HORIZON ADVISES HALF-YEAR RESULTS

In accordance with Listing Rule 4.2A.3, Horizon Oil Limited lodges its Half-Year Report for the period to 31 December 2023. The financial results for the period are set out in the attached half-year report which incorporates the Appendix 4D.

HIGHLIGHTS

Capital management

- The Company announces an interim unfranked (conduit foreign income) dividend distribution of AUD 1.5 cents per share, a return to shareholders of approximately A$24 million to be paid in April 2024.

Strong cashflow replenishes cash balance

- Production and sales volumes for the half-year were 763,145 bbls and 757,784 bbls, with 2023 calendar year production and sales volumes significantly higher than the prior calendar year at 1,747,129 bbls and 1,731,571 bbls.
- Revenue for the half-year was US$66.1 million (inclusive of hedge settlements) at a net realised oil price of US$87.27/bbl, with 2023 calendar year revenue of over US$142 million.
- EBITDAX of US$44.0 million for the half year, with cash operating costs of ~US$21.50/bbl, inclusive of workover costs.
- Statutory profit before tax for the half year of US$26.6 million, an increase of 9% compared to the prior comparative period with disciplined spending and cost recovery revenues more than offsetting the impact of the decline in production volume.
- Cash and net cash at 31 December 2023 was US$45.1 million, with a further US$10.5 million pertaining to the Maari December lifting received shortly after the period end.

Acquisition of 25% non-operated interest in the producing Mereenie oil and gas field[1]

- Subsequent to the period end, the Company announced it has executed a sale and purchase agreement to acquire a 25% non-operated participating interest in the OL4 and OL5 development licences, Northern Territory, Australia, which contain the producing Mereenie conventional oil and gas field. Transaction remains subject to customary completion conditions and regulatory approvals.
- The upfront cash consideration for the transaction is ~US$27.6 million which is to be fully debt funded from a new 5- year debt facility from Macquarie Bank. Consideration also includes deferred and contingent payments of up to US$5.8 million payable over the next 24 months.
- Acquisition to add 6.4 mmboe of 2P reserves as at the transaction effective date of 1 April 2023.

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

"This has been another solid half-year for the Company with the continued strong free cashflow generation completely replenishing cash reserves following the ~US$21 million (AUD 2 cents per share) distribution paid to shareholders in October 2023. Impressively, over the 12 months to 31 December 2023 cash generation was over US$57 million, with net cash increasing by over US$20 million, despite having paid out ~US$37 million in distributions.

Accordingly, we are delighted to again announce an interim unfranked dividend distribution of AUD 1.5 cents per share following the rapid cash rebuild. With the funding structure for the recently announced acquisition, together with the expected additional cashflows to be derived from Mereenie, we expect to be able to continue and potentially enhance future distributions.

[1] For further information and Reserves disclosures refer to ASX announcements dated 14 February 2024.

Whilst overall production for the half year declined, this was to be expected as the prior comparative period benefitted from flush production from the highly successful WZ12-8E development drilling in China. Production at Maari increased substantially during the half year by over 33% following successful workover operations aided by the maintenance of high facility uptime. Expected natural field decline at Block 22/12 continued during the period, with plans afoot to increase production rates through infill drilling and workover activity during 2024.

It is particularly pleasing to see that operating cashflows remained robust over the half year, and the Group's statutory profit before tax was 9% higher than the comparative half year, despite the 13% reduction in sales revenue. This is a testament to the Group's continued low cash operating costs and disciplined expenditure that was achieved despite the high inflationary environment.

Looking forward, production enhancement opportunities remain a priority at both Maari and Block 22/12, with a workover of the currently shut-in MR6a workover at Maari commencing during the period, and a workover of three wells in the WZ6-12 field at Block 22/12 having commenced during January. The Block 22/12 joint venture continues to mature an infill drilling program with an anticipated first half of calendar year 2024 start date, subject to joint venture and regulatory approvals. We look forward to closing the Mereenie transaction over the coming months and integrating it into our portfolio. The Company remains in a strong financial position with sustained high oil prices and production ensuring we can act on our strategy of realising value for shareholders."

Richard Beament
Chief Executive Office

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 2024 HALF-YEAR RESULT		31 DEC 2023 US$'000	31 DEC 2022 US$'000	CHANGE %
Oil and gas sales	*bbls*	757,784	800,651	(5%)
Oil and gas production	*bbls*	763,145	931,901	(18%)
Sales revenue		66,120	75,698	(13%)
EBITDAX[1]		44,006	52,248	(16%)
Statutory profit before tax		26,589	24,288	9%
Statutory profit for the period		**18,257**	**18,958**	**(4%)**
Cash on hand		**45,066**	**40,414**	**12%**
Cashflow from operating activities		32,470	25,740	26%
Senior debt facility[2]		-	15,663	(100%)
Net Cash		**45,066**	**24,751**	**82%**

Note 1: EBITDAX is a financial measure which is 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. The directors consider EBITDAX to be a useful measure of performance as it is widely used by the oil and gas industry. EBITDAX has not been audited, however it has been extracted from the financial reports for the periods ended 31 December 2022 and 31 December 2023, which have been subject to review by the Group's auditors.

