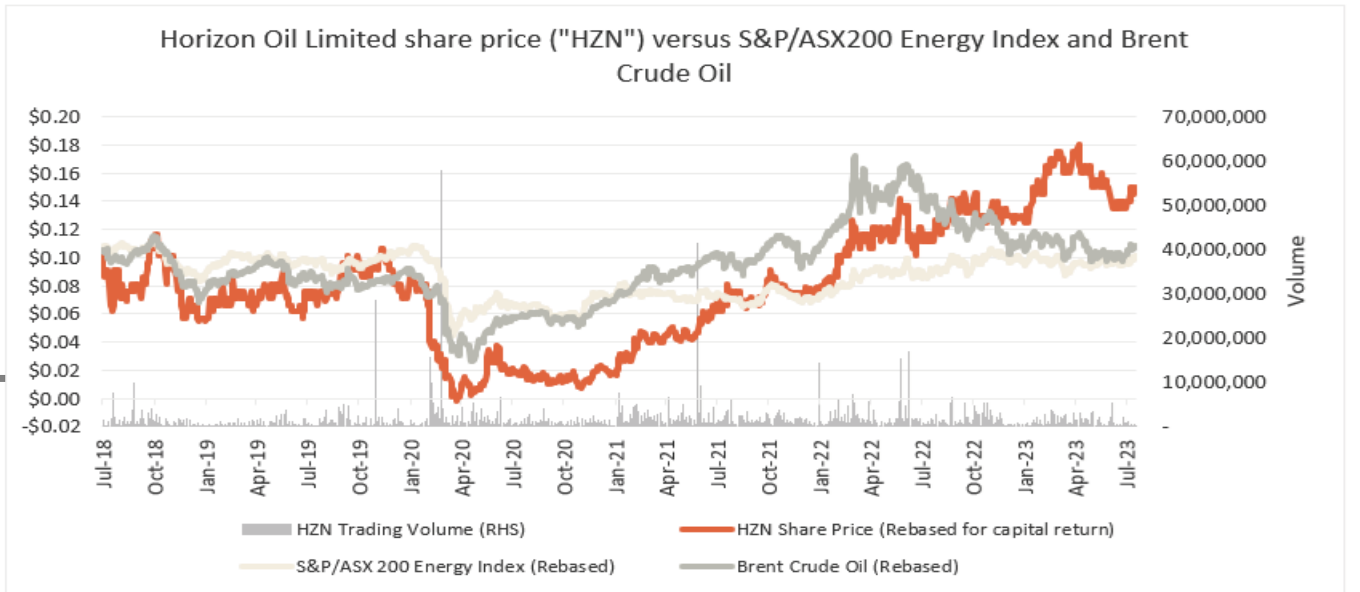
COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Other Executives	**Ongoing basis**	**No expiration date**	**3 months**	**COO - 6 months** **CFO - 3 months**
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to 6 months remuneration. Pro rata STI award based on Board's reasonable assessment of the executives performance and period of employment during that STI year. Entitlement to any previously granted LTIP or deferred STI award to be dealt with in accordance with LTIP rules and the terms of offer.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs, Performance Rights and Deferred STI Rights.		

[5] - Group Performance and Financial Year Remuneration Outcomes

[5.1] - Overview of Horizon performance

The Board aligns remuneration and performance by using 'at risk' remuneration, including STI's and LTI's. Award of STIs is dependent on overall company performance and the vesting of LTIs (SARs) occurs on fulfilment of absolute Horizon Total Shareholder Return (**TSR**), and Horizon TSR relative to the S&P/ASX200 Energy Index. Vesting of Performance Rights are based on the performance criteria as outlined in section 2.3.

Horizon share price performance for the current and previous four financial years is displayed in the chart below. During the 2023 Financial Year, the Horizon share price increased 4%, which when combined with the 36% distribution yield (aggregate of AUD 4.5 cents per share), results in a TSR of 40% for the financial year or approximately A$80 million dollars of value for shareholders. Horizon's share price closed at AUD 0.14 per ordinary share on 30 June 2023.



The table below sets out information regarding the Group's performance over the last five years as required by the Corporations Act.

	FY23	FY22	FY21[1]	FY20[1]	FY19
Profit before tax (US$'000)	56,989	42,739	5,178	27,300	48,409
EBITDAX (US$'000)	103,525	73,008	36,391	51,392	93,012
Net cash/(debt) (US$'000)	35,652	42,849	31,696	489	(27,959)
Capital Return (A$ cents per share)[2]	-	1.35	3	-	-
Dividend (A$ cents per share)[2]	3.5	1.65	-	-	-

[1] The profit before tax and EBITDAX information for the 2021 and 2022 financial years excludes profit and loss from discontinued operations as reported in the consolidated statement of profit and loss.

[2] Capital Returns and Dividends are declared and approved for the respective financial year shown, and may be paid during the subsequent financial year.

[5.2] - Performance against STI measures for the financial year

The Executive's STI opportunity is calculated with reference to achievement of KPI targets based on a weighted scorecard approach. The following table sets out the performance conditions for the STI and their rationale for the financial year.

	KEY FOCUS AREAS	OBJECTIVE AND MEASUREMENT	RATIONALE	STATUS
FINANCIAL	**Financial Metrics & Profitability**	Achievement of budgeted revenue, operating costs and cashflow across the Block 22/12 and Maari/Manaia fields	Maintain and enhance operating income streams	Exceed
			Maximise profitability and cashflow	Exceed
		Maintain average Group operating costs and maintain low corporate general and administrative expenditure	Effective cost control	Exceed
OPERATIONAL	**Production Optimisation**	Achieve budgeted production	Maximise profitability and cashflow	Exceed
BUSINESS DEVELOPMENT	**Organic growth and an opportunistic approach to inorganic growth**	Focus on organic growth opportunities resulting in reserve additions	Ensure sustainability of the business and cashflow whilst creating value for shareholders	Exceed
SAFETY	**HSSE**	Achievement of TRIFR below NOPSEMA industry average across Horizon's assets	Promote safe operations with a safe workplace for employees	Exceed
PEOPLE, CULTURE & SUSTAINABILITY	**People & Culture**	Attracting the right skills and retaining key staff	Ensure Company has the necessary resources to achieve strategic objectives	Exceed
	Sustainability	Deliver on requirements of Horizon's sustainability roadmap, with enhanced reporting in accordance with TCFD guidelines	Sustainability awareness; make the right kind of impact	Exceed

Based on the KPI scorecard approved by the Board in respect of the financial year, Executives were eligible for a possible STI award equal to 100% of their total STI opportunity due to the outstanding company performance during the year.

The table below shows the STIs awarded during the financial year:

EXECUTIVE	TOTAL OPPORTUNITY US$[1]	% OF FIXED REMUNERATION	% AWARDED	% FORFEITED
R Beament	262,300	75%	100%	-
G Douglas	175,032	60%	100%	-
K Keen	72,930	40%	100%	-

[1] The STI opportunity is calculated by translating the Executives Australian Dollar denominated TFR to United States Dollars at the prevailing spot rate on 30 June 2023. STI's awarded are settled in a combination of cash and deferred STI rights, refer to section 2.3.

[5.3] - Performance against LTI measures for the financial year

Horizon's share price performance for the current and previous four financial years is displayed in the chart under section 5.1 of this Report.

LTI awarded in respect of FY23

LTI awards for Executives were made following their appointments during FY23. LTI awards were issued in the form of Performance Rights. Legacy SARs issued under the former LTIP plan still remain on foot. Refer to section 7.3 for further details.

LTI quantum for FY23

The table below shows the financial year LTI grants.

EXECUTIVE	NUMBER OF RIGHTS GRANTED DURING FY23	VALUE OF RIGHTS AT EFFECTIVE GRANT DATE[1] US$	NUMBER OF RIGHTS VESTED DURING FY23	NUMBER OF RIGHTS LAPSED DURING FY23
R Beament	19,600,000	1,005,530	-	-
G Douglas	9,800,000	332,629	-	-
K Keen	7,000,000	378,755	-	-

[1] The value of a Performance Right at grant date is calculated in accordance with AASB 2 'Share-based Payment'.

Awards vesting in FY23

No Performance Rights vested during the period. Subsequent to the period end and based on the strong share price performance coupled with the distributions made during the year, 100% of Tranches A, B and C totalling 25.2 million Performance Rights, have vested and are exercisable.

During the year 100% of R Beament's 2018 vested SARs, were exercised. In addition, 100% of R Beament's 2019 SARs, being 1,671,382 SARs, vested and were exercised in the current financial period. The exercised SARs were settled in shares and cash with a combined value of A$162,423.

[6] - Non-Executive Director Remuneration

NEDs are paid fees for services on the Board and committees and do not receive any performance-related incentives and no retirement benefits are provided other than superannuation contributions. The Remuneration and Nomination Committee reviews fees annually and the Board may also seek advice from external advisers when undertaking the review process.

NED fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. Shareholders approved the current fee pool limit of A$600,000 at the 2009 Annual General Meeting. These fees have not changed in A$ terms for the last nine years. Note that the remuneration table set out on page 39 shows remuneration in US$ in line with the Group's functional currency.

The table below shows the levels for NEDs (exclusive of superannuation) for FY23.

FEES	DESCRIPTION	PER ANNUM
Board Fees	Chair	A$161,663
	Other Non-executive Directors	A$80,817

There were no additional fees paid to NEDs during the financial year for being members of the Board committees. The NEDs are reimbursed for expenses reasonably incurred in attending to the affairs of the Company. There are no retirement allowances in place for NEDs.

[7] - Statutory and share based reporting

[7.1] - Director remuneration for the financial year

The following table sets out the statutory disclosures required under the *Corporations Act 2001 (Cth)* and in accordance with Australian Accounting Standards remuneration for Directors for the years ended 30 June 2023 and 30 June 2022.

FINANCIAL YEAR ENDED 30 JUNE 2023 AND 2022 NON-EXECUTIVE DIRECTOR		SHORT-TERM BENEFITS CASH SALARY / BOARD FEES US$	POST-EMPLOYMENT BENEFITS SUPERANNUATION[3] US$	TOTAL[4] US$
M Harding	**2023**	**108,998**	**11,445**	**120,442**
	2022	117,150	11,715	128,865
S Birkensleigh	**2023**	**54,499**	**5,722**	**60,222**
	2022	58,576	5,858	64,434
G Bittar[1]	**2023**	**54,499**	**5,722**	**60,222**
	2022	58,576	5,858	64,434
B Clement	**2023**	**54,499**	**5,722**	**60,222**
	2022	58,576	5,858	64,434
N Burgess	**2023**	**60,221**	**-**	**60,221**
	2022	64,434	-	64,434
G de Nys[2]	**2023**	-	-	-
	2022	24,826	2,483	27,309
Total Non-Executive Director remuneration	**2023**	**332,716**	**28,612**	**361,328**
	2022	382,138	31,772	413,910
Total Non-Executive Director remuneration (A$)	**2023**	**493,388**	**42,429**	**535,817**
	2022	520,923	52,092	573,015

1 Mr Lorenzon, as alternate Director to Mr Bittar, received no fees during the current and prior financial periods.
2 Mr de Nys retired as non-executive director at Horizon's 2021 Annual General Meeting.
3 Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors.
4 Remuneration is paid in Australian dollars and converted to US dollars at the foreign exchange rate prevailing on the date of the transaction.

[7.2] - Statutory details of other key management personnel remuneration for the financial year

The table below outlines the remuneration of other key management personnel for the years ended 30 June 2023 and 30 June 2022.

FINANCIAL YEAR ENDED 30 JUNE 2022 AND 2023		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS			LONG-TERM BENEFITS	SHARE BASED PAYMENTS	
OTHER KEY MANAGEMENT PERSONNEL		CASH SALARY & FEES[1]	CASH STIs	NON-MONETARY[2]	SUPERANNUATION[3]	TERMINATION BENEFIT	TOTAL CASH OR IN-KIND BENEFIT	LONG SERVICE LEAVE ACCRUAL[4]	LONG TERM INCENTIVES[5,9]	TOTAL
R Beament Chief Executive Officer[6]	**2023**	**338,649**	**131,150**	**11,319**	**18,481**	**-**	**499,599**	**(3,744)**	**898,234**	**1,394,089**
	2022	319,069	94,862	12,040	17,164	-	443,135	(21,379)	116,991	538,747
C Hodge[7] Former Chief Executive Officer	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	431,502	171,261	55,256	14,303	285,434	957,756	-	-	957,756
G Douglas Chief Operating Officer	**2023**	**270,647**	**87,516**	**4,601**	**16,997**	**-**	**379,762**	**10,275**	**287,936**	**677,972**
	2022	-	-	-	-	-	-	-	-	-
K Keen Chief Financial Officer/Assistant Co Sec	**2023**	**169,734**	**54,698**	**2,876**	**16,997**	**-**	**244,305**	**17,652**	**54,324**	**316,281**
	2022	-	-	-	-	-	-	-	-	-
K Quinlivan[8] General Counsel	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	60,466	-	5,683	5,073	-	71,222	-	57,069	128,291
Total KMP remuneration	**2023**	**779,030**	**273,363**	**18,796**	**52,476**	**-**	**1,123,665**	**24,183**	**1,240,495**	**2,388,342**
	2022	811,037	266,123	72,979	36,540	285,434	1,472,113	(21,379)	174,060	1,624,794
Total KMP remuneration (A$)[10]	**2023**	**1,159,143**	**412,313**	**27,969**	**78,085**	**-**	**1,677,510**	**35,985**	**1,826,722**	**3,540,216**
	2022	1,113,031	386,300	100,292	50,087	**414,333**	2,064,043	(29,380)	249,643	**2,284,306**

1 Included within the Cash Salary and Fees column is the annual leave benefit, which reflects the movement in the annual leave provision between respective reporting dates and is expected to be wholly utilised within 12 months.
2 Non-monetary benefits include the value of car parking, insurances, accommodation and other expenses inclusive of Fringe Benefits Tax ("FBT").
3 Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors and KMPs.
4 Reflects the movement in the long service accrual between respective reporting dates.
5 Reflects the current period expense of the grant date value (converted to US dollars at the foreign exchange rate prevailing at that date) of Performance Rights and SARs.
6 Mr Beament' s prior period remuneration reflects his remuneration in the capacity of his former role as the Group's Chief Financial Officer.
7 Mr Hodge retired as managing director and Chief Executive Officer and ceased to be a KMP effective 30 June 2022.
8 Ms Quinlivan tendered her resignation and cease to be a KMP and Company Secretary effective 30 September 2021.
9 In the prior year, no amount was recorded for Mr Beament in relation to his deferred STI rights. Further, an expense was recorded for Mr Hodge regarding his FY22 LTI rights which were expected to lapse as a result of his resignation. The 2022 comparative values have therefore been restated to reflect the appropriate amortization of Mr Beament's deferred STI rights over the appropriate vesting period and to reflect Mr Hodge's lapsed awards. As a result, Mr Beament's Share Based Payments expense has increased from $69,560 to $116,991 and Mr Hodge's has decreased from $77,680 to nil. Total KMP remuneration for the 2022 financial year reduced by $30,249 to $1,624,794.
10 Remuneration is paid in Australian dollars and converted to US dollars at the foreign exchange rate prevailing on the date of the transaction.

[7.3] - Shareholding of key management personnel

Shareholding

The following tables detail the number of shares held by KMP, either directly or indirectly or beneficially during the reporting period ended 30 June 2023:

KMP	Opening Balance 30 June 2022	Acquired during FY23	Disposed of during FY23	Received during financial year on the exercise of share rights	Closing Balance 30 June 2023
DIRECTORS					
M Harding	500,000	-	-	-	500,000
R Beament	100,184	-	-	664,304	764,488
S Birkensleigh	-	-	-	-	-
G Bittar	1,000,000	-	-	-	1,000,000
B Clement	-	-	-	-	-
N Burgess[1]	314,212,423	-	-	-	314,212,423

KMP	OPENING BALANCE 30 JUNE 2022	ACQUIRED DURING FY23	DISPOSED OF DURING FY23	RECEIVED DURING FINANCIAL YEAR ON THE EXERCISE OF OPTIONS/SHARE RIGHTS	CLOSING BALANCE 30 JUNE 2023
OTHER KMP					
G Douglas[2]	120,000	-	-	-	120,000
K Keen[2]	65,652	-	-	-	65,652

[1] Mr Burgess is a Director of Samuel Terry Asset Management Pty Ltd, the Trustee and Investment Manager of Samuel Terry Absolute Return Fund which holds the 314,212,423 shares.

[2] The opening balance disclosed reflects the number of shares held when the individual commenced as a KMP.

