HZN ADVISES ANNUAL FINANCIAL RESULTS

The results for the financial year ended 30 June 2021 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 2021 Reserves and Resources Statement contained in the attached Annual Report.

HIGHLIGHTS

Production and Financial metrics within / exceeding FY21 guidance range

- Production and sales volumes for the 2021 financial year were both within guidance at 1.3 million bbls.
- FY21 revenue exceeding the top end of Horizon's guidance range at US$63.6 million.
- EBITDAX exceeding the top end of Horizon's guidance range at US$36.4 million, with statutory profit after tax of US$8.0 million.
- Net cash increased to US$31.7 million at 30 June 2021, aided by the receipt of A$18.3 million on exercise of the 300 million outstanding options held by Samuel Terry Asset Management.
- Additional hedging implemented to protect cashflows from commodity price volatility covering approximately 50% of forecast production to 31 December 2021. 300,000bbls are hedged using a mixture of swaps, collars and options with a weighted average floor price of ~US$69/bbl, with the majority of instruments retaining exposure to higher oil prices.

China Beibu Gulf WZ12-8E Development to produce first oil in Q1 2022

- Construction and fabrication of the facilities for the WZ12-8E development remains on schedule. Key milestone achieved with the wellhead platform moved onto the water in preparation for towing to the field - first oil anticipated in Q1 CY2022.

Capital Management including capital return of 3 cents per share

- An AUD 3 cent per share (~US$35 million) equal share capital return was paid on 23 August 2021 following approval by shareholders at an extraordinary general meeting (**EGM**) on 10 August 2021.
- On-market share buy-back undertaken with a total of 20.3 million ORD shares having been bought back at an average price of AUD 8.7 cents per share.
- Off-market unmarketable parcel buy-back completed resulting in the acquisition of 2.7 million shares being bought back at a price of AUD 8.3 cents per share.

COMMENTING ON THE RESULT, HORIZON'S CHIEF EXECUTIVE OFFICER, CHRIS HODGE, STATED:

"This has been a highly significant and pleasing financial year for Horizon.

Despite the economic headwinds encountered during the first half of the year, a strong recovery in oil prices during the second half combined with continued strong production from both Maari and Beibu contributed to favourable results. Cashflow generation accelerated during the year which, aided by a one-off capital injection of A$18.3 million from the exercise of options, supported the Board's decision to initiate a number of significant capital management initiatives, including the recent 3 cent per share capital return.

Looking ahead, encouraged by a strong oil price outlook, we are focusing our efforts and influence on how to maximise production and revenue from the producing fields and especially to the successful commissioning of the WZ12-8E field in China.

We are optimistic for another good year ahead."

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 2021 FINANCIAL YEAR RESULT		30 JUNE 2021 US$'000	30 JUNE 2020 US$'000	CHANGE %
Oil and gas sales	*bbls*	1,265,725	1,427,521	(11%)
Oil and gas production	*bbls*	1,334,814	1,475,562	(10%)
Sales revenue		63,571	84,025	(24%)
EBITDAX[1]		36,391	51,392	(29%)
Statutory profit/(loss) for the period		**8,009**	**(55,139)**	**115%**
(Profit)/loss from discontinued operations		(3,147)	71,535	104%
Financing cost/(income) – Unrealised movement in value of options		2,930	(8,047)	(136%)
Underlying profit after tax		**7,792**	**8,349**	**(7%)**
Cash on hand		**44,436**	**25,920**	**71%**
Cashflow from operating activities		23,161	36,731	(37%)
Senior debt facility[2]		12,740	25,431	(50%)
Net Cash[2]		**31,696**	**489**	**>100%**

Note 1: EBITDAX and underlying profit 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, exploration expenditure and profit/loss from discontinued operations. The directors consider EBITDAX to be a useful measure of performance as it is widely used by the oil and gas industry. EBITDAX and underlying profit information has not been audited, however it has been extracted from the audited annual financial reports for the periods ended 30 June 2021 and 30 June 2020.

Note 2: Represents principal amounts drawn down.

The Group's CEO, Chris Hodge, and CFO, Richard Beament will host a webcast on 26 August 2021 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://services.choruscall.com.au/webcast/horizon-210826.html

Authorisation

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

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (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 2021.

Current reporting period: Financial year ended 30 June 2021

Previous corresponding period: Financial year ended 30 June 2020

Results for announcement to the market

		PERCENTAGE CHANGE		AMOUNT US$'000
Revenue from continuing operations	Down	24%	to	63,571
Profit from ordinary activities after tax	Up	>100%	to	8,009
Profit for the period attributable to members	Up	>100%	to	8,009
Underlying profit after tax	**Down**	**7%**	**to**	**7,792**

Dividends/distributions

	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

During the financial year Horizon completed an on-market share buy-back with a total of 20.3 million ORD shares having been bought back at an average price of AUD 8.7 cents per share. An off-market unmarketable parcel buy-back was also completed resulting in the acquisition of 2.7 million shares being bought back at a price of AUD 8.3 cents per share.