Note 2: Represents principal amounts drawn down.

The Group's CEO, Richard Beament, and CFO, Kyle Keen will host a webcast on 27 February 2024 at 11.00am (AEDT) to discuss the Group's operations and financial results for the Half-Year.

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

Authorisation

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

HORIZON

HALF-YEAR REPORT

INCORPORATING APPENDIX 4D

31 DECEMBER 2023

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Horizon Oil Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

APPENDIX 4D
PRELIMINARY FINAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 half-year report for the period to 31 December 2023.

Current reporting period: Half-year ended 31 December 2023

Previous corresponding period: Half-year ended 31 December 2022

Results for announcement to the market

	PERCENTAGE CHANGE			AMOUNT US$'000
Revenue from continuing operations	Down	13%	to	66,120
Profit from ordinary activities after tax	Down	4%	to	18,257
Profit for the period attributable to members	**Down**	**4%**	**to**	**18,257**

Dividends

	AMOUNT PER SECURITY AUD CENTS	FRANKED AMOUNT PER SECURITY
Interim dividend	1.5	Nil

Horizon Oil Limited announced on 27 February 2024 an interim Conduit Foreign Income (CFI) unfranked dividend of AUD 1.5 cents per Ordinary share which will be paid on 26 April 2024. The final FY23 dividend of AUD 2.0 cents per share was paid during the half-year on 25 October 2023.

Net Tangible Assets

	2023 US CENTS	2022 US CENTS
Net tangible asset backing per ordinary share	5.6	5.4

Controlled entities acquired or disposed of

During the half-year, the Group established a wholly owned subsidiary (Horizon Australia Energy Pty Ltd) to hold the recently announced proposed acquisition of a 25% working interest in the producing Mereenie oil and gas field.

Other than the abovementioned establishment of Horizon Australia Energy Pty Limited, no controlled entities were acquired or disposed of during the current or the prior reporting period.

Notes:

Reports are based on reviewed consolidated financial statements.

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

HALF-YEAR FINANCIAL REPORT
DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as 'The Group') consisting of Horizon Oil Limited and the subsidiaries it controlled at the end of, or during the half-year ended, 31 December 2023.

Directors

The following persons were directors of Horizon Oil Limited during the whole of the half-year and up to the date of this report:

M Harding
R Beament
S Birkensleigh
G Bittar
B Clement
N Burgess

Review of operations

Principal activities

During the course of the half-year ended 31 December 2023, the Group's principal activities continued to be directed towards petroleum production, development and exploration.

The Group's production for the half year was 763,145 barrels of oil (HY2023: 931,902 barrels). As anticipated, production declined naturally across all of the main producing fields in Block 22/12 during the period, with the prior comparative period benefitting from flush production from the newly drilled WZ12-8E development wells. A three well workover campaign commenced shortly after period end, which together with a 4 well drilling programme that is anticipated later in the financial year, aims to increase production from Block 22/12. Increased production from Maari during the period partially offset the expected natural production decline from Block 22/12 following the reinstatement of production from the Manaia-1 well.

Sales volumes for the half year was 757,784 bbls (HY2023: 800,651 bbls). Sales revenue of US$66.1 million (HY2023: US$75.7 million) was generated during the half-year resulting from a net realised oil price of US$87.27 per barrel (HY2023: US$94.55 per barrel), inclusive of hedge settlements.

Operating costs for the period were US$35.8 million, lower than the prior comparative period (HY2023: US$42.4 million) owing predominantly to the decline in production.

The Group reported a profit after tax of US$18.3 million for the half-year (HY2023:US$18.9 million). Non-cash items impacting on the half-year result included US$16.3 million (HY2023: US$22.1 million) in amortisation of production phase assets and depreciation of property, plant and equipment, US$0.5 million (HY2023: US$0.3 million) related to the value of non-cash expense in relation to the share appreciation and share performance rights granted to Horizon employees, and US$1.1 million (HY2023: US$0.1 million) financing expense related to the unwind of the discount on the Maari restoration provision.

EBITDAX from operations was US$44.0 million (HY2023: US$52.2 million), and EBIT from operations was US$27.2 million (HY2023: US$25.8 million). Cashflows from operating activities of US$32.5 million (HY2023: US$25.7 million) enabled the Group to substantially replenish cash following the payment during the period of the final dividend for FY23 of ~US$21 million. Cashflow also allowed for the accumulation of funds for Maari restoration and enabled the Group to meet its capital expenditure commitments.