Long Term Incentives

The following tables detail the number of Share Appreciation Rights, Performance Rights and Deferred STI Rights held by KMP, either directly or indirectly or beneficially during the reporting period ended 30 June 2023:

KMP	BALANCE AT START OF FINANCIAL YEAR	GRANTED AS REMUNERATION DURING FINANCIAL YEAR	DISTRIBUTION ADJUSTMENT[1]	EXERCISED DURING FINANCIAL YEAR	LAPSED DURING FINANCIAL YEAR	BALANCE AT END OF FINANCIAL YEAR	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR	UNVESTED
SHARE APPRECIATION RIGHTS								
R Beament	8,546,753	-	-	2,990,072	-	5,556,681	-	5,556,681
G Douglas[2]	1,550,400	-	-	-	-	1,550,400	-	1,550,400
PERFORMANCE RIGHTS								
R Beament	-	19,600,000	-	-	-	19,600,000	-	19,600,000
G Douglas	-	9,800,000	-	-	-	9,800,000	-	9,800,000
K Keen	-	7,000,000	-	-	-	7,000,000	-	7,000,000
DEFERRED STI RIGHTS								
R Beament	-	1,111,380	398,501	-	-	1,509,881	1,509,881	-
G Douglas[2]	-	750,799	269,209	-	-	1,020,008	1,020,008	-
K Keen[2]	-	135,593	48,617	-	-	184,210	184,210	-

[1] In accordance with the plan, the number of 2022 deferred STI rights held by each KMP were adjusted during the financial year for the AUD 1.35 capital return per share and aggregate AUD 3.15 cent dividend distributions per share.

[2] The opening balance disclosed reflects the number of shares held when the individual commenced as a KMP.

[3] Subsequent to the end of the financial year, 2,613,844 deferred STI rights were issued to KMP in relation to their 2023 STI award.

Option holdings

No listed or unlisted options in the Company were held during the current or prior financial year by Directors and other KMP, including their personally related entities.

[7.4] - Securities Trading Policy

The Group's Securities Trading Policy applies to all Directors, other Executives, employees and their related parties and sets out the procedures and principles that apply to trading in Horizon Oil Limited securities. A copy of the Securities Trading Policy is available on the Company website **www.horizonoil.com.au/governance**.

[7.5] - Other transactions with KMP

Other than as noted above, there are no other transactions between any of the KMP with any of the companies which are related to or provide services to the Group unless disclosed in this Report.

There were no loans to any of the KMP during the financial year.

[7.6] - Additional statutory information

Terms and conditions of the share-based arrangements

The terms and conditions of each grant of SARs presently on issue affecting remuneration for Executive KMP in the previous, current or future reporting periods are as follows:

GRANT DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE[3]	STRIKE PRICE[1]	VALUE PER SAR AT EFFECTIVE ALLOCATION DATE[2]	DATE EXERCISABLE
01/07/2020	01/07/2025	Nil	A$0.0195	A$0.0264	100% after 20/10/2023[4]
01/07/2021	01/07/2026	Nil	A$0.0595	A$0.0535	100% after 20/10/2024[4]

1 The 'strike price' for SARs is the 10-day volume weighted average price for Horizon shares at effective allocation date. Following shareholder approval of a A$ 1.35 cent capital return, at an extraordinary general meeting on 7 October 2022, the strike prices of SARs on issue have been reduced by A$ 1.35 cents.
2 The value per SAR at grant date under AASB2 which has been determined by an independent expert.
3 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR.
4 SARs will become exercisable subject to meeting vesting or performance conditions. See summary in section 2.

The terms and conditions of each grant of Performance Rights presently on issue affecting remuneration for Executive KMP in the previous, current or future reporting periods are as follows:

TRANCHE (ISSUED 1 JULY 2022)	NUMBER OF RIGHTS	SHARE PRICE HURDLE (A$)[1]	EXPIRY DATE	VALUE PER PERFORMANCE RIGHT AT GRANT DATE	DATE EXCERCISABLE[2]
CEO Performance Rights issued with a Grant Date of 16 November 2022					
Tranche A Rights	7,000,000	0.085	30 June 2027	A$0.094	100% after 1/7/2023[4]
Tranche B Rights	5,600,000	0.115	30 June 2027	A$0.077	100% after 1/7/2023[4]
Tranche C Rights	4,200,000	0.135	30 June 2027	A$0.065	100% after 1/7/2023[4]
Tranche D Rights	2,800,000	0.155	30 June 2027	A$0.046	100% after 1/7/2023[4]
COO Performance Rights issued with a Grant Date of 8 August 2022					
Tranche A Rights	3,500,000	0.085	30 June 2027	A$0.065	100% after 1/7/2023[4]
Tranche B Rights	2,800,000	0.115	30 June 2027	A$0.045	100% after 1/7/2023[4]
Tranche C Rights	2,100,000	0.135	30 June 2027	A$0.038	100% after 1/7/2023[4]
Tranche D Rights	1,400,000	0.155	30 June 2027	A$0.033	100% after 1/7/2023[4]
CFO Performance Rights issued with a Grant Date of 1 May 2023					
Tranche E Rights	3,500,000	0.17	30 April 2028	A$0.086	100% after 1/5/2024[4]
Tranche F Rights	3,500,000	0.18	30 April 2028	A$0.077	100% after 1/5/2024[4]

1 In accordance with the plan, the Share Price Hurdles have been adjusted to account for the AUD 4.5 cents of distributions made to shareholders during the 2023 financial year.
2 Performance Rights will become exercisable subject to meeting vesting or performance conditions. See summary in section 2.
3 The value per Performance Right at grant date is determined by an independent expert.
4 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a Performance Right.

The amounts disclosed for the remuneration of Directors and other KMP include the assessed fair values of Performance Rights granted during the financial year, at the grant date expensed over the relevant vesting period. Fair values have been assessed by an independent expert using a Monte Carlo simulation. Factors taken into account by this model include the exercise price, time to maturity, the current share price and expected price volatility of the underlying Horizon shares, the expected dividend yield and the risk-free interest rate. The value attributable to Performance Rights is allocated to particular periods in accordance with AASB 2 'Share-based Payment'.

The model inputs for each grant of performance Rights during the financial year ended 30 June 2023 included:

	CEO	COO	CFO
Effective allocation date	1 July 2022	1 July 2022	1 May 2023
Expiry date	30 June 2027	30 June 2027	30 April 2028
Grant date	16 November 2022	8 August 2022	1 May 2023
Exercise price	Nil[1]	Nil[1]	Nil[1]
Expected price volatility	60% p.a.	60% p.a.	60% p.a.
Risk free rate	3.04% p.a.	3.42% p.a.	3.08% p.a.
Expected dividend yield	20.00% p.a.	20.00% p.a.	20.00% p.a.

1 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a Performance Right. The respective hurdles prices are disclosed in section 2.3.

Details of remuneration

For each grant of SARs, Performance Rights and Deferred STI Rights currently on issue to KMP in the current or prior financial years which results in an amount being disclosed in the Remuneration Report as a share-based payment to KMP for the financial year, the percentage of the grant that vested in the financial year and the percentage that was forfeited because the person did not meet the vesting or performance conditions is set out below. Subject to the performance conditions being met, SARs may vest after 3 years and Performance Rights after 1 year from issue. Deferred STI rights vest after 12 months. No SARs, Performance Rights and Deferred STI will vest if the performance conditions are not fulfilled, therefore the minimum value yet to vest is US$Nil. The maximum value of the SARs, Performance Rights and Deferred STI yet to vest has been determined as the amount of the fair value at the grant date that is yet to be expensed. The below values have been converted to dollars at the exchange rate prevailing on the date of the grant.

SARs					
NAME	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEAR IN WHICH SARs MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST[1] US$
R Beament	2021	-	-	30/06/2024	-
	2022	-	-	30/06/2025	24,621
G Douglas	2022	-	-	30/06/2024	20,791

PERFORMANCE RIGHTS					
NAME	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEAR IN WHICH PERFORMANCE RIGHTS MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST[1] US$
R Beament	**2023**	-	-	30/06/2024	300,662
G Douglas	**2023**	-	-	30/06/2024	141,641
K Keen	**2023**	-	-	30/06/2024	339,408

DEFERRED STI RIGHTS					
NAME	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEAR IN WHICH DEFERRED STIs MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST[1] US$
R Beament	2022	100%	-	-	-
	2023	-	-	30/06/2024	65,575
G Douglas	2022	100%	-	-	-
	2023	-	-	30/06/2024	43,758
K Keen	2022	100%	-	-	-
	2023	-	-	30/06/2024	9,116

Distributions

The Board has declared a final distribution of AUD 2.0 cents per Ordinary share totalling approximately AUD32 million. This distribution was declared as a Conduit Foreign Income (CFI) unfranked dividend and will be paid on 25 October 2023. During the financial year, the Board also declared an interim distribution of AUD 1.5 cents per Ordinary share totalling approximately AUD24.1 million. This distribution was declared as a Conduit Foreign Income (CFI) unfranked dividend and was paid on 21 April 2023.

On 25 August 2022 and following shareholders' approval at the Extraordinary General Meeting (EGM) on 7 October 2022, Horizon announced that the Board approved an equal capital reduction of approximately AUD 21.3 million or AUD 1.35 cents per ordinary share (Share Capital Reduction).

In conjunction with the Share Capital Reduction, the Board also declared a CFI unfranked dividend of AUD 1.65 cents per ordinary share (approximately AUD 26.1m), which, combined with the Share Capital Reduction, equated to a total distribution of AUD 3 cents per share representing approximately AUD 47.4 million. Horizon made payment of the AUD 3 cents per share distribution on 20 October 2022. During the period, the ATO issued Class Ruling CR2022/111 confirming the capital return component of AUD 1.35 cents per ordinary share as a return of capital.

Insurance of Officers

During the financial year, Horizon Oil Limited paid a premium to insure the Directors and secretaries of the Company and related bodies corporate. The insured liabilities exclude conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage. The contract prohibits the disclosure of the premium paid.

The officers of the Company covered by the insurance policy include the Directors and secretaries, and other officers who are Directors or secretaries of subsidiaries who are not also Directors or secretaries of Horizon Oil Limited.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

Non-Audit Services

The Company may decide to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where the external auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the financial year are set out below.

The Board of Directors has considered the position and, in accordance with the written advice received from the Audit Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for external auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the external auditor, as set out below, did not compromise the external auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the external auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Australian Professional Ethical Standards 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Remuneration of external auditors

	CONSOLIDATED	
	2023 US$	2022 US$
During the financial year, the following fees were paid or payable for services provided by the external auditor of the parent entity and its related practices:		
PWC AUSTRALIA		
Audit and other assurance services		
Audit and review of financial reports	212,371	161,925
Other assurance services	12,649	24,186
Total remuneration for audit and other assurance services	**225,020**	**186,111**
Total auditors' remuneration	**225,020**	**186,111**

External Auditor's Independence Declaration

A copy of the external auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 46.

Rounding of Amounts to The Nearest Thousand Dollars

The amounts contained in this report, and in the financial report, have been rounded under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Group is an entity of the kind to which the Class Order applies, and accordingly amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

External Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.

R. M. Harding

M Harding
Chairman

Richard Beament

R Beament
Chief Executive Officer

Sydney
24 August 2023

Auditor's Independence Declaration

As lead auditor for the audit of Horizon Oil Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Horizon Oil Limited and the entities it controlled during the period.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

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Independent auditor's report

To the members of Horizon Oil Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Horizon Oil Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2023
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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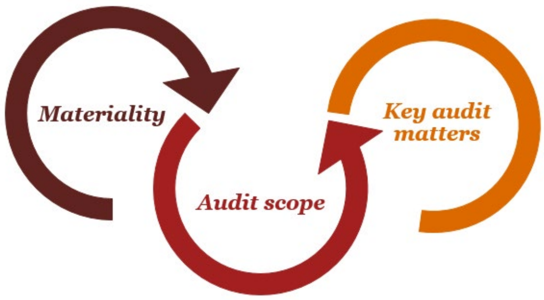
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	***Audit scope***
• For the purpose of our audit we used overall Group materiality of US$1,832,000, which represents approximately 5% of a three year average profit before tax of the Group for the current and two previous years. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We applied a three-year average to address potential volatility in the calculation of materiality that arises from commodity price fluctuations between years. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

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Key audit matter	How our audit addressed the key audit matter
Restoration provision *(Refer to note 20) [US$53.9 million]* The estimation of restoration provisions by the Group involves significant judgement in selecting methodologies and assumptions including the removal date, the application of environmental legislation and regulations, the extent of restoration activities required in the future, the methodology for estimating cost and liability-specific discount rates used to estimate the present value of these cash flows. The principal considerations for our determination that performing procedures relating to estimation of restoration provisions is a key audit matter are: (ii) there is a significant level of judgement applied by the Group in selecting methodologies and applying the assumptions mentioned above, and (iii) which in turn led to a high degree of auditor judgement, effort and subjectivity in performing procedures and evaluating the Group's methodology, significant assumptions and estimates.	We have performed the following procedures amongst others: • We developed an understanding of how the Group identified the relevant methods, assumptions and sources of data, and the need for changes in them, that are appropriate for developing the closure plans and associated cost estimates in the context of the Australian Accounting Standard. • We developed an understanding of the relevant control activities associated with developing the closure plans and associated cost estimates • Where experts were engaged by the Group to review closure plans, we evaluated the competency and objectivity of these experts. • We assessed the appropriateness of the Group's significant assumptions used, including the reliability and relevance of the Group's key data used in the closure plans and associated cost estimates. • We tested the mathematical accuracy of the calculations and assessed whether they were in accordance with the method. • Assessed the reasonableness of the note disclosures in the financial statements for the year ended 30 June 2023 in light of the requirements of Australian Accounting Standards.
Assessment of impairment indicators for oil and gas assets *(Refer to note Refer to note 1 'Summary of significant accounting policies' - 'Impairment of assets' and Note 2 'Critical accounting estimates and assumptions)* The Group performed an assessment for impairment indicators fas required by Australian Accounting Standards for the each Cash Generating Unit (CGU). In the impairment indication assessment, management has considered external and internal sources of information as required by Australian Accounting Standards. *The Group concluded that there were no impairment indicators.* This was a key audit matter due to the judgements required and assumptions used in determining whether there were any impairment indicators.	In evaluating management's impairment indication assessment, we applied professional scepticism in our evaluation of judgements made by the Group and undertook the following key procedures: • Assessed whether management's impairment indication assessment is in accordance with the requirements of Australian Accounting Standards including consideration of both external and internal sources of information • compared the future production profile to the current reserves and resources statement • evaluated commodity prices with reference market prices and broker consensus prices • compared future operating and development expenditure to current approved budgets and historical expenditure • evaluated the reasonableness of the discount rates used • assessing the Group's market capitalisation as an indicator for impairment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 43 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Horizon Oil Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
24 August 2023

DIRECTORS' DECLARATION

In the directors' opinion:

(A) the financial statements and notes are in accordance with the Corporations Act 2001 including:

(i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(B) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

R. M. Harding

M Harding
Chairman

R Beament
Chief Executive Officer

Sydney
24 August 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	NOTE	CONSOLIDATED 2023 US$'000	CONSOLIDATED 2022 US$'000
REVENUE	4	**152,121**	108,133
Cost of sales	5	**(81,178)**	(57,365)
Gross profit		**70,943**	**50,768**
Other income	4	**956**	1
General and administrative expenses	5	**(3,790)**	(3,341)
Insurance expense	5	**(2,000)**	(1,944)
Exploration and development expenses written off	5	**(4,549)**	(810)
Impairment of intangible asset	5	**(412)**	-
Gain on remeasurement of derivative financial instruments	5	**-**	977
Finance costs – interest, transaction costs, other	5	**(3,816)**	(1,998)
Other expenses	5	**(343)**	(914)
Profit before income tax		**56,989**	**42,739**
NZ royalty tax expense	6a	**(2,553)**	(3,549)
Income tax expense	6b	**(10,584)**	(14,864)
Profit for the financial year		**43,852**	**24,326**
OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS			
Changes in the fair value of cash flow hedges		**10**	6
Total comprehensive income for the financial year		**43,862**	**24,332**
Profit attributable to:			
Security holders of Horizon		**43,852**	24,326
Profit for the financial year		**43,852**	**24,326**
Total comprehensive income attributable to:			
Security holders of Horizon		**43,862**	24,332
Total comprehensive income for the financial year		**43,862**	**24,332**
Earnings per share for profit attributable to ordinary equity holders of Horizon:		**US cents**	**US cents**
Basic earnings per ordinary share	38a	**2.74**	1.54
Diluted earnings per ordinary share	38b	**2.66**	1.48