Horizon Oil Limited received approval from shareholders, at an Extraordinary General Meeting (EGM) held on 10 August 2021, for an equal share capital return of AUD 3 cents per Ordinary share. Following approval at the EGM, payment was made to eligible shareholders on 23 August 2021.

Net Tangible Assets

	FY2021 US CENTS	FY2020 US CENTS
Net tangible asset backing per ordinary share	6.9	6.3

Controlled entities acquired or disposed of

On 2 December 2020, the Group disposed of 100% of the share capital in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited. The financial performance of these entities for the current and prior period has been disclosed as profit/(loss) from discontinued operations in the consolidated statement of comprehensive income. No controlled entities were acquired during the current reporting period.

No controlled entities were acquired or disposed of during the prior reporting period.

Reconciliation of profit after tax from ordinary activities to underlying profit after tax

	2021 US$'000	2020 US$'000
Profit/(loss) after tax from ordinary activities	8,009	(55,139)
(Profit)/loss from discontinued operations	(3,147)	71,535
Financing costs/(income) – Unrealised movement in value of options	2,930	(8,047)
Underlying profit after tax	**7,792**	**8,349**

Notes:

Reports are based on audited consolidated financial statements.

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

Underlying profit after tax is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for unrealised non-cash financing costs associated with the revaluation of the options issued under the 2016 subordinated loan facility and the profit/loss generated from discontinued operations. Underlying profit after tax information has not been audited. However, it has been extracted from the audited annual financial reports for the financial years ended 30 June 2021 and 30 June 2020.

Authorisation

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

HORIZON

ANNUAL REPORT 2021

Horizon Oil Limited

ABN 51 009 799 455

2021 INVESTMENT HIGHLIGHTS

- Enhanced shareholder value through capital management initiatives – buy-backs and capital return
- Strong balance sheet with cashflow generation from Maari and Beibu helping to drive US$31.2 million increase in net cash to US$31.7 million
- Assets highly leveraged to increasing oil price – 80% increase in oil prices during FY2021
- Low cash operating costs maintained well below US$20/bbl

UNDERLYING PROFIT AFTER TAX
US$7.8 million

SALES VOLUME
1.265 mmbbls

NET CASH
US$31.7 million

SALES REVENUE
US$63.6 million

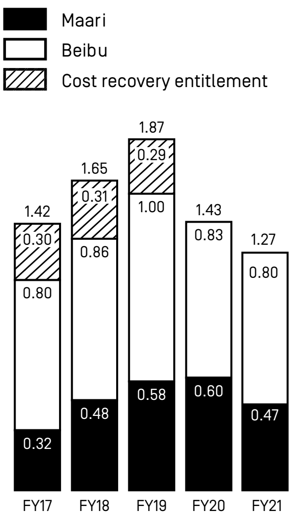
TOTAL DISTRIBUTIONS TO SHAREHOLDERS[1]
A$49.4 million
(US$36.6 million)

EBITDAX
US$36.4 million
from continuing operations

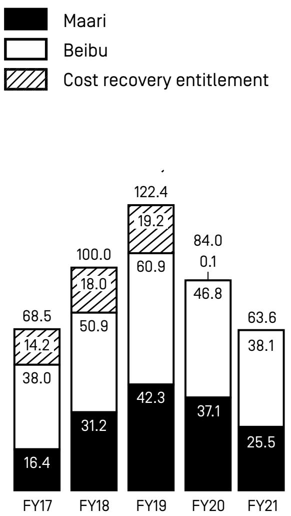
[1] Includes the A$47.4 million capital return announced during the financial year and paid in August 2021.

Looking ahead, encouraged by a strong oil price outlook, we are focusing our efforts and influence on how to maximise production and revenue from the producing fields and especially to the successful commissioning of the WZ12-8E development in China.

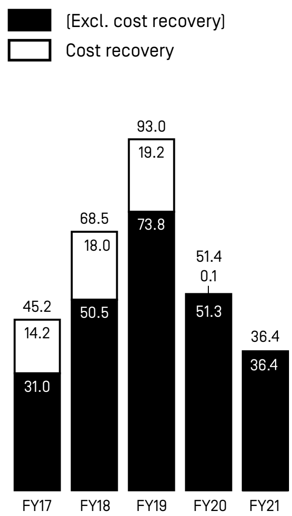
OIL SALES
(mmbbls)