EBITDAX and EBIT are financial measures which are not prescribed by Australian Accounting Standards. EBITDAX represents the profit under Australian Accounting Standards adjusted for interest expense, revaluation of derivative financial instruments, taxation expense, depreciation, amortisation, exploration expenditure and profit from discontinued operations. 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 been extracted from the financial reports for the periods ended 31 December 2022 and 31 December 2023. A more detailed review of the current year result is set out in the pages following.

Segment information is included in Note 3 of the financial statements.

Corporate

Group liquidity

At 31 December 2023, the Group's net cash position was US$45.1 million (30 June 2023: US$43.6 million) despite the ~US$21 million distribution paid to shareholders in October 2023. Net cash comprises cash and cash equivalent assets held of US$45.1 million (30 June 2023: US$35.7 million) with the Group's debt facility fully repaid on 31 July 2023. Further details of the Group's debt facility are set out in Note 11.

Consolidated statement of financial position

At 31 December 2023, total assets were US$174.9 million (30 June 2023: US$183.5 million) and total liabilities were US$83.2 million (30 June 2023: US$87.7 million), resulting in net assets of US$91.7 million (30 June 2023: net assets of US$95.8 million). The Group had a working capital surplus of US$45.8million (30 June 2023: US$38.1 million).

Distributions

The Board has declared an interim distribution of AUD 1.5 cents per Ordinary share totalling approximately AUD24.1 million. This distribution has been declared as a Conduit Foreign Income (CFI) unfranked dividend and will be paid on 26 April 2024.

Acquisition of 25% non-operated interest in the producing Mereenie oil and gas field

As announced on 14 February 2024, Horizon has executed a sale and purchase agreement with Macquarie Mereenie to acquire a 25% non-operated participating interest in the OL4 and OL5 development licences, Northern Territory, Australia, which contain the producing Mereenie conventional oil and gas field. The proposed acquisition has been executed together with New Zealand Oil and Gas ("NZOG"), an incumbent Mereenie joint venture partner, who will acquire a further 25% participating interest in OL4 and OL5 from Macquarie on identical terms.

The initial cash consideration is US$27.6 million, with an effective date of 1 April 2023, plus up to US$5.8 million in deferred and contingent payments over the next 24 months which are subject to certain conditions being met. The initial cash consideration will be 100% funded from a new five-year debt facility from Macquarie which is secured against the acquired asset. The transaction remains subject to customary completion conditions including regulatory and joint venture approvals, and documentation of the committed debt facility.

Sustainability

Sustainability continues to be an important focus area for Horizon. Progress made during the half year ended 31 December 2023 is set out below for each of Horizon's ESG priority areas.

Health, safety & environment (HSE)

Both Block 22/12 and Maari have continued their strong safety performance, despite significant workover activities. As at the half year ended 31 December 2023, Horizon achieved a Total Recordable Injury Frequency Rate (TRIFR) of 2.13, and a Lost Time Injury Frequency Rate (LTIFR) of Zero, both less than recent National Offshore Energy Regulator (NOPSEMA) industry averages in Australia. There were also zero fatalities and zero material environmental incidents.

Environmental regulation

The Group is subject to significant environmental regulation in respect of exploration, development and production activities in the 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 relevant environmental regulations and is not aware of any breach of those environmental regulations as they apply to the Group.

Governance

Governance continues to be a core focus for the Group. During the period Horizon conducted its annual assessments on its value and supply chain for risks and incidences of modern slavery. The Modern Slavery Statement, for the financial year 2023, was submitted to the Australian Government during the half-year ended 31 December 2023 in line with the requirements of the Australian Modern Slavery Act 2018.

This statement may be accessed from the Company's website at https://horizonoil.com.au/governance/.

Climate change

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.

Horizon continues to work with JV partners and Operators to identify and implement Scope 1 emission reduction initiatives. Horizon has been working closely with the Maari Operator to progress a concept to recover low pressure gas flashed from a production separator. In China, the Operator is actively considering ways to utilise gas which is currently being flared.

As noted in our FY23 Sustainability report Horizon made an AUD 2 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 progressed the Flinders Biochar project on Kangaroo Island in South Australia, which aims to sequest the carbon embodied in approximately 4.5 million tonnes of fire damaged biomass (standing timber) into approximately 960,000 tonnes of biochar.

The first pyrolysis unit arrived on site during the reporting period and has been commissioned. The biochar product has been analysed to determine the carbon removal credit (CRC) yield per unit measure of feed biomass, an important input parameter in the project accreditation / registration process, carried out by an independent and accredited third-party. Preliminary laboratory results indicate a CRC yield higher than initial assumptions. Nobrac has also made progress in procuring larger pyrolysis units required to process the approximate 4.5 million tonnes of feedstock.