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	CONSOLIDATED 2023 US$'000	2022 US$'000
CURRENT ASSETS			
Cash and cash equivalents	7	**43,591**	44,086
Receivables	8	**18,351**	18,087
Inventories	9	**2,953**	4,183
Current tax receivable	11	**-**	763
Derivative financial instruments	10	**24**	162
Other assets	11	**547**	420
Intangible assets	12	**1,028**	1,202
Total current assets		**66,494**	**68,903**
NON-CURRENT ASSETS			
Investments	13	**1,351**	-
Deferred tax assets	14	**10,591**	6,618
Plant and equipment	15	**355**	62
Oil and gas assets	16	**104,707**	106,879
Total non-current assets		**117,004**	**113,559**
Total assets		**183,498**	**182,462**
CURRENT LIABILITIES			
Payables	17	**13,405**	26,350
Current tax payable	18	**7,058**	9,087
Borrowings	19	**7,912**	1,177
Derivative financial instruments	10	**-**	156
Total current liabilities		**28,375**	**36,770**
NON-CURRENT LIABILITIES			
Payables	17	**424**	111
Deferred tax liabilities	21	**5,044**	13,038
Provisions	20	**53,879**	33,317
Total non-current liabilities		**59,347**	**46,466**
Total liabilities		**87,722**	**83,236**
Net assets		**95,776**	**99,226**
EQUITY			
Contributed equity	22	**147,792**	159,343
Reserves	23a	**11,122**	12,093
Accumulated losses	23b	**(123,595)**	(96,536)
Profit reserve	23c	**60,457**	24,326
TOTAL EQUITY		**95,776**	**99,226**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

CONSOLIDATED		ATTRIBUTABLE TO MEMBERS OF HORIZON				
		CONTRIBUTED EQUITY	RESERVES	ACCUMULATED LOSSES	PROFIT RESERVE[1]	TOTAL EQUITY
	NOTE	US$'000	US$'000	US$'000	US$'000	US$'000
BALANCE AS AT 1 JULY 2021		**194,114**	**12,697**	**(96,536)**	**-**	**110,275**
Profit for the financial year		-	-	-	24,326	24,326
Changes in the fair value of cash flow hedges		-	6	-	-	6
Total comprehensive income for the financial year		**-**	**6**	**-**	**24,326**	**24,332**
Transactions with owners in their capacity as equity holders:						
Employee share-based payments expense	23a	-	370	-	-	370
Settlement of exercised options	23a	-	(1,063)	-	-	(1,063)
Acquisition of treasury shares	23a	-	(706)	-	-	(706)
Issue of treasury shares	23a	-	430	-	-	430
Capital return	22b(i)	(34,771)	359	-	-	(34,412)
Balance as at 30 June 2022		**159,343**	**12,093**	**(96,536)**	**24,326**	**99,226**
BALANCE AS AT 1 JULY 2022		**159,343**	**12,093**	**(96,536)**	**24,326**	**99,226**
Profit/(loss) for the financial year		-	-	(27,059)	70,911	43,852
Changes in the fair value of cash flow hedges		-	10	-	-	10
Total comprehensive income for the financial year		**-**	**10**	**(27,059)**	**70,911**	**43,862**
Transactions with owners in their capacity as equity holders:						
Employee share-based payments expense	23a	-	1,369	-	-	1,369
Settlement of exercised options	23a	-	(3,148)	-	-	(3,148)
Ordinary shares issued, net of cost		2,296	-	-	-	2,296
Acquisition of treasury shares	23a	-	(2,387)	-	-	(2,387)
Issue of treasury shares	23a	-	3,174	-	-	3,174
Capital return	22b(i)	(13,847)	3	-	-	(13,844)
Dividends		-	8	-	(34,780)	(34,772)
Balance as at 30 June 2023		**147,792**	**11,122**	**(123,595)**	**60,457**	**95,776**

[1] the profit reserve balance reflects the Parent entity's retained earnings, with the residual Group profit/loss reflected in the accumulated losses reserve.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		CONSOLIDATED	
	NOTE	2023 US$'000	2022 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**151,903**	101,433
Payments to suppliers and employees		**(52,099)**	(32,820)
		99,804	**68,613**
Interest received		**888**	1
Interest paid		**(1,978)**	(976)
Income and royalty taxes paid		**(26,754)**	(10,712)
Net cash inflow from operating activities	37	**71,960**	**56,926**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration phase expenditure		**(4,618)**	(58)
Payments for oil and gas assets		**(26,318)**	(10,380)
Payment for financial asset through other comprehensive income		**(1,351)**	-
Payments for plant and equipment		**-**	(3)
Net cash outflow from investing activities		**(32,287)**	**(10,441)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**20,000**	-
Transaction costs incurred on borrowings		**(235)**	-
Repayment of borrowings		**(13,298)**	(11,503)
Payments under leasing arrangements		**(214)**	(213)
Proceeds from new share issue (net of costs)		**2,296**	-
Payments for shares acquired by the Trust		**(2,304)**	(347)
Return of capital to shareholders		**(13,679)**	(34,771)
Dividends paid to shareholders		**(32,892)**	-
Net cash outflow from financing activities		**(40,326)**	**(46,834)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(653)**	**(349)**
Cash and cash equivalents at the beginning of the financial year		**44,086**	44,436
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		**158**	(1)
Cash and cash equivalents at the end of the financial year	7	**43,591**	**44,086**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

A summary of the significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated. The financial statements are for the consolidated entity consisting of Horizon Oil Limited and its subsidiaries (the 'Group'). For the purposes of preparing the financial statements, the consolidated entity is a for profit entity.

The nature of the operations and principal activities for the Group are described in the Directors' Report.

A. Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The consolidated financial statements comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

B. Basis of preparation

These financial statements are presented in United States dollars and have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, or other comprehensive income where hedge accounting is adopted.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The general purpose financial statements for the year ended 30 June 2023 have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business as they become due. At the date of this report, the directors are of the opinion that no asset is likely to be realised for amounts less than the amount at which it is recorded in the financial report as at 30 June 2023. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

New and amended standards adopted by the Group

There were no new and revised Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that were relevant to its operations and effective for the financial year ended 30 June 2023.

There are no other Australian Accounting Standards that are not yet effective and that are expected to have a material impact on the Group in the current or future financial years.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Changes in accounting estimates

A review of the Group's accounting estimates has not affected items recognised in the financial statements for the financial year ended 30 June 2023, except as disclosed in Note 2.

C. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Horizon Oil Limited (the 'Company' or 'Parent Entity') as at 30 June 2023 and the results of all subsidiaries for the financial year then ended. Horizon Oil Limited and its subsidiaries together are referred to in these financial statements as 'the Group'.

Subsidiaries are those entities (including special purpose entities) over which the Group has control. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement and has the ability to affect those returns through its power over that entity. There is a general presumption that a majority of voting rights results in control. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(M)). Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Horizon Oil Limited. These investments may have subsequently been written down to their recoverable amount determined by reference to the net assets of the subsidiaries as at 30 June each financial year where this is less than cost.

Joint operations

A joint operation is a joint arrangement whereby the participants that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises assets, liabilities, revenues and expenses according to its share in the assets, liabilities, revenues and expenses of a joint operation or similar as determined and specified in contractual arrangements (Joint Operating Agreements). Details of major joint operation interests and the sum of the Group's interests in joint operation assets, liabilities, revenue and expenses are set out in Note 27.

Where part of a joint operation interest is farmed out in consideration of the farmee undertaking to incur further expenditure on behalf of both the farmee and the entity in the joint operation area of interest, exploration expenditure incurred and carried forward prior to farm-out continues to be carried forward without adjustment, unless the terms of the farm-out are excessive based on the diluted interest retained. An impairment provision is then made to reduce exploration expenditure to its estimated recoverable amount. Any cash received in consideration for farming out part of a joint operation interest is recognised in the profit or loss.

D. Crude oil and gas inventory and materials in inventory

Crude oil and gas inventories, produced but not sold, are valued at the lower of cost and net realisable value. Cost comprises a relevant proportion of all fixed and variable production, overhead, restoration and amortisation expenses and is determined on an average cost basis.

Stocks of materials inventory, consumable stores and spare parts are carried at the lower of cost and net realisable value, with cost primarily determined on a weighted average cost basis.

E. Operating segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

F. Foreign currency translation

[i] Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the 'functional currency'). The consolidated financial statements are presented in United States dollars, which is Horizon's functional and presentation currency. Horizon has selected United States dollars as its presentation currency for the following reasons:

(a) a significant portion of Horizon's activity is denominated in United States dollars; and

(b) it is widely understood by Australian and international investors and analysts.

[ii] Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

[iii] Group companies

All Group subsidiaries have a functional currency of United States dollars and, as a result, there is no exchange differences arising from having a different functional currency to the presentation currency of Horizon.

G. Revenue recognition

Revenue arises from the sale of crude oil. To determine whether to recognise revenue, the Group follows a 5-step process:

[1] - Identifying the contract with a customer;
[2] - Identifying the performance obligations;
[3] - Determining the transaction price;
[4] - Allocating the transaction price to the performance obligations; and
[5] - Recognising revenue when/as performance obligation(s) are satisfied.

The Group enters into sales transactions involving a single product. The total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

Revenue from Block 22/12, China, is derived over a period in time as the crude oil produced continuously flows through a metered pipeline. The metered monthly production is invoiced at the end of each month, in accordance with a monthly sales contract, and revenue recognised for the month of production. At the end of each month, once billing occurs and revenue is recognised, there are no unsatisfied performance obligations or variable revenue requiring estimation.

Revenue from the Maari/Manaia fields, New Zealand, is derived at a point in time as the crude oil produced is stored and sold in individual liftings which are pursuant to individual sales contracts. Each lifting is invoiced in accordance with the respective contract and revenue recognised based on the bill of lading date associated with the lifting. Once the lifting is complete there are no unsatisfied performance obligations or variable revenue requiring estimation.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

H. Taxation

[i] Income tax

The income tax expense or revenue for the reporting period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

[ii] Government royalties

Government royalties are treated as taxation arrangements when they are imposed under Government authority and when the calculation of the amount payable is derived from a measure of profit that falls within the definition of 'taxable profit' for the purposes of AASB 112 *Income Taxes*. Current and deferred tax is then provided on the same basis as described in (i) above. Royalty arrangements that do not meet the criteria for treatment as a tax are recognised on an accruals basis.

I. Leases

The Group leases an office in Sydney and various equipment, with rental contracts typically taken out for fixed periods of 12 months to 3 years. These contracts do not have a reasonably certain extension option and may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis, and do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 4.5%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost and are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

J. Impairment of assets

Assets are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. If an impairment indicator exists a formal estimate of the recoverable amount is calculated. Intangible assets with an indefinite useful life are assessed for impairment regardless of whether there are any indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ('cash-generating units').

In assessing the recoverable amount, an asset's estimated future pre-tax cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Exploration phase expenditure is assessed for impairment in accordance with Note1(N).

K. Cash and cash equivalents

For presentation purposes in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand (including share of joint operation cash balances), deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

L. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due for settlement within 30 days from the date of recognition. They are included in current assets, except for those with maturities greater than one year after the end of the reporting period which are classified as non-current assets.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on key factors affecting the ability of the customers to settle the receivables. Management assesses the collectability of these amounts based on the customer relationships and historical payment behaviour.

M. Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities assumed, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

For purchase combinations which do not constitute the acquisition of a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed. The consideration paid is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Transaction costs associated with the acquisition are a component of the consideration transferred and are therefore capitalised.

N. Exploration phase expenditure

Exploration phase expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration phase expenditure to be expensed in the period it is incurred, except the costs of successful wells, the costs of acquiring interests in new exploration assets and pre-development costs where there is a high degree of probability that the development will go ahead, which are capitalised. Costs directly associated with the drilling of exploration wells and any associated geophysical and geological costs are initially capitalised pending determination of whether potentially economic reserves of hydrocarbons have been discovered. Business development costs such as the review of farm in opportunities and bid rounds are expensed in the period in which they are incurred. Areas of interest are recognised at the cash-generating unit level, being the smallest grouping of assets generating independent cash flows which usually is represented by an individual oil or gas field.

When an oil or gas field has been approved for development, the capitalised exploration phase expenditure is reclassified as oil and gas assets in the statement of financial position. Prior to reclassification, capitalised exploration phase expenditure is assessed for impairment.

Where an ownership interest in an exploration and evaluation asset is purchased, any cash consideration paid net of transaction costs is treated as an asset acquisition. Alternatively, where an ownership interest is sold, any cash consideration received net of transaction costs is treated as a recoupment of costs previously capitalised, with any excess accounted for as a gain on disposal of non-current assets.

Impairment of capitalised exploration phase expenditure

Exploration phase expenditure is reviewed for impairment semi-annually in accordance with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. The carrying value of capitalised exploration phase expenditure is assessed for impairment at the asset or cash-generating unit level (which usually is represented by an exploration permit or licence) whenever facts and circumstances (as defined in AASB 6) suggest that the carrying amount of the asset may exceed its recoverable amount. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written-down to its recoverable amount. Impairment losses are recognised as an expense in profit or loss.

Capitalised exploration phase expenditure that suffered impairment is tested for possible reversal of the impairment loss whenever facts or changes in circumstances indicate that the impairment may have reversed.

O. Oil and gas assets

(i) Development expenditure

Development expenditure is stated at cost less any accumulated impairment losses. Development expenditure incurred by or on behalf of the Group is accumulated separately for fields in which proven and probable hydrocarbon reserves have been identified to the satisfaction of directors. Such expenditure comprises direct costs and overhead expenditure incurred which can be directly attributable to the development phase or is acquired through the acquisition of a permit.

Once a development decision has been taken on an oil or gas field, the carrying amount of the relevant exploration and evaluation expenditure in respect of the relevant area of interest is aggregated with the relevant development expenditure.

Development expenditure is reclassified as 'production assets' at the end of the commissioning phase, when the oil or gas field is capable of operating in the manner intended by management (that is, when commercial levels of production are capable of being achieved).

Development expenditure is tested for impairment in accordance with the accounting policy set out in Note 1(J).

(ii) Production assets

When further development costs are incurred in respect of a production asset after the commencement of production, such expenditure is carried forward as part of the production asset when it is probable that additional future economic benefits associated with the expenditure will flow to the Group. Otherwise such expenditure is classified as production expense in income statements when incurred.

Production assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Once commercial levels of production commence, amortisation is charged using the unit-of-production method. The unit-of-production method results in an amortisation expense proportional to the depletion of proven and probable hydrocarbon reserves for the field. Production assets are amortised by area of interest in the proportion of actual production for the financial period to the proven and probable hydrocarbon reserves of the field.

The cost element of the unit-of-production calculation is the capitalised costs incurred to date for the field together with the estimated / anticipated future development costs (stated at current financial period-end using unescalated prices) of obtaining access to all the proven and probable hydrocarbon reserves included in the unit-of-production calculation.

Production assets are tested for impairment in accordance with the accounting policy set out in Note 1(J).

(iii) Restoration provision

The estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. This asset is subsequently amortised on a unit-of-production basis.

The corresponding provision is reviewed at the end of each reporting period. The provision is measured at the best estimate of the present value amount required to settle the present obligation at the end of the reporting period, based on current legal and other requirements and technology, discounted where material using market yields at the balance sheet date on Treasury bonds with terms to maturity and currencies that match, as closely as possible, to the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognised in profit or loss on a prospective basis over the remaining life of the operation.

The unwinding of the effect of discounting on the restoration provision is included within finance costs in profit or loss.

(iv) Reserves

The estimated reserves include those determined on an annual basis by Mr Gavin Douglas, Chief Operating Officer of Horizon. Mr Douglas is a full-time employee of Horizon 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. The reserve estimates are determined by Mr Douglas based on assumptions, interpretations, and assessments. These include assumptions regarding commodity prices, foreign exchange rates, operating costs and capital expenditures, and interpretations of geological and geophysical models to make assessments of the quantity of hydrocarbons and anticipated recoveries.

P. Investments and other financial assets

Subsidiaries are accounted for in the consolidated financial statements as set out in Note 1(C).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

The Group classifies other financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or profit or loss), and
- those to be measured at amortised cost

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Equity instruments

At initial recognition, Group's management has elected to measure its equity instruments at fair value through other comprehensive income (FVOCI). The group subsequently measures all equity investments as fair value. Where the group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Q. Plant and equipment

The cost of improvements to, or on, leasehold property is depreciated over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is shorter.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

– Computer equipment	3 – 4 years
– Furniture, fittings and equipment	3 – 10 years
– Leasehold improvement	Lease tenure

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

R. Intangible assets

(i) New Zealand carbon credits

New Zealand carbon credits, also referred to as New Zealand Units (NZUs) are acquired through the Environmental Protection Authority and surrendered to the New Zealand Government for the Group's proportionate share of the Maari/Manaia fields direct greenhouse gas emissions for the calendar year. The NZUs are valued at cost and do not expire.

NZUs are not amortised but are tested for impairment in accordance with the accounting policy set out in Note 1(J).

S. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Due to their short-term nature they are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. They are included in current liabilities, except for those with maturities greater than one year after the end of the reporting period which are classified as non-current liabilities.

T. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The Group currently does not have any derivatives designated as fair value hedges.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative financial instruments used for hedging purposes are disclosed in Note 10. Movements in the hedging reserve in equity are shown in Note 23(A).

[i] Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within "finance costs". The gain or loss relating to the effective portion of forward foreign exchange contracts and commodity price contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss.

[ii] Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

U. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments (netted against the loan balance) and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

V. Borrowing costs

Borrowing costs which includes the costs of arranging and obtaining financing, incurred for the acquisition or construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

There were no borrowing costs (2022: US$28,476) capitalised during the current financial year and the amount of borrowing costs amortised to the income statement were US$1,001,234 (2022 US$739,552).

W. Employee benefits

[i] Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and related on-costs expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are recognised in other payables.

[ii] Long service leave

The liability for long service leave is recognised as a provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

[iii] Share-based payments

Share-based payment compensation benefits are provided to employees and consultants via the Horizon Long-Term Incentive Plan, the Horizon Employee Option Scheme, and the General Option Plan. Information relating to these schemes is set out in Note 31.

The fair value of performance rights and share appreciation rights ('SARs') granted under the Horizon Long-Term Incentive Plan and Horizon Employee Option Scheme are recognised as an employee share-based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights and SARs granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of performance rights and SARs that are expected to vest.

The fair value is measured at grant date. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of performance rights and SARs that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value at grant date is independently determined using either a Black-Scholes or Monte Carlo simulation option pricing model that takes into account the exercise price, the term of the option or SAR, the impact of dilution, the share price at effective allocation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right or SAR.

The Company has elected to retain any amounts originally recognised in the share-based payments reserve, regardless of whether the associated performance rights are cancelled or lapse unexercised.

During the prior financial year, the Group established the Horizon Oil Employee Incentive Trust to administer the Long-Term Incentive Plan and Horizon Oil Employee Option Scheme. The Horizon Oil Employee Incentive Trust is consolidated in accordance with the principles in Note 1(C).

Where the Horizon Oil Employee Incentive Trust purchases the company's equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity reserves. When an employee exercises performance rights pursuant to the Long-Term Incentive Plan or Employee Option Scheme, and the Board resolves to settle in shares, the Horizon Oil Employee Oil Incentive Trust transfers the appropriate amount of shares to the employee.

X. Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options over unissued ordinary shares are shown in share capital as a deduction, net of related income tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration but are expensed.

Where the Group purchases the company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Horizon as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Horizon.

Y. Earnings per share

[i] Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

[ii] Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are considered dilutive only when their conversion to ordinary shares would decrease earnings per share, or increase loss per share, from continuing operations.

Z. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

AA. Parent entity financial information

The financial information for the parent entity, Horizon Oil Limited, disclosed in Note 39, has been prepared on the same basis as the consolidated financial statements, except as set out below.

[i] Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Horizon Oil Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

[ii] Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Note 2 Critical accounting estimates and judgements

This section considers estimates and judgements which are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

A. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities relate to:

[i] Exploration and evaluation assets

The Group's policy for exploration and evaluation expenditure is discussed in Note 1(N). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions include whether commercially viable reserves have been found and whether the capitalised exploration and evaluation expenditure will be recovered through future exploitation or sale.

[ii] Reserve estimates

The estimated quantities of proven and probable hydrocarbons reported by the Group are integral to the calculation of amortisation expense (depletion), assessments of impairment of assets, provision for restoration and the recognition of deferred tax assets due to changes in expected future cash flows. Reserve estimates require interpretation of complex and judgemental geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoir, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Reserve estimates are prepared in accordance with guidelines prepared by the Society of Petroleum Engineers.

[iii] Provisions for restoration

The Group estimates the future removal and restoration costs of petroleum production facilities, wells, pipelines and related assets at the time of installation of the assets and reviews these assessments periodically. In most instances the removal of these assets will occur well into the future. The estimate of future removal costs therefore requires management to make judgements around the timing of the required restoration, rehabilitation and decommissioning activities, as well as the discount rate. The carrying amount of the provision for restoration is disclosed in Note 20.

New Zealand, Maari Restoration

During the financial year the Group revised the future cost estimates from which the provision for restoration of the New Zealand licence is derived. The revision to the future cost estimates was performed as part of the Maari joint ventures requirement to furnish the New Zealand regulator with a decommissioning cost estimate and plan. The decommissioning cost estimate was largely predicated on third-party reports and cost estimates and resulted in a material increase to the restoration liability, the majority of which was already included in the half year report which was released to the market in February 2023. The significant increase was largely driven by scope changes to the decommissioning methodology to align with the updated requirements recently legislated in New Zealand. Additionally, following continued volatility in yields and inflation rates, the Group revised the discount and inflation rate used in quantifying the New Zealand restoration provision. The resultant effect is an increase in the restoration provision and rehabilitation asset of US$18.2 million.

China, WZ12-8E Restoration

During the financial year, significant works were completed in relation to the WZ12-8E development, which included modifications to the 12-8W platform, laying and trenching of 8.2 km 12-8E oil export pipeline and the installation of a riser, J-tube and expansion joint at the 12-8W end. Taking these works into consideration, a decommissioning provision of US$0.5 million has been recorded.

[iv] Impairment of oil and gas assets

The Group assesses whether its oil and gas assets are impaired on a semi-annual basis when an indicator of impairment is present. This includes an estimation of the recoverable amount of the cash generating unit to which each asset belongs. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. The fair value less cost to sell is assessed on the basis of the estimated net cash flows that will be received from the asset's continued employment and subsequent disposal. The estimated future cash flows are based on estimates of hydrocarbon reserves, future production profiles, commodity prices, operating costs and future development costs necessary to access the reserves. Current climate change legislation is also factored into the estimated future cashflows and future uncertainty created by climate change risks continue to be monitored. In most cases, the present value of future cashflows is most sensitive to estimates of future oil price, reserves, and discount rates.

[v] Share-based payments

Share-based payment transactions with directors and employees are measured by reference to the fair value of the share performance rights and employee options at the date they were granted. The fair value is ascertained using an appropriate pricing model, being either the Black-Scholes or Monte Carlo simulation, depending on the terms and conditions upon which the share performance rights and employee options were granted. The Group also applies assumptions around the likelihood of the share performance rights or options vesting which will have an impact on the expense and equity recorded in the financial year. The number of share performance rights and employee options outstanding are disclosed in Note 31.

[vi] Recoverability of deferred tax assets

The recoverability of deferred tax assets is based on the probability that future taxable amounts will be available to utilise those temporary differences and losses. The Group has not recognised deferred tax assets in respect of some tax losses and temporary tax differences as the future utilisation of these losses and temporary tax differences is not considered probable at this point in time. Assessing the future utilisation of tax losses and temporary tax differences requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future utilisation of these tax losses and temporary tax differences becomes probable, this could result in significant changes to deferred tax assets recognised, which would in turn impact future financial results. The deferred tax asset associated with historical losses recorded in the Group's Australian parent entity continue to not be recognised on the basis that it is not expected that the Group's Australian operations would generate sufficient taxable profits to fully utilise those losses recorded.

B. Critical judgements in applying the Group's accounting policies

No critical judgements considered to have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year were made during the preparation of this report.

Note 3 Segment information

A. Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The operating segments identified are broadly based on the Group's working interest in each individual oil and gas permit, arranged by developmental phase. Discrete pre-tax financial information (including pre-tax operating profit and capital expenditure on exploration and evaluation assets and oil and gas assets) for each oil and gas permit is prepared and provided to the chief operating decision maker on a regular basis. In certain circumstances, individual oil and gas permits are aggregated into a single operating segment where the economic characteristics and long-term planning and operational considerations of the individual oil and gas permits are such that they are considered interdependent. The Group has identified two operating segments:

- China exploration and development – the Group is currently involved in developing and producing crude oil from the Block 22/12 – WZ6-12, WZ12-8W and WZ12-8E oil field developments and in the exploration and evaluation of hydrocarbons within Block 22/12; and
- New Zealand exploration and development – the Group is currently involved in developing and producing crude oil from the Maari/Manaia oil field development, and the exploration and evaluation of hydrocarbons within the permit.

B. Segment information provided to the chief operating decision maker

2023	CHINA EXPLORATION & DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	UNALLOCATED US$'000	TOTAL US$'000
SEGMENT INFORMATION:				
Revenue from external customers	**116,657**	**35,464**	**-**	**152,121**
Profit/(loss) before tax	**52,820**	**5,434**	**(1,265)**	**56,989**
Depreciation and amortisation	**(28,428)**	**(10,072)**	**(215)**	**(38,715)**
Total segment assets as at 30 June 2023	**69,048**	**84,754**	**29,696**	**183,498**
Additions to non-current assets other than financial assets and deferred tax during the financial year ended:				
Exploration, development and production phase expenditure:	**17,724**	**3,744**	**-**	**21,468**
Plant and equipment:	**-**	**-**	**522**	**522**
Total segment liabilities as at 30 June 2023	**26,177**	**60,092**	**1,453**	**87,722**

2022	CHINA EXPLORATION & DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	UNALLOCATED US$'000	TOTAL US$'000
SEGMENT INFORMATION:				
Revenue from external customers	74,325	33,808	-	**108,133**
Profit/(loss) before tax	30,881	12,803	(945)	**42,739**
Depreciation and amortisation	(19,222)	(7,796)	(442)	**(27,460)**
Total segment assets as at 30 June 2022	**89,649**	**69,026**	**23,787**	**182,462**
Additions to non-current assets other than financial assets and deferred tax during the financial year ended:				
Development and production phase expenditure:	18,619	189	-	**18,808**
Plant and equipment:	-	-	3	**3**
Total segment liabilities as at 30 June 2022	**39,455**	**42,027**	**1,754**	**83,236**

C. Other segment information

(i) Segment revenue

The Group's revenue is derived from the sale of crude oil produced in China and New Zealand. The Group sells to external customers through sales agreements with the respective joint venture operators (CNOOC and OMV) who market and on-sell crude oil to external customers, for which the Group is charged a marketing fee stipulated by the sales agreements.

Reportable segment revenues are equal to consolidated revenue.

(ii) Segment profit before tax

The chief operating decision maker assesses the performance of operating segments based on a measure of profit before tax.

Segment profit before tax is equal to consolidated profit before tax.

[iii] Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements.

Reportable segment assets are equal to consolidated total assets.

[iv] Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

Reportable segment liabilities are equal to consolidated total liabilities.

Note 4 Revenue

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
FROM CONTINUING OPERATIONS		
Crude oil sales	**150,565**	112,602
Net realised gain/(loss) on oil hedging derivatives	**1,556**	(4,469)
	152,121	**108,133**
OTHER INCOME		
Interest received from unrelated entities	**956**	1
	956	**1**

Revenue for the financial year ended 30 June 2023 relates to contracts executed for the sale of crude oil and all performance obligations have been met within the period. There is no variable consideration requiring estimation for the year ended 30 June 2023.

The Group did not have contracts that were executed in a prior period, whereby the performance obligations were partially met at the beginning of the period. There are no existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2023.

The Group's revenue disaggregated by primary geographical markets is reported in Note 3 – Segment information.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
CRUDE OIL SALES		
Goods transferred at a point in time	**35,464**	33,808
Goods transferred over a period of time	**116,657**	74,325
	152,121	**108,133**

Note 5 Expenses

	CONSOLIDATED 2023 US$'000	2022 US$'000
COST OF SALES		
Direct production costs	**32,656**	23,393
Inventory adjustments[1]	**888**	(1,927)
Amortisation expense	**38,500**	27,018
Royalties and other levies	**9,134**	8,881
	81,178	**57,365**

[1] Adjustment for the cost of inventory produced which is on hand as at the end of the financial period.

GENERAL AND ADMINISTRATIVE EXPENSES		
Employee benefits expense	**1,346**	1,585
Employee share options expense	**1,369**	370
Corporate office expense	**847**	939
Depreciation expense	**215**	442
Rental expense relating to operating leases	**13**	5
	3,790	**3,341**
INSURANCE EXPENSE		
Insurance expense (including Loss of Production Income insurance)	2,000	1,944
	2,000	**1,944**
EXPLORATION AND DEVELOPMENT EXPENSES		
Exploration and development expenditure written off	4,549	810
	4,549	**810**
IMPAIRMENT EXPENSE		
Impairment of carbon credits[2]	412	-
	412	**-**

[2] The Company assessed the recoverability of the New Zealand carbon units as at 30 June 2023 and recorded an impairment expense as the spot price at the balance sheet date was less than the historical cost of the units. Subsequent to period end the NZU prices recovered and are now in excess of the historical cost. Refer to Note 12.

GAIN ON REMEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS		
Gain on remeasurement of derivative financial instruments[3]	**-**	(977)
	-	**(977)**

[3] The gain on the remeasurement of derivative financial instruments during the previous period relates to oil price swaps whereby hedge accounting has not been applied. As at 30 June 2023, there were no outstanding oil price swaps. Refer Note 10 for details on the Group's derivative financial instruments.

Note 5 Expenses (Continued)

	CONSOLIDATED 2023 US$'000	2022 US$'000
FINANCING COSTS		
Interest and finance charges	**2,034**	949
Discount unwinding on provision for restoration	**1,542**	475
Amortisation of prepaid financing costs	**240**	574
	3,816	**1,998**
OTHER EXPENSES		
Net foreign exchange losses	**338**	560
Other expenses	**5**	354
	343	**914**

Note 6 Income tax expense

	CONSOLIDATED 2023 US$'000	2022 US$'000
(a) Royalty tax expense (benefit)		
Royalty paid / payable in New Zealand – current tax expense	**3,984**	4,300
Tax benefit related to movements in deferred tax balances	**(1,431)**	(751)
Total royalty tax expense	**2,553**	**3,549**
(b) Income tax expense		
Current tax expense	**20,264**	14,295
Tax expense related to movements in deferred tax balances	**(10,536)**	1,063
Adjustments for current tax of prior periods	**856**	(494)
Total income tax expense	**10,584**	**14,864**
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	**(4,608)**	1,186
(Decrease)/increase in deferred tax liabilities	**(5,928)**	(123)
Total deferred income tax (benefit)/expense	**(10,536)**	**1,063**

Note 6 Income tax expense (continued)

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
(c) Numerical reconciliation between profit before tax and tax expense / (benefit)		
Profit from continuing operations before income tax	**56,989**	42,739
Less: Royalty paid / payable	**(3,984)**	(4,300)
	53,005	38,439
Tax at the Australian tax rate of 30% (2022: 30%)	**15,902**	**11,532**
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenditure not allowed for income tax purposes	**1,816**	490
Other deductible items	**(5,531)**	(380)
Non-assessable income	**-**	23
Other assessable items	**-**	5,324
	12,187	**5,457**
Effect of overseas tax rates	**(2,539)**	(2,394)
Deferred tax asset not brought to account	**77**	755
Tax paid on non-resident insurance premiums	**3**	8
Adjustments for current tax of prior periods	**856**	(494)
Income tax expense	**10,584**	**14,864**
Royalty tax expense	**2,553**	**3,549**
Total tax expense recognised in statement of profit or loss	**13,137**	**18,413**
(d) Amounts recognised in other comprehensive income		
Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited to other comprehensive income.		
Deferred tax: Changes in fair value of cash flow hedges	11	111
Total tax expense / (benefit) recognised in other comprehensive income	**11**	**111**
(e) Tax losses		
Unused tax losses (and applicable tax rate) for which no deferred tax asset has been recognised:		
Horizon Oil Limited – 30% (2022: 30%)	2,742	2,884
Potential tax benefit at applicable tax rates	**2,742**	**2,884**

The Company also did not recognise further deferred income tax assets of US$291,107 (2022: US$445,935) in respect of other timing differences amounting to US$1,059,688 (2022: US$1,486,451).

The Company has no Australian subsidiaries and therefore it is not subject to the Australian tax consolidation regime.

Note 7 Cash and cash equivalents

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
Cash at bank and on hand	**4,311**	26,975
Restricted cash[1]	**12,552**	17,111
Deposits[2]	**26,728**	-
	43,591	**44,086**

[1] Under the terms of Horizon's Cash Advance Facility (refer to Note 18(B)), certain cash balances are available to the Group after certain conditions of the relevant facility agreement are satisfied. No restricted cash was held on deposit during the year (2022: US$Nil).

[2] Includes on-call and short-term cash deposits with maturities less than 3-months to cover Horizon's working capital and future decommissioning liability requirements.

Note 8 Receivables

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
Trade and other receivables[1]	**18,351**	18,087
	18,351	**18,087**

[1] Of this balance US$Nil (2022: US$Nil) related to amounts receivable from related parties. Refer to Note 30 for further details.

Information about the Company's exposure to credit and market risks, and collectability of overdue amounts, is included in Note 23(B).