People – Employees & Community

The Maari JV partners have agreed to contribute funding towards the development of two projects managed by South Taranaki District Council, over a three-year period. One of the projects is for the development of a pump track (intended for skateboards, scooters and bikes) in Aotea Park, Waverly. The second project is for the development of a jetty at the end of York Street in the town of Patea, for use by the community for recreation. Horizon will continue to work with our operators and partners to identify and participate in meaningful community-based projects in both New Zealand and China.

Activities Review

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

During the half-year, the Group's working interest share of production from the Beibu Gulf fields was 515,569 barrels of oil. Average gross production over the half-year was over 10,000 bopd, of which the Group's share was 2,800 bopd. Production declined during the half year as anticipated, largely due to natural decline across all of the main producing fields. In addition, there were approximately eight days of production deferral during July due to a scheduled annual maintenance campaign and a precautionary shutdown for Typhoon Tai Li which passed through the Beibu Gulf.

Net sales for the half-year were 516,732 bbls, generating revenue of US$44.1 million at an average realised price of US$85.32/bbl exclusive of executed hedging. Oil sales and revenue benefited from an incremental cost recovery oil entitlement[1] resulting in an additional ~US$3.9 million of revenue recorded for the half-year. Cash operating costs for the half-year averaged US$19.45/bbl.

A three well workover campaign commenced subsequent to the end of the period, comprising activities to restore production from two currently inactive wells, and preparatory work on a third inactive well to enable side-tracking during the proposed drilling program in H1 CY2024.

The Block 22/12 Joint Venture continues to evaluate and mature further infill drilling targets with a view to executing a drilling program during calendar year 2024, 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. Accordingly, an acid job was completed during the period on the A7 water disposal well at WZ12-8E resulting in increased water disposal rates.

[1] Cost recovery oil entitlement is a right under the Block 22/12 Petroleum Contract to additional oil production to compensate Horizon for historical exploration expenditure incurred in the Block. The current entitlement is associated with historical WZ12-8E exploration costs.

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

During the half-year, the Group's working interest share of production from the Maari and Manaia fields was 247,576 barrels of oil. Average gross production over the half-year was 5,175 bopd, of which the Group's share was 1,346 bopd. Crude oil sales were 241,052 barrels, generating revenue of US$22.0 million at an average realised price of US$92.07/bbl exclusive of executed hedging. Maari crude oil continued to attract significant premiums to dated Brent which enhanced cashflow generation from the asset during the period. Cash operating costs for the half-year were US$25.79/bbl (produced). Crude oil inventory at 31 December 2023 was 39,805 bbls with the next scheduled lifting forecast for March 2024.

The Maari Joint Venture commenced works during the half-year on the conversion of MR2a to a permanent water injector, with the workover successfully completed in September 2023. MR2a is expected to enable increased water injection into the Maari Moki field to provide further pressure and displacement support to the producing wells. The Maari Joint Venture commenced a workover on the currently shut-in MR6A well with the aim of reinstating oil production from the Maari Mangahewa and to exploit a previously unproduced Matapo Sandstone behind pipe opportunity. Following some repairs to the workover unit, the workover is now expected to be completed later this financial year.

The Operator received the FPSO class extension certificate from the certifying authority ABS which allows the facility to continue to operate for a further five years through to April 2028, subject to meeting ongoing continuous survey requirements. This, together with the continued favourable production trends at Maari provides the joint venture with the confidence to pursue life extension beyond the current 2027 permit expiry, including the preparation of licence extension documentation which is planned to be lodged with the regulator later this calendar year.

Outlook

In the near term, continued strong operating cashflow generation is forecast, aided by a high oil price environment. The Group expects continued robust production supported by the anticipated infill drilling programme and workover campaign in Block 22/12. These cashflows are expected to enable continued returns to shareholders and funding for further production growth opportunities.

The Group's short-term focus is on:

– Continued optimisation of production performance from the Beibu and Maari/Manaia fields;
– Finalisation of the Mereenie transaction and the associated debt facility; and
– Continued evaluation of organic and inorganic growth opportunities.

Reporting currency

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191 and accordingly amounts in the directors' report and interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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
27 February 2024

Auditor's Independence Declaration

As lead auditor for the review of Horizon Oil Limited for the half-year ended 31 December 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 review; and