Note 9 Inventories

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
Crude oil, at cost	**2,131**	3,020
Drilling and workover spares inventory	**822**	1,163
	2,953	**4,183**

Note 10 Derivative financial instruments

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
CURRENT:		
Derivative asset - Oil price swaps – cash flow hedges	**-**	162
Derivative liability – Foreign exchange contracts – cash flow hedges	**24**	(156)
	24	**6**

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to oil price, interest rate and foreign exchange fluctuations in accordance with the Group's financial risk management policies (refer to Note 24a(ii)).

Oil price swap contracts (cash flow hedges)

During the financial year, oil price hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of low oil prices. At 30 June 2023, the Group had no outstanding oil price contracts.

Foreign exchange contracts (cash flow hedges)

During the financial year, foreign currency hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of a weakening United States Dollar against the Group's major operating currencies, the NZD and AUD. At 30 June 2023, the Group had AUD 4.2 million, through forward exchange contracts, hedging a portion of the Corporate Head Office costs over the next 6 months.

The gain or loss arising from re-measurement of the hedge-accounted instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into profit or loss when the hedged transaction is recognised. The ineffective portion is recognised in profit or loss immediately. During the financial year, a net gain of US$1,556,180 (2022: net loss of US$4,468,988) was transferred to profit or loss.

Note 11 Other assets & current tax receivable

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
Current tax receivable – New Zealand[1]	-	490
Current tax receivable – China[2]	-	273
		763
Other assets - prepayments	547	420
	547	**420**

[1] The prior year current tax receivable relates to payments made in excess of the current tax obligations in New Zealand. The balance can be applied against future periods tax obligations and/or withdrawn in cash.

[2] The prior year current tax receivable relates to income tax refund received from the Chinese tax authorities.

Note 12 Intangible assets

CURRENT ASSETS	CONSOLIDATED NEW ZEALAND CARBON CREDITS[1] US$'000	TOTAL US$'000
FINANCIAL YEAR ENDED 30 JUNE 2022		
Cost – 1 July 2021	1,296	1,296
Additions	361	361
Disposals – settlements	(455)	(455)
Closing value	**1,202**	**1,202**
FINANCIAL YEAR ENDED 30 JUNE 2023		
Cost – 1 July 2022	1,202	1,202
Additions	676	676
Disposals – settlements[2]	(438)	(438)
Impairment of carbon units[3]	(412)	(412)
Closing value	**1,028**	**1,028**

1 The Group acquires New Zealand Units ((NZUs) also referred to as carbon credits) to surrender to the New Zealand Government through the Environmental Protection Authority, for its proportionate share of the Maari/Manaia fields direct greenhouse gas emissions for the calendar year. NZUs are tradable instruments with transactions taking place on the New Zealand Emissions Trading Register, which is operated by the Environmental Protection Authority. The NZUs are recorded at cost and are not amortised and are tested for impairment at each balance sheet date.

2 The Company's obligation for the 2022 calendar year was settled in May 2023 whereby a portion of the NZU's on hand were surrendered to the Environmental Protection Authority.

3 The Company assessed the recoverability of the New Zealand carbon units as at 30 June 2023 and recorded an impairment expense as the spot price at the balance sheet date was less than the historical cost of the units. Subsequent to period end the NZU prices recovered and are now in excess of the historical cost.

Note 13 Investments

NON-CURRENT ASSETS	CONSOLIDATED 2023 US$'000	2022 US$'000
Fair value of investment in unlisted shares	1,351	-
	1,351	**-**

During the financial year Horizon made a seed capital investment to acquire an approximate 3.5% interest in Nobrac Limited, a subsidiary of ASX listed company, Kiland Limited (KIL). This investment is accounted for as an equity instrument at fair value through other comprehensive income (FVOCI).

As at 30 June 2023, the fair value of the equity instrument reflect the consideration paid to acquire these shares. Refer to Note 24(d) for details of the valuation techniques used.

Note 14 Deferred tax assets

	CONSOLIDATED 2023 US$'000	2022 US$'000
Recognised deferred tax assets are attributable to:		
Tax losses	**-**	-
Development and production expenditure	**11,553**	6,472
Cash flow hedges	**-**	45
Provisions and other	**608**	1,164
Total deferred tax assets	**12,161**	**7,681**
Set off of deferred tax liabilities pursuant to set off provisions	**(1,570)**	**(1,063)**
Net deferred tax assets	**10,591**	**6,618**

2023 MOVEMENTS	TAX LOSSES US$'000	DEVELOPMENT & PRODUCTION EXPENDITURE $US'000	CASH FLOW HEDGES US$'000	PROVISIONS AND OTHER US$'000	TOTAL $US'000
AT 1 JULY 2022	**-**	**6,472**	**45**	**1,164**	**7,681**
(Charged)/credited					
– to profit or loss	-	5,081	-	(556)	4,525
– to other comprehensive income	-		(45)	-	(45)
At 30 June 2023	**-**	**11,553**	**-**	**608**	**12,161**

2022 MOVEMENTS	TAX LOSSES US$'000	DEVELOPMENT & PRODUCTION EXPENDITURE $US'000	CASH FLOW HEDGES US$'000	PROVISIONS AND OTHER US$'000	TOTAL $US'000
AT 1 JULY 2021	**358**	**8,298**	**-**	**166**	**8,822**
(Charged)/credited					
– to profit or loss	(358)	(1,826)	-	998	(1,186)
– to other comprehensive income	-	-	45	-	45
At 30 June 2022	**-**	**6,472**	**45**	**1,164**	**7,681**

Note 15 Property, plant and equipment

	BUILDING[2] US$'000	OTHER PLANT & EQUIPMENT[2] US$'000	LEASEHOLD IMPROVEMENTS US$'000	TOTAL US$'000
As at 1 July 2021				
Cost	547	1,720	1,103	3,370
Accumulated depreciation	(320)	(1,686)	(863)	(2,869)
Net book amount	**227**	**34**	**240**	**501**
FINANCIAL YEAR ENDED 30 JUNE 2022				
Opening net book amount	227	34	240	501
Additions	-	-	3	3
Depreciation expense[1]	(182)	(31)	(229)	(442)
Closing net book amount	**45**	**3**	**14**	**62**
As at 30 June 2022				
Cost	547	1,720	1,106	3,373
Accumulated depreciation	(502)	(1,717)	(1,092)	(3,311)
Net book amount	**45**	**3**	**14**	**62**
FINANCIAL YEAR ENDED 30 JUNE 2023				
Opening net book amount	45	3	14	62
Additions	486	36	-	522
Disposals	-	-	(14)	(14)
Depreciation expense[1]	(198)	(17)	-	(215)
Closing net book amount	**333**	**22**	**-**	**355**
As at 30 June 2023				
Cost	1,033	1,756	-	2,789
Accumulated depreciation	(700)	(1,734)	-	(2,434)
Net book amount	**333**	**22**	**-**	**355**

[1] Depreciation expense in relation to the right of use assets is US$202,040.

[2] Included in the net book amount of buildings, and other plant and equipment are right-of-use assets as follows:

	30 JUN 2023 US$'000	30 JUN 2022 US$'000
Office premises	333	45
Photocopier and IT equipment	8	2
Total	**341**	**47**

Note 16 Oil and gas assets

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
DEVELOPMENT AND PRODUCTION PHASE EXPENDITURE		
Producing oil and gas property acquisition, deferred geological, seismic and drilling, production and distribution facilities and other development expenditure	571,322	547,102
Expenditures written off during the period	(4,161)	-
Reassessment of rehabilitation obligation	19,020	2,751
Carried forward accumulated impairment losses	(116,598)	(116,598)
Less accumulated amortisation	(364,876)	(326,376)
	104,707	106,879

The reconciliation of development and production phase expenditure carried forward above is as follows:

	CONSOLIDATED		
	DEVELOPMENT PHASE EXPENDITURE US$'000	PRODUCTION PHASE EXPENDITURE US$'000	TOTAL US$'000
Balance at 1 July 2021	**9,606**	**102,732**	**112,338**
Amortisation incurred	-	(27,018)	(27,018)
Increase in restoration asset	-	2,751	2,751
Development and production costs incurred during financial year	17,624	1,184	18,808
Transfer to production phase/(from development phase)	(27,230)	27,230	-
BALANCE AT 30 JUNE 2022	**-**	**106,879**	**106,879**
Amortisation incurred	**-**	**(38,500)**	**(38,500)**
Increase in restoration obligation	**-**	**19,020**	**19,020**
Development and production costs incurred during financial year	**10,049**	**11,420**	**21,469**
Expenditures written off during the period	**-**	**(4,161)**	**(4,161)**
Transfer to production phase/(from development phase)	**(10,049)**	**10,049**	**-**
Balance at 30 June 2023	**-**	**104,707**	**104,707**

Note 17 Payables

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
CURRENT LIABILITIES		
Trade creditors	**337**	622
Share of joint operation creditors and accruals	**10,320**	19,754
ETS obligation[1]	**255**	217
Lease liabilities[2]	**131**	49
Other creditors	**2,362**	5,708
	13,405	**26,350**
NON-CURRENT LIABILITIES		
Lease liabilities[2]	**191**	-
Other creditors	**233**	111
	424	**111**

1 The ETS liability represents Horizon Oil International Limited's obligation to the New Zealand Government for the company's proportionate share of the Maari/Manaia fields greenhouse gas emissions. Refer to Note 12 for the disclosure of the carbon credits acquired (NZUs) which will be surrendered to the New Zealand Government for settlement of this obligation. The ETS obligation is recorded at the cost of the units acquired to settle the obligation. When the number of units required to settle the obligation exceeds the units on hand, the excess will be accounted for at the cost of obtaining the incremental units required to settle the obligation.

2 The Group has lease for an offices in Sydney and various equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 were as follows:

	MINIMUM LEASE PAYMENTS DUE			
	Within one year US$'000	One to five years US$'000	After five years US$'000	Total US$'000
30 June 2023				
Lease payments	145	196	-	341
Finance charges	(14)	(5)	-	(19)
Net present values	**131**	**191**	**-**	**322**

Note 18 Current tax payable

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
Current tax payable – China	**3,606**	3,629
Current tax payable – New Zealand	**1,540**	2,649
Current royalty tax payable – New Zealand	**1,912**	2,809
	7,058	**9,087**

Note 19 Borrowings

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
CURRENT:		
Bank loans[1] (b)	**7,912**	1,177
Total Borrowings	**7,912**	**1,177**

1 Bank loans are shown net of associated transaction costs.

A. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2023 US$'000	2022 US$'000
Cash and cash equivalents	**43,591**	44,086
Borrowings[2] – repayable within one year (including overdraft)	**(7,939)**	(1,237)
Lease liabilities	**(322)**	(49)
Net cash	**35,330**	**42,800**
Cash and liquid investments	**43,591**	44,086
Gross debt[2] – variable interest rates	**(7,939)**	(1,237)
Lease liabilities	**(322)**	(49)
Net cash	**35,330**	**42,800**

2 Borrowings and gross debt represent the nominal value of the Cash Advance Facility drawn down.

		CASHFLOWS		NON-CASH CHANGES	
	OPENING 1 JULY 2022	DRAWDOWN[3]	REPAYMENTS	AMORTISATION OF TRANSACTION COSTS	CLOSING 30 JUNE 2023
Cash Advance Facility	1,177	19,765	(13,298)	268	7,912
Total liabilities from financing activities	**1,177**	**19,765**	**(13,298)**	**268**	**7,912**

3 Funds drawn down are shown net of associated transaction costs incurred during the period.

B. Bank loans –Cash Advance Facility

On 31 July 2022, the Group executed and reached financial close on a 12-month extension of the senior debt facility with ANZ, Westpac and Industrial and Commercial Bank of China (ICBC) with a revised facility limit of US$20 million. The extended facility matures on 31 July 2023 and retains the key existing terms including interest rate at a LIBOR equivalent +2.75%.

At 30 June 2023, total debt drawn under the facility was US$7.9 million. Floating interest in respect of the facility is at LIBOR plus a weighted average margin of 2.75%. On 31 July 2023, the Cash Advance Facility was repaid in full.

Note 20 Provisions

	CONSOLIDATED 2023 US$'000	2022 US$'000
Restoration (current)	**-**	-
Restoration (non-current)	**53,879**	33,317
	53,879	**33,317**
The reconciliation of the movement in the total of the restoration provisions is as follows:		
Balance at beginning of financial year	**33,317**	31,212
Additional provision during financial year	**27,750**	4,818
Unwinding of discount	**1,542**	475
Effect of change in inflation/discount rate	**(8,730)**	(3,188)
Balance at end of financial year	**53,879**	**33,317**

During the financial year, the Group revised upwards the future costs of restoring the operating sites at Maari and the Block 22/12 WZ12-8E development. The Maari provision was revised following the receipt of an updated independent cost estimate report and amendment to the inflationary and discount rate assumption. Additionally, following the completion of phase 2 of the WZ12-8E, an increased provision was recorded to reflect the obligation to plug and abandon 4 new wells drilled in the programme.

Note 21 Non-current liabilities – Deferred tax liabilities

	CONSOLIDATED 2023 US$'000	2022 US$'000
RECOGNISED DEFERRED TAX LIABILITIES ARE ATTRIBUTABLE TO:		
Development and production expenditure	**6,115**	12,641
Accounting profits royalty	**58**	1,221
Cash flow hedges	**-**	44
Other	**441**	195
Total deferred tax liabilities	**6,614**	**14,101**
Set off of deferred tax assets pursuant to set off provisions	**(1,570)**	**(1,063)**
Net deferred tax liabilities	**5,044**	**13,038**

2023	DEVELOPMENT AND PRODUCTION EXPENDITURE US$'000	ACCOUNTING PROFITS ROYALTY US$'000	CASH FLOW HEDGES US$'000	OTHER US$'000	TOTAL US$'000
AT 1 JULY 2022	**12,641**	**1,221**	**44**	**195**	**14,101**
(Charged) / credited					
- To profit or loss	(6,526)	(1,163)	-	246	(7,443)
- To other comprehensive income	-	-	(44)	-	(44)
At 30 June 2023	**6,115**	**58**	**-**	**441**	**6,614**

2022	DEVELOPMENT AND PRODUCTION EXPENDITURE US$'000	ACCOUNTING PROFITS ROYALTY US$'000	CASH FLOW HEDGES US$'000	OTHER US$'000	TOTAL US$'000
AT 1 JULY 2021	**12,202**	**1,972**	**-**	**756**	**14,930**
(Charged) / credited					
- To profit or loss	439	(751)	-	(561)	(873)
- To other comprehensive income	-	-	44	-	44
At 30 June 2022	**12,641**	**1,221**	**44**	**195**	**14,101**

Note 22 Contributed equity

	CONSOLIDATED NUMBER OF SHARES		CONSOLIDATED	
	2023 '000	2022 '000	2023 US$'000	2022 US$'000
A. Issued share capital				
Ordinary shares				
Fully paid	**1,601,443**	1,578,943	**147,333**	158,884
Partly paid to A$0.01	**1,500**	1,500	**459**	459
	1,602,943	1,580,443	**147,792**	159,343

B. Movements in ordinary share capital

(i) Ordinary shares (fully paid)

Date	Details	Number of shares	US$'000
30/06/2022	Balance as at 30 June 2022	1,578,942,962	158,884
09/09/2022	Issuance of new shares	22,500,000	2,296
07/10/2022	Capital Return (1.35 cents AUD per share)	-	(13,847)
30/06/2023	Balance as at 30 June 2023	1,601,442,962	147,333

[ii] Ordinary shares (partly paid to A$0.01):

Date	Details	Number of shares	US$'000
30/06/2023	Balance as at 30 June 2023	1,500,000	459
30/06/2022	Balance as at 30 June 2022	1,500,000	459

C. Ordinary shares

Fully paid
Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Voting rights are governed by the Company's Constitution. In summary, on a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each fully paid ordinary share is entitled to one vote.

Partly paid
Partly paid ordinary shares are issued on exercise of employee options. The partly paid shares currently on issue are held by the Company following forfeiture by their original holder. The outstanding obligation in relation to the partly paid ordinary shares is payable either when called or by the date not exceeding 5 years from the grant date of the option which gave rise to the partly paid ordinary share. Partly paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Voting rights are governed by the Company's Constitution. In summary, on a show of hands every holder of partly paid ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll, is entitled to one vote to the proportion of the total issue price then paid up.

D. Unlisted options over unissued ordinary shares

Information related to the Employee Option Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year is set out in Note 31.

Note 23 Reserves and retained profits

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
A. Reserves		
SHARE-BASED PAYMENTS RESERVE		
Movements:		
Balance at beginning of financial year	**12,916**	13,609
Employee share-based payments expense	**1,369**	370
Settlement of exercised options	**(3,148)**	(1,063)
Balance at end of financial year	**11,137**	**12,916**
HEDGE RESERVE		
Movements:		
Balance at beginning of financial year	**6**	-
Movement in net market value of hedge contracts	**17**	7
Deferred tax	**(7)**	(1)
Balance at end of financial year	**16**	**6**
TREASURY SHARES		
Movements:		
Balance at beginning of financial year	**(829)**	(912)
Acquisition of shares by the Employee Share Trust	**(2,387)**	(706)
Issue of treasury shares as settlement of exercised options	**3,174**	430
Capital return & dividends	**11**	359
Balance at end of financial year	**(31)**	**(829)**
Total reserves	**11,122**	**12,093**

B. Accumulated losses

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
Accumulated losses at beginning of financial year	**(96,536)**	(96,536)
Net loss for financial year	**(27,059)**	-
Accumulated losses at end of financial year	**(123,595)**	(96,536)

C. Profit reserve

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
Profit reserve at the beginning of the financial year	**24,326**	-
Parent company profit for financial year	**70,911**	24,326
Dividends paid	**(34,780)**	-
Profit reserve at the end of the financial year	**60,457**	24,326

D. Nature and purpose of reserves

Share-based payment reserve:
The fair value of performance rights and share appreciation rights granted to employees results in an increase in equity upon recognition of the corresponding employee benefits expense, as described in the accounting policy set out in Note 1(Y)((iii)). The fair value of general options granted also results in an increase in equity unless accounting standards require the options to be treated otherwise.

The Company has elected to retain any amounts originally recognised in the share-based payments reserve, regardless of whether the associated options or share appreciation rights are cancelled or lapse unexercised.

Hedge reserve:
Changes in the market value of the effective portion of derivatives is reflected directly in equity until such time as the hedge is ineffective or expires, as described in the accounting policy set out in Note 1(T).

Treasury shares:
Treasury shares are shares in Horizon that are held by the Horizon Employee Share Trust for the purpose of issuing shares under the Horizon Employee Option Scheme and the Horizon Long Term Incentive (LTI) Plan. Refer to Note 31 for further information. Shares issued to employees are recognised on a weighted average basis.

Movement in treasury shares

Date	Details	Number of shares	US$'000
30/06/2022	Balance as at 30 June 2022	17,268,048	829
07/07/2022 - 09/09/2022	Acquisition of shares by the Employee Share Trust (average price A$15.5 cents per share)	23,445,693	2,387
25/08/2023	Dividend payment (AUD 1.65 cents per share)	-	(4)
7/10/2023	Capital Return (AUD 1.35 cents per share)	-	(3)
09/09/2022	Settlement of SARs	(40,357,447)	(3,174)
23/02/2023	Dividend payment (AUD 1.5 cents per share)	-	(4)
30/06/2023	Balance as at 30 June 2023	356,294	31

Note 24 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk); credit risk; liquidity risk; capital risk; and climate related and other emerging risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as oil price swaps, interest rate swaps and foreign exchange forward contracts, to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and commodity price risks, and aging analysis for credit risk.

Risk management is carried out by the finance function under policies approved by the Board of Directors. The finance function identifies, evaluates and if necessary hedges financial risks in close co-operation with Group management. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks and the use of derivative financial instruments.

The Group has no off-balance sheet financial assets or liabilities as at the end of the reporting period.

The Group held the following financial instruments at 30 June 2023 and 30 June 2022:

	CONSOLIDATED	
	30 JUNE 2023 US$'000	30 JUNE 2022 US$'000
FINANCIAL ASSETS		
Cash and cash equivalents	**43,591**	44,086
Receivables	**18,351**	18,087
Derivative financial instruments	**24**	162
	61,966	62,335
FINANCIAL LIABILITIES		
Payables (current)	**13,405**	26,350
Current tax payable	**7,058**	9,087
Payables (non-current)	**424**	111
Borrowings (net of borrowing costs capitalised)	**7,912**	1,177
Derivative financial instruments	**-**	156
	28,799	36,881

A. Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the Group's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising predominately from Australian and New Zealand dollars and Chinese Renminbi.

The Group manages foreign exchange risk by monitoring forecast cash flows in currencies other than US dollars and ensuring that adequate Australian dollar, New Zealand dollar and Chinese Renminbi cash balances are maintained.

The objective of the Group's foreign exchange risk management policy is to ensure its financial viability despite potential periods of unfavourable exchange rates. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable exchange rates on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used.

As at 30 June 2023, the Group had a derivative asset of US$24,000 (30 June 2022: US$162,000) with AUD 4.2 million at hedged through forward contracts at an average USD rate of 0.6431. These hedges are designed to cover a portion of the group's future corporate costs at head office in Australia.

Effects of hedge accounting

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	CONSOLIDATED	
	30 JUNE 2023 US$'000	30 JUNE 2022 US$'000
FOREIGN CURRENCY FORWARDS (USD/NZD)		
Carrying amount – (liability)	-	(101)
Notional amount	-	1,220
Maturity date	-	11 July 2022 – 12 December 2022
Hedge ratio[1]	-	1:1
Change in discounted spot value of outstanding hedging instruments since 30 June 2022	-	(101)
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	-	US$1: NZD0.6776
FOREIGN CURRENCY FORWARDS (USD/AUD)		
Carrying amount – asset / (liability)	**24**	(55)
Notional amount	**2,808**	1,297
Maturity date	**10 July 2023 - 11 December 2023**	11 July 2022 – 12 December 2022
Hedge ratio[1]	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments since 30 June 2022	**24**	(55)
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	**US$1: AUD0.6431**	US$1: AUD0.7204

[1] The foreign currency swaps and foreign currency forward contracts are denominated in the same currencies as the highly probable future operating and corporate overhead expenditures (NZD operating and AUD corporate expenditures), therefore the hedge ratio is 1:1.

Exposure to foreign exchange risk

The Group's exposure to foreign exchange risk at the end of each reporting period was as follows:

GROUP	30 JUNE 2023			30 JUNE 2022		
	AUD US$'000	NZD US$'000	RMB US$'000	AUD US$'000	NZD US$'000	RMB US$'000
Cash and cash equivalents	**10,079**	**1,392**	-	2,227	1,732	-
Receivables	**89**	**232**	-	88	190	273
Current tax payable	-	**3,518**	**3,606**	-	5,572	3,629
Current payables	**1,211**	-	**838**	1,587	20	3,892
Non-current payables	**232**	-	-	111	-	-

For the financial year ended and as at 30 June 2023, if the currencies set out in the table below had strengthened or weakened against the US dollar by the percentage shown, with all other variables held constant, the net result for the financial year would increase / (decrease) and net assets would increase / (decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Change in currency[1]	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Australian dollar impact	**567**	289	**611**	43	**(567)**	(289)	**(611)**	(43)
New Zealand dollar impact	**881**	361	**(136)**	(264)	**(881)**	(361)	**136**	264
Chinese Renminbi impact	**-**	-	**(333)**	(544)	**-**	-	**333**	544

1 This has been based on the change in the exchange rate against the US dollar in the financial years ended 30 June 2023 and 30 June 2022. The sensitivity analysis has been based on the sensitivity rates when reporting foreign exchange risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates based on historic volatility. In management's opinion, the sensitivity analysis is not fully representative of the inherent foreign exchange risk as the end of the reporting period exposure does not necessarily reflect the exposure during the course of the financial year.

(ii) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market commodity prices for crude oil.

The objective of the Group's commodity price risk management policy is to ensure its financial viability despite potential periods of unfavourable prices. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable prices on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. The Group will hedge when it is deemed the most appropriate risk mitigation tool to be used or where required by its financing arrangements. During the current financial year, oil price hedging was undertaken as a risk mitigation measure to ensure the Group's financial position remains sound and that the Group is able to meet its financial obligations in the event of low oil prices.

As at 30 June 2023, the Group had no outstanding oil price hedges.

Effects of hedge accounting
The effects of the oil price swaps on the group's financial position and performance are as follows:

	CONSOLIDATED	
	30 JUNE 2023 US$'000	30 JUNE 2022 US$'000
OIL PRICE SWAPS		
Carrying amount – asset	**-**	162
Notional amount	**-**	7,865
Maturity date	**-**	1 July 2022 – 30 September 2022
Hedge ratio[1]	**-**	1:1
Change in fair value of outstanding hedging instruments since 30 June 2022	**-**	162
Weighted average hedged rate for the year	**-**	US$109/bbl

1 The oil price swaps were executed in the same oil price benchmark as the highly probable future oil sales, therefore the hedge ratio is 1:1.

For the financial year ended and as at 30 June 2023, if the crude oil price rose or fell by the percentage shown, with all other variables held constant, the result for the financial year would increase / (decrease) and net assets would increase / (decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Change in crude oil price	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Impact	**7,509**	2,612	**7,509**	2,612	**(8,846)**	(3,517)	**(8,846)**	(3,517)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no interest-bearing assets considered to materially expose the Group's core income and/or operating cash flows to changes in market interest rates.

As at 30 June 2023 and 30 June 2022, the Group's interest rate risk arises from borrowings, issued at variable rates, exposing the Group to cash flow interest rate risk. Group policy is to manage material interest rate exposure. Regular sensitivity analysis is conducted to evaluate the potential impact of unfavourable interest rate movements on the Group's future financial position. The results of this evaluation are used to determine the most appropriate risk mitigation tool to be used. During the current and prior financial year, the Group did not enter into any interest rate swap contracts.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group's exposure to interest rate risk for financial instruments is set out below:

	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON-INTEREST BEARING	CARRYING AMOUNT
	US$'000	1 YEAR OR LESS US$'000	OVER 1 TO 2 YEARS US$'000	OVER 2 TO 5 YEARS US$'000	US$'000	US$'000
AS AT 30 JUNE 2023						
FINANCIAL ASSETS						
Cash and cash equivalents	**27,884**	-	-	-	**15,707**	**43,591**
Receivables	**-**	-	-	-	**18,351**	**18,351**
Derivative financial instruments	**-**	-	-	-	**24**	**24**
	27,884	-	-	-	**34,082**	**61,966**
Weighted average interest rate p.a.	**3.58%**					
FINANCIAL LIABILITIES						
Trade and other payables	**-**	-	-	-	**13,405**	**13,405**
Current tax payable	**-**	-	-	-	**7,124**	**7,124**
Non-current payables	**-**	-	-	-	**424**	**424**
Borrowings	**7,939**	-	-	-	**-**	**7,939**
	7,939	-	-	-	**20,953**	**28,892**
Weighted average interest rate p.a.	**6.62%**					
Net financial assets	**19,945**	-	-	-	**13,129**	**33,074**

	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON-INTEREST BEARING	CARRYING AMOUNT
	US$'000	1 YEAR OR LESS US$'000	OVER 1 TO 2 YEARS US$'000	OVER 2 TO 5 YEARS US$'000	US$'000	US$'000
AS AT 30 JUNE 2022						
FINANCIAL ASSETS						
Cash and cash equivalents	**348**	-	-	-	**43,738**	**44,086**
Receivables	**-**	-	-	-	**18,087**	**18,087**
Derivative financial instruments	**-**	-	-	-	**162**	**162**
	348	-	-	-	**61,987**	**62,335**
Weighted average interest rate p.a.	**0.10%**					
FINANCIAL LIABILITIES						
Trade and other payables	**-**	-	-	-	**26,350**	**26,350**
Current tax payable	**-**	-	-	-	**9,087**	**9,087**
Non-current payables	**-**	-	-	-	**111**	**111**
Derivative financial instruments	**-**	-	-	-	**156**	**156**
Borrowings	**1,237**	-	-	-	**-**	**1,237**
	1,237	-	-	-	**35,704**	**36,941**
Weighted average interest rate p.a.	**3.11%**					
Net financial assets/(liabilities)	**(889)**	-	-	-	**26,283**	**25,394**

As at 30 June 2023 and 30 June 2022, the Group had the following variable rate borrowings outstanding:

	30 JUNE 2023		30 JUNE 2022	
	WEIGHTED AVERAGE INTEREST RATE % P.A.	BALANCE US$'000	WEIGHTED AVERAGE INTEREST RATE % P.A.	BALANCE US$'000
External loans	**6.62%**	**7,939**	3.11%	1,237
Net exposure to cash flow interest rate risk		**7,939**		1,237

At 30 June 2023 and 30 June 2022, if the interest rates had been 1.0% p.a. higher or lower and all other variables held constant, the net result for the financial year would increase/(decrease) and net assets as at 30 June 2023 and 30 June 2022 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
CHANGE IN INTEREST RATE p.a.	**+1%**	+1%	**+1%**	+1%	**-1%**	-1%	**-1%**	-1%
Impact of Assets	**98**	2	**98**	2	**(349)**	-	**(349)**	-
Impact of Liabilities	**112**	(73)	**112**	(73)	**(112)**	(73)	**(112)**	(73)
Impact of Net Assets	**(15)**	(71)	**(15)**	(71)	**(237)**	73	**(237)**	73

B. Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables.

It is acknowledged that the Group's sales of crude oil are currently concentrated with two counterparties. However, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history, and that the Group has the ability to sell crude to other parties if desired.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. Where commercially practical the Group seeks to limit the amount of credit exposure to any one financial institution.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets as summarised in this note.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	CONSOLIDATED	
	2023 US$'000	**2022 US$'000**
CASH AND CASH EQUIVALENTS		
Counterparties with external credit rating (Standard & Poors)		
AA-	**42,057**	42,114
Counterparties without external credit rating		
Share of joint operations cash balances	**1,534**	1,972
Total cash and cash equivalents	**43,591**	**44,086**
RECEIVABLES		
Counterparties with external credit rating (Standard & Poors / Fitch)		
AAA	**295**	278
AA-	**67**	-
A+	**7,143**	17,682
A-	**10,757**	-
Counterparties without external credit rating		
Share of joint operation receivables balances	**89**	127
Total receivables	**18,351**	**18,087**

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2023 and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on key factors affecting the ability of the customers to settle the receivables. Management has assessed the collectability of these amounts based on the customer relationships and historical payment behaviour and believe that the amounts are still collectable in full.

On that basis, the loss allowance as at 30 June 2023 was determined as follows for trade receivables:

AS AT 30 JUNE 2023	CURRENT	MORE THAN 30 DAYS DUE PAST	MORE THAN 60 DAYS DUE PAST	TOTAL
Expected loss rate	0%	0%	0%	
Gross carrying amount	**18,351**	-	-	**18,351**
Loss Allowance	**-**	**-**	**-**	**-**

As at 30 June 2023, there were no financial assets that are past due (30 June 2022: US$Nil). At the date of this report, the full balance of the receivables has been received in cash.

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group has policies in place to manage liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

Financing arrangements
As at 30 June 2023 and 30 June 2022, the Group had no undrawn borrowing facilities.

Maturities of financial liabilities
An analysis of the Group's financial liability maturities for the current and prior financial year is set out below:

AS AT 30 JUNE 2023	NON-INTEREST BEARING US$'000	VARIABLE RATE[1] US$'000	FIXED RATE US$'000
Less than 6 months	**20,720**	**7,939**	**-**
6 – 12 months	**-**	**-**	**-**
Between 1 and 2 years	**232**	**-**	**-**
Total contractual cash flows	**20,952**	**7,939**	**-**

1 Includes principal repayments and future interest payments.

AS AT 30 JUNE 2022	NON-INTEREST BEARING US$'000	VARIABLE RATE[1] US$'000	FIXED RATE US$'000
Less than 6 months	35,593	1,242	-
6 – 12 months	-	-	-
Between 1 and 2 years	111	-	-
Total contractual cash flows	**35,704**	**1,242**	**-**

1 Includes principal repayments and future interest payments.

D. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 '*Financial Instruments: Disclosures*' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

[i] Fair value measurements

The following table presents the Group's assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022:

AS AT 30 JUNE 2023	LEVEL 1 US$'000	LEVEL 2 US$'000	LEVEL 3 US$'000	TOTAL US$'000
ASSETS				
Derivatives used for hedging	-	**24**	-	**24**
Financial assets at fair value through OCI:				
Equity investment in unlisted shares	-	-	**1,351**	**1,351**
Total assets				

AS AT 30 JUNE 2022	LEVEL 1 US$'000	LEVEL 2 US$'000	LEVEL 3 US$'000	TOTAL US$'000
ASSETS				
Derivatives used for hedging	-	**162**	-	**162**
Total Assets	-	**162**	-	**162**
LIABILITIES				
Derivatives used for hedging	-	**156**	-	**156**
Total liabilities	-	**156**	-	**156**

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2023.

[ii] Valuation techniques used to derive fair values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) was based on quoted market prices at the end of each reporting period. The quoted market price used for hedging derivatives held by the Group was the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimate. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of equity investment as at 30 June 2023 is equivalent to the consideration paid to acquire the 3.5% interest in the unlisted shares. As one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- the fair value of oil price swaps is calculated as the present value of the estimated future cash flows based on forward prices at balance sheet date;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

- the fair value of foreign currency contracts and swaps calculated as the present value of the estimated future cash flows based on observable yield curves; and
- other techniques, such as discounted cash flow analysis and Monte Carlo simulations, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 unless otherwise stated.