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

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
27 February 2024

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HORIZON OIL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	NOTE	31 DEC 2023 US$'000	31 DEC 2022 US$'000
Revenue	4	66,120	75,698
Cost of sales		(35,840)	(42,444)
Gross profit		**30,280**	**33,254**
Other revenue / other income		823	236
General and administrative expense		(1,442)	(1,812)
Insurance expense		(1,138)	(949)
Exploration expense written off		(455)	(4,355)
Finance costs – interest, transaction costs, other		(1,477)	(1,535)
Foreign exchange loss		(2)	(551)
Profit before income tax expense		**26,589**	**24,288**
NZ royalty tax expense		(2,479)	(2,188)
Income tax expense		(5,853)	(3,142)
Profit for the half year		**18,257**	**18,958**
OTHER COMPREHENSIVE INCOME **ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS**			
Changes in the fair value of cash flow hedges		(17)	**255**
Total comprehensive income for the half-year		**18,240**	**19,213**
PROFIT ATTRIBUTABLE TO:			
Security holders of Horizon Oil Limited		18,257	18,958
Profit for the period		**18,257**	**18,958**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Security holders of Horizon Oil Limited		18,240	19,213
Total comprehensive income for the period		**18,240**	**19,213**
		US CENTS	
Basic earnings per share		**1.13**	1.19
Diluted earnings per share		**1.11**	1.15

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

HORIZON OIL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTE	31 DEC 2023 US$'000	30 JUN 2023 US$'000
CURRENT ASSETS			
Cash and cash equivalents	6	45,066	43,591
Receivables		17,089	18,351
Inventories		4,123	2,953
Derivative financial instruments	5	-	24
Other assets		717	547
Intangible assets	7	1,148	1,028
Total current assets		**68,143**	**66,494**
NON-CURRENT ASSETS			
Investments	5	1,351	1,351
Deferred tax assets		14,002	10,591
Plant and equipment	8	267	355
Oil and gas assets	9	91,133	104,707
Total non-current assets		**106,753**	**117,004**
Total assets		**174,896**	**183,498**
CURRENT LIABILITIES			
Payables	10	13,053	13,405
Current tax payable		9,311	7,058
Borrowings	11	-	7,912
Total current liabilities		**22,364**	**28,375**
NON-CURRENT LIABILITIES			
Payables	10	283	424
Deferred tax liability		3,874	5,044
Provisions	12	56,666	53,879
Total non-current liabilities		**60,823**	**59,347**
Total liabilities		**83,187**	**87,722**
Net assets		**91,709**	**95,776**
EQUITY			
Contributed equity	13	149,578	147,792
Reserves		7,981	11,122
Accumulated losses		(131,343)	(123,595)
Profit reserve		65,493	60,457
Total equity		**91,709**	**95,776**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

HORIZON OIL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	ATTRIBUTABLE TO MEMBERS OF THE COMPANY				
	CONTRIBUTED EQUITY US$'000	RESERVES US$'000	ACCUMULATED LOSSES US$'000	PROFIT RESERVE[1] US$'000	TOTAL EQUITY US$'000
Balance at 1 July 2022	**159,343**	**12,093**	**(96,536)**	**24,326**	**99,226**
Profit / (loss) for the half-year	-	-	(23,055)	42,013	**18,958**
Other comprehensive income	-	255	-	-	**255**
Total comprehensive profit for the half-year	**-**	**255**	**(23,055)**	**42,013**	**19,213**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS EQUITY HOLDERS:					
Employee share-based payments expense	-	305	-	-	**305**
Settlement of exercised options	-	(4,130)	-	-	**(4,130)**
Ordinary shares issued, net of costs	2,296	-	-	-	**2,296**
Acquisition of treasury shares	-	(2,304)	-	-	**(2,304)**
Issue of treasury shares	-	4,084	-	-	**4,084**
Capital return	(13,847)	-	-	-	**(13,847)**
Dividends	-	-	-	(18,375)	**(18,375)**
Balance at 31 Dec 2022	**147,792**	**10,303**	**(119,591)**	**47,964**	**86,468**
BALANCE AT 1 JULY 2023	**147,792**	**11,122**	**(123,595)**	**60,457**	**95,776**
Profit / (loss) for the half-year	-	-	(7,748)	26,005	**18,257**
Other comprehensive loss	-	(17)	-	-	**(17)**
Total comprehensive profit for the half-year	**-**	**(17)**	**(7,748)**	**26,005**	**18,240**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS EQUITY HOLDERS:					
Employee share-based payments expense	-	534	-	-	**534**
Settlement of exercised options	-	(1,865)	-	-	**(1,865)**
Ordinary shares issued, net of costs	1,786	-	-	-	**1,786**
Acquisition of treasury shares	-	(1,793)	-	-	**(1,793)**
Dividends	-	-	-	(20,969)	**(20,969)**
Balance at 31 Dec 2023	**149,578**	**7,981**	**(131,343)**	**65,493**	**91,709**

[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.