For the financial liabilities, the best evidence of fair value is current prices in an active market for similar financial liabilities. Where such information is not available the directors consider information from a variety of sources including:

- discounted cash flow projections based on reliable estimates of future cash flows; and
- Monte Carlo simulations.

All resulting fair value estimates for properties are included in level 3.

[iii] Other fair value measurements

The carrying value of receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of other financial liabilities (being financial guarantees), after factoring in the likelihood that the parent entity would be required to perform under the guarantees, was not considered material.

The fair value of borrowings for disclosure purposes is not materially different to their carrying value given the likely anticipated repayment profile. Refer to Note 19 for further details.

The fair value of other classes of financial instruments not yet covered above was determined to approximate their carrying value.

E. Capital risk

The consolidated entity manages its capital to ensure that entities in the consolidated group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

F. Climate-related and other emerging risks

Climate-related and other emerging risks encompass the impact of climate change, any associated climate change regulations, funding restrictions and any other emerging factors (e.g. technological disruption to the oil and gas industry) that could have a material impact on the Group. The Group will continue to monitor the impact of these risks.

At the date of this report, the Group is impacted by emissions trading regulations in New Zealand. Currently there are no equivalent emissions trading regulations in the other jurisdictions in which the Group operates.

The Group manages the impact of the emissions trading regulations in New Zealand by acquiring New Zealand carbon credits (NZUs) throughout the financial period to offset its annual obligation, such that it is not wholly exposed to the NZU price at the date of settlement.

At 30 June 2023, if the New Zealand carbon credit price had been 10% p.a. higher or lower and all other variables held constant, the net result for the financial year would increase/(decrease) and net assets as at 30 June 2023 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000	2023 US$'000	2022 US$'000
Change in NZU price	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Impact	**34**	32	**77**	98	**(34)**	(32)	**(77)**	(98)

Note 25 New Zealand Imputation Credits

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
Imputation credits available for subsequent financial years[1]	2,927	2,957

1 The franking credits available for subsequent financial years are only available to New Zealand resident shareholders under the Trans-Tasman imputation legislation.

Note 26 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy set out in Note 1(C):

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY HOLDING AND VOTING INTEREST (ALL SHARES ISSUED ARE ORDINARY SHARES)		BUSINESS ACTIVITIES CARRIED ON IN
		2023 %	2022 %	
Horizon Oil International Limited	New Zealand	100	100	New Zealand
Horizon Oil (New Zealand) Limited	New Zealand	-[2]	100	New Zealand
Horizon Oil International Holdings Limited	BVI	100	100	BVI
Horizon Oil (Beibu) Limited	BVI	100	100	China
Horizon Oil (China Holdings) Limited	BVI	100	100	BVI
Horizon Oil Employee Incentive Trust	Australia	100	100	Australia
Horizon Australia Investments Pty Limited	Australia	100[1]	-	Australia

1 During the financial year, the Group established Horizon Australia Investments Pty Limited, a stand-alone company that holds the equity investment in Nobrac Limited (Refer Note 13). This entity is consolidated in accordance with the principles in Note 1(C).

2 During the financial year, Horizon Oil (New Zealand) Limited was dissolved as the entity was dormant with nil assets and liabilities.

Note 27 Interest in joint operations

Companies in the Group were participants in a number of joint operations. The Group has an interest in the assets and liabilities of these joint operations. The Group's share of current assets and liabilities of the joint operations is included in the consolidated statement of financial position in accordance with the accounting policy described in Note 1(C), and the carrying values of Group's share of exploration, development and production phase expenditure is recorded in accordance with the accounting policies set out in Note 1(P) and (N), under the following classifications:

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
CURRENT ASSETS		
Cash and cash equivalents	1,534	1,972
Receivables	89	127
Inventories	2,953	4,183
Total current assets	**4,576**	**6,282**
NON-CURRENT ASSETS		
Oil and gas assets	104,707	106,879
Total non-current assets	**104,707**	**106,879**
Total assets	**109,283**	**113,161**
CURRENT LIABILITIES		
Payables	10,320	19,754
Total current liabilities	**10,320**	**19,754**
NON-CURRENT LIABILITIES		
Restoration provision	53,879	33,317
Total non-current liabilities	**53,879**	**33,317**
Total liabilities	**64,199**	**53,071**
Share of net assets employed in joint operations	**45,084**	**60,090**

Contingent liabilities in respect of joint operations are detailed in Note 34.

Exploration and development expenditure commitments in respect of joint operations are detailed in Note 36.

The Group had an interest in the following joint operations:

PERMIT OR LICENCE	PRINCIPAL ACTIVITIES	INTEREST (%) 30 JUNE 2023	INTEREST (%) 30 JUNE 2022
NEW ZEALAND PMP 38160 (Maari/Manaia)	Oil and gas production, exploration and development	26.00%	26.00%
CHINA Block 22/12	Oil and gas production, exploration and development	26.95%[1]	26.95% / 55%[1]

[1] During the current financial year, the exploration obligation was extinguished due to the mandatory relinquishment of the residual WZ12-8 Development Area upon formal definition of the WZ12-8E Production Area (in accordance with the terms of the PSC).

Note 28 Remuneration of external auditors

	CONSOLIDATED	
	2023 US$	2022 US$
During the financial year, the following fees were paid or payable for services provided by the external auditor of the parent entity and its related practices:		
PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	212,371	161,925
Other assurance services	12,649	24,186
Total auditors' remuneration	**225,020**	**186,111**

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to its statutory external audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 29 Remuneration of key management personnel

See the Remuneration Report within the Directors' Report for details of directors and other key management and their detailed remuneration.

KEY MANAGEMENT PERSONNEL COMPENSATION	2023 US$	2022 US$
Short-term employee benefits	**1,071,190**	1,435,573
Post-employment benefits	**52,476**	36,540
Long-term benefits	**24,183**	(21,379)
Share-based payments (non-cash)	**1,225,588**	174,060
Total key management personnel remuneration	**2,373,436**	1,624,794

Detailed remuneration disclosures are provided in sections 1-7 of the audited Remuneration Report.

Loans to key management personnel
There were no loans to directors or other key management personnel during the current or prior financial year.

Other transactions with key management personnel
There were no other transactions with key management personnel during the current or prior financial year, other than as disclosed in sections 1 - 7 of the remuneration report.

Note 30 Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

During the financial year, Horizon made a seed capital investment to acquire an ~3.5% interest in Nobrac Limited, a subsidiary of Kiland Limited (ASX:KIL). Samuel Terry Asset Management Pty Ltd (STAM) is a substantial shareholder of both Horizon Oil Limited and Kiland Limited such that Nigel Burgess (a nominee director for STAM) was excluded from Board meetings to consider and approve the investment.

Directors and other key management personnel
There were no related party transactions with directors and other key management personnel during the current or prior year other than as disclosed in sections 1 - 7 of the Remuneration report and Note 31.

Subsidiaries
Interests in subsidiaries are set out in Note 26. Details in respect of guarantees provided to subsidiaries are set out in Note 39((ii)).

Transactions with related parties
Transactions between Horizon Oil Limited and related parties in the wholly-owned Group during the financial years ended 30 June 2023 and 30 June 2022 consisted of:

(a) Contributions to share capital by Horizon Oil Limited;
(b) Loans advanced by Horizon Oil Limited;
(c) Loans repaid to Horizon Oil Limited;
(d) Payments to Horizon Oil Limited under financial guarantee contract arrangements;
(e) Interest payments to Horizon Oil Limited on loans advanced to subsidiaries;
(f) Dividends paid to Horizon Oil Limited; and
(g) Reimbursement of expenses to Horizon Oil Limited.

The reimbursement of expenses to Horizon Oil Limited by subsidiaries is based on costs recharged on a relevant time allocation of consultants and employees and associated office charges.

Terms and conditions
Transactions relating to dividends, calls on partly paid shares and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Certain loans to/from subsidiaries are subject to interest. The average interest rate on loans attracting interest during the financial year was LIBOR plus 4.53% (2022: LIBOR plus 4.53%). Outstanding balances are unsecured and repayable in cash.

Note 31 Share-based payments

Set out below is a summary of performance rights, deferred STI rights and share appreciation rights on issue:

GRANT DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE	BALANCE START OF FINANCIAL YEAR NUMBER	GRANTED DURING FINANCIAL YEAR NUMBER	EXERCISED DURING FINANCIAL YEAR NUMBER	LAPSED/CANCELLED DURING FINANCIAL YEAR NUMBER	BALANCE END OF FINANCIAL YEAR NUMBER	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR NUMBER
CONSOLIDATED ENTITY 2023								
SHARE APPRECIATION RIGHTS ISSUED								
01/07/2017	01/07/2022	A$0.02[1]	39,191,714	-	(39,191,714)	-	-	-
01/07/2018	01/07/2023	A$0.11[1]	6,453,777	-	(6,453,777)	-	-	-
01/07/2019	01/07/2024	A$0.08[1]	8,179,878	-	(8,179,878)	-	-	-
01/07/2020	01/07/2025	A$0.02[1]	3,720,681	-	-	-	3,720,681	-
01/07/2021	01/07/2026	A$0.06[1]	9,194,811	-	-	(5,808,411)	3,386,400	-
TOTAL			**66,740,861**	**-**	**(53,825,369)**	**(5,808,411)**	**7,107,081**	**-**
PERFORMANCE RIGHTS ISSUED								
16/11/2022	30/06/2027	-	-	19,600,000	-	-	19,600,000	-
08/08/2022	30/06/2027	-	-	9,800,000	-	-	9,800,000	-
01/05/2023	30/04/2028	-	-	7,000,000	-	-	7,000,000	-
TOTAL				**36,400,000**	**-**	**-**	**36,400,000**	**-**
DEFERRED STI RIGHTS ISSUED								
30/06/2022[2]	N/A	-	-	3,221,275	-	-	3,221,275	3,221,275
TOTAL			**-**	**3,221,275**	**-**	**-**	**3,221,275**	**3,221,275**

1 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR, Performance Rights and Deferred STI Rights. The 'strike price' for SARs is the 10-day volume weighted average price for Horizon shares at effective allocation date. Following shareholder approval of a A$ 1.35 cent capital return, at an extraordinary general meeting on 7 October 2022, the strike prices of SARs on issue have been reduced by A$ 1.35 cents.

2 In accordance with the plan, the number of 2022 deferred STI rights held by each KMP were adjusted during the financial year for the A$ 1.35 cents capital return per share and aggregate A$ 3.15 cent dividend distributions per share.

GRANT DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE	BALANCE START OF FINANCIAL YEAR NUMBER	GRANTED DURING FINANCIAL YEAR NUMBER	EXERCISED DURING FINANCIAL YEAR NUMBER	LAPSED/CANCELLED DURING FINANCIAL YEAR NUMBER	BALANCE END OF FINANCIAL YEAR NUMBER	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR NUMBER
CONSOLIDATED ENTITY 2022 SHARE APPRECIATION RIGHTS ISSUED								
01/07/2016	01/07/2021	A$0.06[1]	16,617,522	-	(16,617,522)	-	-	-
01/07/2016	01/07/2021	A$0.02[1]	12,186,198	-	(12,186,198)	-	-	-
01/07/2017	01/07/2022	A$0.02[1]	45,191,714	-	(6,000,000)	-	39,191,714	39,191,714
01/07/2018	01/07/2023	A$0.11[1]	8,680,899	-	-	(2,227,122)	6,453,777	6,453,777
01/07/2019	01/07/2024	A$0.08[1]	11,002,656	-	(2,822,778)		8,179,878	-
01/07/2020	01/07/2025	A$0.03[1]	10,004,499	-	(6,283,818)	-	3,720,681	-
01/07/2021	01/07/2026	A$0.07[1]	-	9,194,811	-	-	9,194,811	-
TOTAL			**103,683,488**	**9,194,811**	**(43,910,316)**	**(2,227,122)**	**66,740,861**	**45,645,491**
Weighted average exercise price			**A$0.07**	**A$0.07**	**A$0.04**	**A$0.11**	**A$0.04**	**A$0.03**

1 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR. Following shareholder approval of a A$ 3 cent capital return, at an extraordinary general meeting on 10 August 2021, the strike prices of SARs on issue have been reduced by A$ 3 cents.

Long Term Incentive Plan (SARs)

The LTI arrangements approved at the 2010 annual general meeting apply to senior executives and involve the grant of share appreciation rights which may vest subject (amongst other things) to the level of total shareholder return ('**TSR**') achieved in the vesting period, relative to an appropriate index. This plan applied for the financial years up to and including 2022. As noted in the remuneration report, following a review of the current long term incentive plan award of Share Appreciation Rights), the Board approved a revised LTI Plan which involves the award of performance rights in place of share appreciation rights. The rationale for the new LTI plan is to create a stronger link between performance and reward and to align the interests of Senior Executives more strongly with those of the shareholders of Horizon.

A SAR is a right to receive either or both a cash payment or shares in the Company, as determined by the board, subject to the Company satisfying certain conditions, including performance conditions.

The LTI Plan provides that the amount of the cash payment or the number of shares in the Company that the participant receives on exercise of the SAR is based on the value of the SAR at the time it is exercised ('**SAR Value**'). The SAR Value is the excess, if any, of the volume weighted average price ('**VWAP**') of shares in the Company for the ten business day period up to the date before the date the SAR is exercised over the VWAP of shares in the Company for the ten business day period up to the day before the "Effective Allocation Date" for the SARs. The Effective Allocation Date for the SARs is the grant date of the SARs or any other day determined by the board, at the time of the grant. The Effective Allocation Date would generally be the date the executive's entitlement was determined.

If the board determines that the SARs are to be satisfied in cash, the amount of cash that the participant receives on the exercise of the SARs is the SAR Value multiplied by the number of SARs exercised (less any deduction for taxes that the Company is required to make from the payment). If the board determines that the SARs are to be satisfied in shares, the number of shares that the participant receives on the exercise of the SARs is the SAR Value divided by the volume weighted average price of shares in the Company for the ten business day period up to the day before the day the SARs are exercised. Where the number of shares calculated is not a whole number, it will be rounded down to the nearest whole number.

Long Term Incentive Plan (Performance Rights)

The LTI arrangements approved at the 2022 annual general meeting apply to senior executives and involve the grant of performance rights which may vest subject (amongst other things) the achievement of certain share price hurdles, A$25 million of cumulative share trades at or above the share price hurdles and the one month VWAP, at the one year anniversary of achieving the share price hurdle, must meet or exceed the share price hurdle. This plan applied for from and including the 2023 financial year.

Under the LTI Plan, the board has the discretion, subject to the ASX Listing Rule requirements, to grant performance rights to executives as long-term incentives. A performance right is a right to receive shares in the Company, subject to the Company satisfying certain conditions, including performance conditions. Each performance right entitles the holder to one Horizon Ordinary share should the performance right vest.

No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR or Performance Right.

During the prior financial year, the Horizon Long-Term Incentive Plan and Horizon Employee Option Scheme are also administered by the Horizon Employee Share Trust. This trust is consolidated in accordance with Note 1(C).

Shares issued by the trust to the employees are acquired on-market prior to the issue. Shares held by the trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in the financial statements. Refer to Note 22(C) for details.

Performance Rights issued

36,400,000 performance rights were issued under the Long-Term Incentive Plan The independently assessed fair value's at grant date of these performance rights are disclosed below.

The terms and conditions of each grant of Performance Rights presently on issue are as follows:

TRANCHE (ISSUED 1 JULY 2022)	NUMBER OF RIGHTS	SHARE PRICE HURDLE (A$)[1]	EXPIRY DATE	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE	DATE EXCERCISABLE[2]
CEO Performance Rights issued with a Grant Date of 16 November 2022					
Tranche A Rights	7,000,000	0.085	30 June 2027	A$0.094	100% after 1/7/2023[4]
Tranche B Rights	5,600,000	0.115	30 June 2027	A$0.077	100% after 1/7/2023[4]
Tranche C Rights	4,200,000	0.135	30 June 2027	A$0.065	100% after 1/7/2023[4]
Tranche D Rights	2,800,000	0.155	30 June 2027	A$0.046	100% after 1/7/2023[4]
COO Performance Rights issued with a Grant Date of 8 August 2022					
Tranche A Rights	3,500,000	0.085	30 June 2027	A$0.065	100% after 1/7/2023[4]
Tranche B Rights	2,800,000	0.115	30 June 2027	A$0.045	100% after 1/7/2023[4]
Tranche C Rights	2,100,000	0.135	30 June 2027	A$0.038	100% after 1/7/2023[4]
Tranche D Rights	1,400,000	0.155	30 June 2027	A$0.033	100% after 1/7/2023[4]
CFO Performance Rights issued with a Grant Date of 1 May 2023					
Tranche E Rights	3,500,000	0.17	30 April 2028	A$0.086	100% after 1/5/2024[4]
Tranche F Rights	3,500,000	0.18	30 April 2028	A$0.077	100% after 1/5/2024[4]

1 In accordance with the plan, the Share Price Hurdles have been adjusted to account for the AUD 4.5 cents of distributions made to shareholders during the 2023 financial year.
2 Performance Rights will become exercisable subject to meeting vesting or performance conditions.
3 The value per Performance Right at grant date is determined by an independent expert.
4 No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a Performance Right.