HORIZON OIL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2023

	HALF-YEAR TO	
	31 DEC 2023 US$'000	31 DEC 2022 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	68,223	70,866
Payments to suppliers and employees	(25,272)	(31,801)
	42,951	**39,065**
Interest received	780	236
Interest paid	(380)	(905)
Income and royalty taxes paid	(10,881)	(12,656)
Net cash inflows from operating activities	**32,470**	**25,740**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration phase expenditure	-	(3,937)
Payments for oil and gas assets	(1,966)	(8,187)
Payment for financial asset through other comprehensive income	-	(1,351)
Net cash (outflows) from investing activities	**(1,966)**	**(13,475)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from 12-month extension of senior debt facility	-	20,000
Transaction costs incurred on borrowing	-	(235)
Repayment of borrowings	(7,939)	(5,574)
Payments under leasing arrangements	(114)	(74)
Proceeds from new share issue (net of costs)	1,786	2,296
Payments for shares acquired by Trust	(1,793)	(2,304)
Return of capital to shareholders	-	(13,521)
Dividends paid to shareholders	(20,969)	(16,525)
Net cash (outflows) from financing activities	**(29,029)**	**(15,937)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,475	(3,672)
Cash and cash equivalents at the beginning of the half-year	43,591	44,086
Cash and cash equivalents at the end of the half-year	**45,066**	**40,414**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1 Basis of preparation of half-year report

The general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Horizon Oil Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Critical accounting estimates and judgements

Estimates and judgements 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

Management makes certain estimates and assumptions as to future events and circumstances. These estimates and assumptions include whether commercially viable resources 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, as well as the discount rate.

New Zealand, Maari Restoration

During the half-year, the Group revised the discount, foreign exchange and inflation rates used in quantifying the New Zealand restoration provision, resulting in US$1.7 million increase to the restoration provision and the related oil and gas asset.

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 requires 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 around 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 production rates. The estimated future cash flows are discounted back to today's dollars to obtain the fair value amount using a pre-tax discount rate of 14%.

(iv) Share-based payments

Share-based payment transactions with directors and employees are measured by reference to the fair value of the share performance rights or options at the date they were granted. The fair value is ascertained using an appropriate pricing model, either Black-Scholes or Monte Carlo simulation, depending on the terms and conditions upon which the share performance rights or 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.

(v) 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. Temporary tax differences recognised in New Zealand have continued to be recognised as deferred tax assets on the basis that it is expected the operations will generate sufficient taxable profits to fully utilise those losses.

(b) Critical judgements in applying the Group's accounting policies

No critical judgements which are 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 Block 22/12 – WZ6-12, WZ12-8W and WZ12-8E oil field developments, and 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 PMP38160.

(b) Segment information provided to the chief operating decision maker

HALF-YEAR 2024 (31 DECEMBER 2023)	CHINA EXPLORATION AND DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION AND DEVELOPMENT US$'000	UNALLOCATED US$'000	TOTAL US$'000
SEGMENT REVENUE:				
Revenue from external customers	44,087	22,033	-	66,120
Profit before tax	**20,019**	**6,084**	**486**	**26,589**
Depreciation and amortisation	(8,793)	(7,427)	(88)	(16,308)
Total segment assets at 31 December 2023	**53,117**	**83,174**	**38,605**	**174,896**
Additions to non-current assets other than financial assets and deferred tax during the half-year:				
Development and production phase expenditure	174	756	-	930
Total segment liabilities at 31 December 2023	**15,309**	**66,957**	**921**	**83,187**

HALF-YEAR 2023 (31 DECEMBER 2022)	CHINA EXPLORATION AND DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION AND DEVELOPMENT US$'000	UNALLOCATED US$'000	TOTAL US$'000
SEGMENT REVENUE:				
Revenue from external customers	62,981	12,717	-	75,698
Profit before tax	**22,839**	**2,870**	**(1,421)**	**24,288**
Depreciation and amortisation	(18,058)	(3,889)	(124)	(22,071)
Total segment assets at 31 December 2022	**87,333**	**83,501**	**30,412**	**201,246**
Additions to non-current assets other than financial assets and deferred tax during the half-year:				
Exploration phase expenditure:	4,140	-	215	4,355
Development and production phase expenditure:	12,663	2,315	-	14,978
Plant and equipment:	-	-	514	514
Total segment liabilities at 31 December 2022	**53,389**	**60,366**	**1,023**	**114,778**

(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.

Reportable segment profit before tax is equal to consolidated profit before tax.

(iii) Segment assets and liabilities

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

Reportable segment assets and liabilities are equal to consolidated total assets and liabilities.

Note 4 Revenue

Revenue for the half-year ended 31 December 2023 relates to contracts executed for the sale of crude oil and the performance obligations being met within the period. There is no variable consideration requiring estimation for the period ended 31 December 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 31 December 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:

	HALF-YEAR TO 31 DEC 2023 US$'000	31 DEC 2022 US$'000
CRUDE OIL SALES		
Goods transferred at a point in time	**22,033**	12,717
Goods transferred over a period of time	**44,087**	62,981
Total	**66,120**	75,698

Note 5 Fair value measurement of financial instruments

(a) Fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

– Derivative financial instruments
– Financial assets at fair value through other comprehensive income (FVOCI)

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

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2023 and 30 June 2023:

AT 31 DECEMBER 2023	LEVEL 1 US$'000	LEVEL 2 US$'000	LEVEL 3 US$'000	TOTAL US$'000
ASSETS				
Financial assets at fair value through OCI:				
Equity investment in unlisted shares	-	-	1,351	1,351
Total assets	**-**	**-**	**1,351**	**1,351**

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	**-**	**24**	**1,351**	**1,375**

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

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 31 December 2023.

(b) 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 financial liabilities 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 estimates. 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 31 December 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 technique used to value financial instruments include:

– Discounted cash flow projections based on reliable estimates of future cash flows.

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

Note 6 Cash and cash equivalents

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
Cash at bank and on hand	9,607	4,311
Restricted cash[1]	-	12,552
Deposits[2]	35,459	26,728
Closing balance	**45,066**	**43,591**

1 Under the terms of Horizon's Syndicated Revolving Cash Advance Facility, certain cash balances were available to the Group after certain conditions of the relevant facility agreement were satisfied. As the facility has been repaid on 31 July 2023, the conditions no longer apply.

2 Includes on-call and short-term cash deposits with maturities less than 3-months.

Note 7 Intangible assets

CURRENT ASSETS	CONSOLIDATED NEW ZEALAND CARBON CREDITS[1] US$'000	TOTAL US$'000
HALF YEAR ENDED 31 DECEMBER 2023		
Cost – 1 July 2023	1,028	1,028
Additions	120	120
Disposals – settlements[2]	-	-
Closing value	**1,148**	**1,148**

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 less accumulated impairment and are not amortised but are tested for impairment at each balance sheet date.

2 The Company's obligation for the 2023 calendar year is due be settled in May 2024 whereby a portion of the 43,629 NZUs on hand will be surrendered to the Environmental Protection Authority.

Note 8 Plant and Equipment

	BUILDING[a] US$000	OTHER PLANT AND EQUIPMENT[a] US$'000	TOTAL US$'000
As at 1 July 2023			
Cost	1,033	1,756	2,789
Accumulated depreciation	(700)	(1,734)	(2,434)
Net book amount	**333**	**22**	**355**
Half-year ended 31 December 2023			
Opening net book amount	333	22	355
Depreciation expense[b]	(83)	(5)	(88)
Closing net book amount	**250**	**17**	**267**
As at 31 December 2023			
Cost	1,033	1,756	2,789
Accumulated depreciation	(783)	(1,739)	(2,522)
Net book amount	**250**	**17**	**267**

(a) Included in the net book amount of building and other plant and equipment are right-of-use assets as follows:

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
Office premises	250	333
Photocopiers	7	8
Total	**257**	341

(b) Depreciation expense in relation to the right of use assets was US$85,095.

Note 9 Oil and gas assets

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
Opening balance	104,707	106,879
Development and production costs incurred during the period	930	21,469
Reassessment of rehabilitation obligation	1,718	19,020
Expenditure written off during half-year	(2)	(4,161)
Amortisation expense	(16,220)	(38,500)
Closing balance	**91,133**	104,707

Note 10 Payables

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
CURRENT		
Trade creditors	180	337
Share of joint operation creditors and accruals	8,624	10,320
ETS obligation(a)	521	255
Lease liabilities (b)	150	131
Other creditors	3,578	2,362
	13,053	13,405
NON-CURRENT		
Other creditors	175	191
Lease liabilities (b)	108	233
	283	424

(a) The ETS liability represents Horizon Oil International Limited's obligation to the New Zealand Government for the companies proportionate share of the Maari/Manaia fields greenhouse gas emissions. Refer to Note 7 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.

(b) The Group has leases for the Sydney office and various equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 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
31 December 2023				
Lease payments	160	110	-	270
Finance charges	(10)	(2)	-	(12)
Net present values	**150**	**108**	**-**	**258**

Note 11 Borrowings

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
CURRENT		
Bank loans[1] (b)	-	7,912
Total borrowings	**-**	7,912

[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 cash for each of the periods presented.

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
Cash and cash equivalents	45,066	43,591
Borrowings[1] – repayable within one year (including overdraft)	-	(7,939)
Lease liabilities	(258)	(322)
Net cash	**44,808**	35,330
Cash and liquid investments	45,066	43,591
Gross debt[1] – variable interest rates	-	(7,939)
Lease liabilities	(258)	(322)
Net cash	**44,808**	35,330

[1] Borrowings and gross debt represent the nominal value of the Cash advance Facility drawn down.