The Group engages external, independent and qualified valuers to determine the fair value at grant date. The fair value of the performance rights is using a Monte Carlo simulation technique.

The Monte Carlo simulation technique used to calculate the theoretical value of the performance rights uses current stock prices, expected dividend yield, expected interest rates, time to expiration and expected volatility. A calculated share price volatility of 60.0% was applied in the valuation. All other parameters were based on the specific terms of the share appreciation rights issued or observable market data.

The simulation inputs for the grant of Performance Rights during the financial year ended 30 June 2023 included:

	CEO	COO	CFO
Effective allocation date	1 July 2022	1 July 2022	1 May 2023
Expiry date	30 June 2027	30 June 2027	30 April 2028
Grant date	16 November 2022	8 August 2022	1 May 2023
Exercise price	Nil[1]	Nil[1]	Nil[1]
Expected price volatility	60% p.a.	60% p.a.	60% p.a.
Risk free rate	3.04% p.a.	3.42% p.a.	3.08% p.a.
Expected dividend yield	20.00% p.a.	20.00% p.a.	20.00% p.a.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the financial year as part of employee benefits expense in profit or loss were as follows:

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
SHARE APPRECIATION RIGHTS ISSUED UNDER:		
Long Term Incentive Plan	**1,369**	370
Total employee share-based payments expense	**1,369**	**370**

Performance Rights/SARs in respect of which expiry dates were modified during the financial year
No Performance Rights/SARs expiry dates were modified during the financial year.

Performance Rights/SARs exercised during the financial year
During the financial year 53,825,369 SARs were exercised and settled with cash payments of A$71,292.13 and 40,357,447 Ordinary shares transferred from the Horizon Employee Incentive Trust.

Performance Rights/SARs lapsing or cancelled during the financial year
During the financial year 5,808,411 SARs lapsed.

Performance Rights/SARs lapsed subsequent to 30 June 2023
No performance rights or SARs have lapsed subsequent to financial year end.

Deferred STI Rights issued subsequent to 30 June 2023
Subsequent to period end, 3,435,980 deferred STI rights were issued in relation to the FY23 STI's awarded. 1,447,056 of these rights remain subject to shareholder approval at the 2023 Annual General Meeting.

Note 32 Employee entitlements

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
EMPLOYEE ENTITLEMENT LIABILITIES ARE INCLUDED WITHIN:		
Current – other creditors	**136**	343
Non-current - other creditors (Note 17)	**233**	111
	NUMBER 2023	**NUMBER 2022**
EMPLOYEE NUMBERS		
Average number of employees during financial year	**11**	12

Note 33 Contingent asset

The Group had no contingent assets as at 30 June 2023.

Note 34 Contingent liabilities

The Group had contingent liabilities as at 30 June 2023 and 30 June 2022 that may become payable in respect of:

In accordance with normal oil and gas industry practice, the Group has entered into joint operations and farm-out agreements with other parties for the purpose of exploring and developing its petroleum interests. If a participant to a joint operation defaults and fails to contribute its share of joint operation obligations, then the remaining joint operation participants are jointly and severally liable to meet the obligations of the defaulting participant. In this event, the interest in the permit or licence held by the defaulting participant may be redistributed to the remaining participants. In the event of a default, a contingent liability exists in respect of expenditure commitments due to be met by the Group in respect of defaulting joint operation participants.

The Group occasionally receives claims arising from its operations in the normal course of business. In the opinion of the directors, all such matters are either covered by insurance or, if not covered, are without merit or are of such a nature the amounts involved would not have a material impact on the results.

No material losses are anticipated in respect of any of the above contingent liabilities.

Note 35 Events after balance sheet date

Other than the matters disclosed in this report, there has not been any matter or circumstance which has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

– the Group's operations in future financial years; or
– the results of those operations in future financial years; or
– the Group's state of affairs in future financial years.

The financial statements were authorised for issue by the Board of Directors on 24 August 2023. The Board of Directors has the power to amend and reissue the financial statements.

Note 36 Exploration and development commitments

The Group has entered into joint operations for the purpose of exploring, developing and producing from certain petroleum interests. To maintain existing interests or rights to earn interests in those joint operations the Group will be expected to make contributions to ongoing exploration and development programs. Since such programs are subject to continual review by operating committees, upon which the Group is represented, the extent of future contributions in accordance with these arrangements is subject to continual renegotiation.

Subject to the above-mentioned limitations, the directors have prepared the following disclosure of exploration and development expenditure commitments not recognised in the consolidated financial statements. These are payable as follows, based on current status and knowledge of estimated quantum and timing of such commitments by segment.

2023	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	1,808	2,745	4,553
Later than one financial year but not later than 5 financial years	-	697	697
Total	**1,808**	**3,442**	**5,250**

2022	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	2,832	20,436	23,268
Later than one financial year but not later than 5 financial years	-	3,530	3,530
Total	**2,832**	**23,966**	**26,798**

The above commitments may be deferred or modified with the agreement of the host government, by variations to the terms of individual petroleum interests, or extensions to the terms thereof. Another factor likely to delay timing of these commitments is the potential lack of availability of suitable drilling rigs in the area of interest.

The commitments may also be reduced by the Group entering into farm-out agreements or working interest trades, both of which are typical of the normal operating activities of the Group.

In addition to the above commitments, the Group has invested funds in other petroleum exploration interests, but is not exposed to a contingent liability in respect of these, as it may choose to exit such interests at any time at no cost penalty other than the loss of the interests.

Note 37 Reconciliation of profit after income tax to net cash flows from operating activities

	CONSOLIDATED	
	2023 US$'000	2022 US$'000
PROFIT FOR FINANCIAL YEAR	**43,852**	24,326
Exploration and development expenditure written off/expensed	**4,549**	810
Depreciation expense	**215**	442
Movement in employee entitlement liabilities	**51**	(13)
Non-cash employee share-based payments expense	**1,369**	370
Amortisation expense	**38,500**	27,018
Amortisation of prepaid financing costs	**240**	574
Discount unwinding on provision for restoration	**1,542**	475
Fair value movements on derivatives	**-**	(977)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase) in trade debtors	**(264)**	(4,165)
(Increase) / Decrease in other debtors and prepayments	**(127)**	298
(Increase) / Decrease in inventory	**1,230**	(1,627)
Increase / (Decrease) in net deferred tax liabilities	**(4,536)**	4,097
Increase / (Decrease) in tax payable	**(2,029)**	7,308
(Decrease) in trade creditors	**(12,945)**	(2,121)
Increase in other creditors	**313**	111
NET CASH INFLOW FROM OPERATING ACTIVITIES	**71,960**	**56,926**

Note 38 Earnings per share

	CONSOLIDATED	
	2023 US CENTS	**2022 US CENTS**
(a) Basic earnings per share attributable to the ordinary equity holders of the Company	**2.74**	1.54
(b) Diluted earnings per share attributable to the ordinary equity holders of the Company	**2.66**	1.48
	2023 NUMBER	**2022 NUMBER**
WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,598,627,894**	1,580,442,962
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,650,327,032**	1,636,917,307
	2023 US$'000	**2022 US$'000**
RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**43,852**	24,326

Information concerning the classification of securities

A. Partly paid ordinary shares

Partly paid ordinary shares carry the rights of fully paid ordinary shares and to that extent they have been recognised as ordinary share equivalents in the determination of basic earnings per share. All partly paid shares on issue are held by the Company.

Details regarding the partly paid ordinary shares are set out in Note 22.

B. Performance rights and share appreciation rights granted as compensation

Performance rights and share appreciation rights (SARs) granted to employees under the Long-Term Incentive Plan or Employee Option Scheme and Performance Rights issued are included in the calculation of diluted earnings per share to the extent to which they are dilutive. The SARs are considered to be contingently issuable shares and are treated as outstanding and included in the calculation of diluted earnings per share if the relevant performance hurdles have been met. Performance Rights and SARs have not been included in the determination of basic earnings per share.

Details regarding the options and share appreciation rights are set out in Note 31.

Note 39 Parent Entity financial information

[i] Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	PARENT ENTITY	
	2023 US$'000	2022 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets	29,560	23,708
Non-current assets	116,298	109,367
Total assets	**145,858**	**133,075**
Current liabilities	1,215	1,644
Non-current liabilities	239	111
Total liabilities	**1,454**	**1,755**
Net assets	**144,404**	**131,320**
Contributed equity	147,792	159,343
Share-based payments reserve	11,122	12,048
Accumulated losses	(74,967)	(74,968)
Profit reserve	60,457	34,898
Total equity	**144,404**	**131,320**
Profit for the financial year	**70,911**	**34,898**
Total comprehensive profit for the financial year	**70,911**	**34,898**

[ii] Guarantees entered into by the parent entity

The parent entity has provided guarantees in respect of bank loan of its subsidiaries amounting to US$7,939,200 (2022: US$1,393,706) and has also provided customary joint venture guarantees.

No liability has been recognised for guarantees provided. After factoring in the likelihood that the parent entity would be required to perform under the guarantees the fair value of the liability was not considered material.

[iii] Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022. For information about guarantees given by the parent entity, see above.

[iv] Contractual commitment for the acquisition of property, plant or equipment

As at 30 June 2023, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2022 – US$Nil).

HORIZON OIL LIMITED

Shareholder Information

Horizon Oil Limited and Controlled Entities
Securities Exchange Information as at 15 August 2023

DISTRIBUTION OF EQUITY SECURITIES

The distribution of equity security holders ranked according to size at 15 August 2023 was as follows:

	ORDINARY SHARES				
SIZE OF HOLDING	SHARES	UNLISTED OPTIONS	SHARE APPRECIATION RIGHTS	PERFORMANCE RIGHTS	DEFERRED STI RIGHTS
1 to 1,000	313	-	-	-	-
1,001 to 5,000	235	-	-	-	-
5,001 to 10,000	729	-	-	-	-
10,001 to 100,000	2,008	-	-	-	1
100,001 and over	822	-	2	3	4
TOTAL	**4,107**	**-**	**2**	**3**	**5**

A total of 394 holders held less than a marketable parcel of 3,226 ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of the Company's ordinary shares are listed below:

	NAME	NO OF ORDINARY SHARES	% OF ISSUED ORDS
1	IMC Investments Limited	400,574,175	25.01
2	J P Morgan Nominees Australia Limited	358,794,278	22.41
3	Citicorp Nominees Pty Limited	163,442,554	10.21
4	HSBC Custody Nominees (Australia) Limited	56,287,283	3.51
5	Mr Michael Francis Sheridan	31,233,289	1.95
6	BNP Paribas Nominees Pty Ltd	29,282,162	1.83
7	Carrington Land Pty Limited	20,000,000	1.25
8	Kaluki Pty Limited	18,235,004	1.14
9	VLH Pty Limited	14,864,367	0.93
10	Botanic Farm Pty Limited	10,000,000	0.62
11	Neweconomy Com Au Nominees Pty Limited	8,374,740	0.52
12	Grizzley Holdings Pty Limited	8,311,941	0.52
13	Mr Damiano M Cifonelli	6,527,756	0.41
14	Mr Leendert Hoeksema	5,960,000	0.37
15	Ms Malaky Kazem	5,550,000	0.35
16	Brides Pty Limited	5,500,000	0.34
17	Mr Anthony James Emmett	4,526,712	0.28
18	Mr Ravi Raj Singh & Mrs Rohini Singh	4,387,098	0.27
19	Mr John Bernard Porteous	4,313,593	0.27
20	Berne No 132 Nominees Pty Limited	4,000,000	0.25
Total		**1,160,164,952**	**72.45**

ISSUED SECURITIES

Issued securities as at 15 August 2023:

SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDERS
Ordinary fully paid shares[1]	1,601,442,962	4,107
Ordinary partly paid shares	1,500,000	1
Unlisted share appreciation rights	7,107,081	2
Unlisted performance rights	36,400,000	3
Unlisted deferred STI rights	3,221,275	5

1 The Company's ordinary fully shares are listed on the Australian Securities Exchange.

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

ORDINARY SECURITY	NO, OF ORDINARY SHARES	% OF ISSUED ORDS
IMC Investments Ltd (an associate of Austral-Asia Energy Pty Ltd)	400,574,175	25.01
Samuel Terry Asset Management Pty Limited	314,232,423	19.62
Spheria Asset Management Pty Limited	107,291,888	6,70
Total	**822,098,486**	**51.33**

VOTING RIGHTS

Ordinary shares – fully paid

Voting of members is governed by the Company's Constitution. In summary, every member present in person or by proxy attorney or representative shall have one vote on a show of hands and one vote for each share on a poll.

Ordinary shares – partly paid

Voting of members is governed by the Company's Constitution. In summary, every member present in person or by proxy attorney or representative shall have one vote on a show of hands and upon a poll, is entitled to one vote to the proportion of the total issue price then paid up.

Share appreciation rights - unlisted

No voting rights.

Performance rights - unlisted

No voting rights.

Deferred STI rights - unlisted

No voting rights.

Glossary

A-IFRS	Australian equivalents to International Financial Reporting Standards
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD/A$	Australian dollars
bbl(s)	Blue barrel(s), oil barrel volume is 0.159 cubic metres
bcf	Billion cubic feet of natural gas
boe	Barrel of oil equivalent. The factor used to convert gas to oil equivalent is based upon an approximate energy value of 6,000 cubic feet per barrel and not price equivalence at the time
boepd	Barrel of oil equivalent per day
bopd	Barrel of oil per day inclusive of NGLs
CNOOC	China National Offshore Oil Corporation
EBITDAX	Earnings before interest, tax, depreciation, depletion and amortisation, and exploration expenses
ESP	Electrical submersible pump
FID	Final investment decision
FPSO	Floating production, storage and offloading vessel
GST	Goods and services tax
JOA	Joint operating agreement
km	Kilometres
LIBOR	London inter-bank offered rate
LNG	Liquified natural gas
MBIE	Ministry of Business, Innovation and Employment in New Zealand
mmbbl/mmbo	Million barrels of oil
mmboe	Million barrels of oil equivalent
mmcfb	Millions cubic feet barrels
NGL(s)	Natural gas liquid(s)
OTCQB	OTC Markets Group Venture Market
ODP	Overall Development Plan
PEP	Petroleum exploration permit
PMP	Petroleum mining permit
Reserves	Reserves as included in this report refers to both Proven and Probable reserves (2P). Proven and Probable reserves are reserves that analysis of geological and engineering data suggests are more likely than not to be recoverable – there is at least a 50% probability that reserves recovered will exceed Proven and Probable reserves.

Contingent Resources	The Company's technically recoverable resources (2C) for its discovered oil and gas fields are classified as contingent resources. These resources would be expected to be booked in reserves (Proven and Probable reserves) once commercialisation arrangements have been finalised.
PSA	Production Sharing Agreement
SDA	Supplemental Development Agreement
SPE-PRMS	Society of Petroleum Engineers – Petroleum Resources Management System
Sq km	Square kilometres
tcf	Trillion cubic feet of natural gas
USD / US$	United States dollars
WHP	Wellhead platform
WOU	Workover unit
2D Seismic	Seismic recorded in 2 dimensions
3D Seismic	Seismic recorded in 3 dimensions

Board of Directors	Michael Harding (Chairman) Richard Beament (Chief Executive Officer) Sandra Birkensleigh Gregory Bittar (Alternate: Bruno Lorenzon) Bruce Clement Nigel Burgess
Company Secretary	Vasilios (Vas) Margiankakos
Assistant Company Secretary	Kyle Keen
Australian Registered Office (Principal place of business)	Level 4, 360 Kent Street, SYDNEY NSW 2000 Telephone: +]612] 9332 5000 Facsimile: +[612] 9332 5050 Email: info@horizonoil.com.au Website: www.horizonoil.com.au
Domicile and country of incorporation	Australia
Share Registrar	Computershare Investor Services Pty Limited Level 4, 60 Carrington Street SYDNEY NSW 2000 Telephone: +(613) 9415 4000
Solicitors	King & Wood Mallesons Level 30 Waterfront Place 1 Eagle Street BRISBANE QLD 4000
Auditor	PwC One International Towers Sydney Watermans Quay, Barrangaroo SYDNEY NSW 2000
Stock Exchange	Horizon Oil Limited shares are listed on the ASX (ASX code: HZN) and the US OTC Markets Group (OTCQB: HZNFF)
Notice of annual general meeting	The Annual General Meeting of Horizon will be held at: Dexus Place, Level 5 1 Margaret Street Syndey NSW 2000 Time: 10.00am Date: 22 November 2023

HORIZON

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