(b) Reconciliation of borrowings arising from financing activities

		CASHFLOWS		NON-CASH CHANGES	
	Opening 1 Jul 2023 US$'000	Drawdown[1] US$'000	Repayments US$'000	Amortisation of transaction costs US$'000	Closing 31 Dec 2023 US$'000
Cash Advance Facility	7,912	-	(7,939)	27	-
Total liabilities from financing activities	**7,912**	**-**	**(7,939)**	**27**	**-**

[1] Funds drawn down are shown net of associated transaction costs incurred during the period.

(c) 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 was repaid in full as at 31 July 2023.

Note 12 Provisions

	31 DEC 2023 US$'000	30 JUN 2023 US$'000
Restoration (non-current)	**56,666**	53,879
	56,666	53,879
The reconciliation of the movement in the total of the restoration provisions is as follows:		
Balance at beginning of financial year	**53,879**	33,317
Additional provision during half year	**-**	27,750
Unwinding of discount	**1,069**	1,542
Effect of change in inflation, discount and foreign exchange rates	**1,718**	(8,730)
Closing balance	**56,666**	53,879

Note 13 Contributed equity

(a) Share capital

		31 DEC 2023 NUMBER'000	30 JUN 2023 NUMBER'000	31 DEC 2023 US$'000	30 JUN 2023 US$'000
ORDINARY SHARES					
Fully paid	(b) (i)	**1,618,376**	1,601,443	**149,119**	147,333
Partly paid	(b) (ii)	**1,500**	1,500	**459**	459
		1,619,876	1,602,943	**149,578**	147,792

(b) Movements in share capital

(i) Ordinary shares (fully paid)

DATE	DETAILS	NUMBER	US$'000
30/06/2023	Balance at 30 June 2023	1,601,442,962	147,333
28/08/2023	Issuance of new shares	16,933,000	1,786
31/12/2023	**Balance at 31 December 2023**	**1,618,375,962**	**149,119**

(ii) Ordinary shares (partly paid to A$0.01)

DATE	DETAILS	NUMBER	US$'000
30/06/2023	Balance at 30 June 2023	1,500,000	459
31/12/2023	**Balance at 31 December 2023**	**1,500,000**	**459**

Note 14 Contingent assets and liabilities.

(a) Contingent assets

The Group had no contingent assets as at 31 December 2023.

(b) Contingent liabilities

The Group had contingent liabilities as at 31 December 2023 that may become payable in respect of:

i) In accordance with normal oil and gas industry practice, the Group has entered into joint operation 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.

ii) The Group occasionally receives claims arising from its operations in the normal course of business. In the opinion of 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 the above contingent liabilities.

Note 15 Exploration, development and production expenditure 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.

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

31 DECEMBER 2023	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	CHINA EXPLORATION & DEVELOPMENT US$'000	TOTAL US$'000
Within one year	1,164	9,371	10,535
Later than one year but not later than 5 years	-	-	-
Total	**1,164**	**9,371**	**10,535**

30 JUNE 2023	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	CHINA EXPLORATION & DEVELOPMENT US$'000	TOTAL US$'000
Within one year	1,808	2,745	4,553
Later than one year but not later than 5 years	-	697	697
Total	**1,808**	**3,442**	**5,250**

The above commitments may be deferred or modified with the agreement of the host government, by variations to the terms of individual permits or licences, or extensions to the terms thereof.

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 16 Related party transactions

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

Other than the matters disclosed elsewhere in this report, there were no related party transactions with Directors and other key management personnel during the half-year outside of contractual remuneration.

Note 17 Events occurring after balance sheet date

The Group announced on 27 February 2024 an interim Conduit Foreign Income (CFI) unfranked dividend of AUD 1.5 cents per ordinary share which will be paid on 26 April 2024.

As announced on 14 February 2024, Horizon has executed a sale and purchase agreement with Macquarie Mereenie to acquire a 25% non-operated participating interest in the OL4 and OL5 development licences, Northern Territory, Australia, which contain the producing Mereenie conventional oil and gas field. The initial cash consideration is US$27.6 million, with an effective date of 1 April 2023, plus up to US$5.8 million in deferred and contingent payments over the next 24 months which are subject to certain conditions being met. The cash consideration will be 100% funded from a new five-year debt facility from Macquarie which is secured against the acquired asset. The transaction remains subject to customary completion conditions including regulatory and joint venture approvals, and documentation of the committed debt facility.

Other than the matters disclosed above and the rest of this report, there has not been any other matter or circumstance which has arisen since 31 December 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.

Directors' Declaration

In the directors' opinion:

(a) the attached interim financial statements and notes are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations and its cashflows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Horizon Oil Limited will be able to pay its debts as and when they become due and payable.

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

R. M. Harding

M Harding
Chairman

Richard Beament

R Beament
Chief Executive Officer

Sydney
27 February 2024

Independent auditor's review report to the members of Horizon Oil Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Horizon Oil Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Horizon Oil Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

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Marc Upcroft
Partner

Sydney
27 February 2024