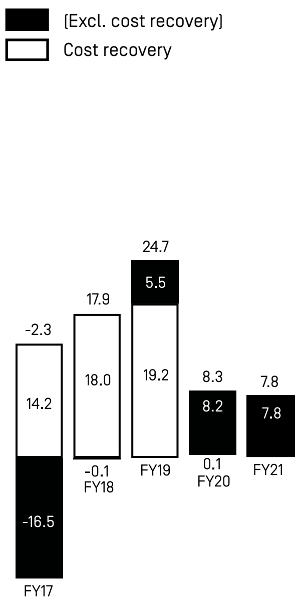
REVENUE[1]
(US$m)



EBITDAX[2]
(US$m)



UNDERLYING PROFIT AFTER TAX[2]
(US$m)

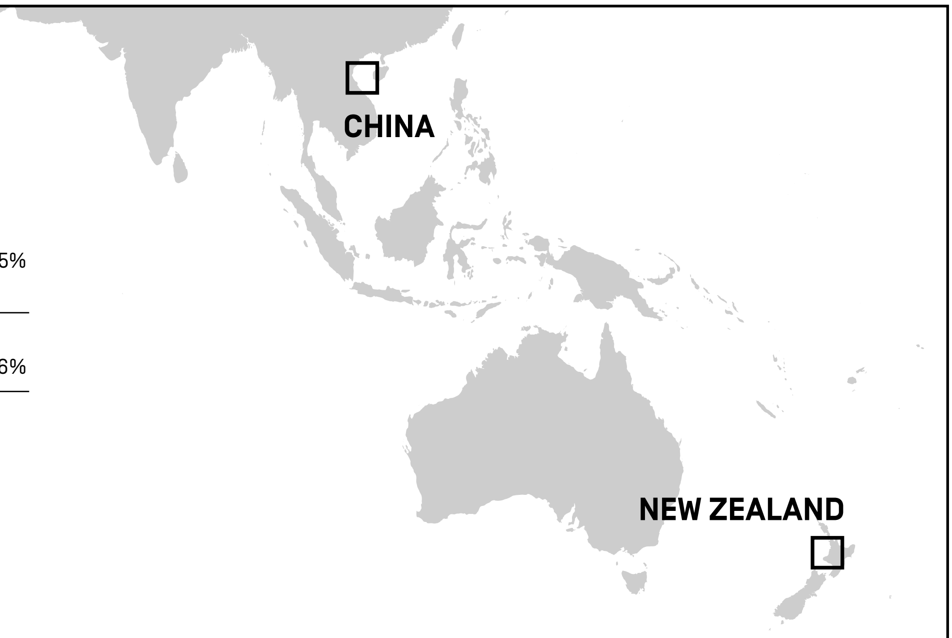


[1] Net of hedge settlements
[2] FY20 and FY21 excludes profit and loss from discontinued operations

AREAS OF OPERATION

CHINA
Block 22/12 (Production/Exploration) 26.95%/55%

NEW ZEALAND
PMP 38160 (Maari/Manaia) 26%



A MESSAGE FROM OUR CHAIRMAN

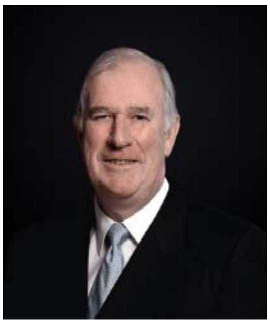
From an uncertain beginning, Horizon posted a strong end to the financial year and as a result, subsequent to the year end, we had the confidence to reward shareholders with a return of surplus capital of some A$47 million.

Horizon's strong result was of course primarily due to a recovery in the oil price. However, a significant contribution to the result came from Horizon management playing its part in maximising oil production from both Beibu and Maari and by further reducing an already low cost of production.

We believe that the price of oil will remain buoyant for the next few years as the impact of the global pandemic subsides coupled with lack of investment in new oil supply. Accordingly, Horizon's low-cost producing assets provide excellent value - more so, given Horizon's difficult decision earlier in the year to rationalise its asset portfolio and divest its development and exploration assets in Papua New Guinea.

Looking ahead to the upcoming year, Horizon will continue to maximise shareholder returns by identifying and actively pursuing infill well drilling, near-field exploration and a variety of other initiatives to increase production from its producing assets in both China and New Zealand and by continued cost control. Whilst Horizon is open to growth opportunities, we acknowledge that these opportunities need to be significantly value accretive to be pursued.

Finally, we acknowledge the part we have to play in an increasingly low carbon future. We are pleased to present a Sustainability Report which transparently discloses our impact and the actions we are taking to be a more sustainable Company.



Mike Harding
Chairman

A MESSAGE FROM OUR CEO

One year ago when writing this introduction for the 2020 annual report the long term consensus oil price was less than US$50/bbl.

Back then, recognising the high possibility for a future oil price spike, we invested in our producing asset in the Beibu Gulf, China - making a final investment decision on our WZ12-8E development and encouraging our operator to drill two successful infill wells. Horizon is now being rewarded for those earlier decisions as this production has and will occur into a significantly higher oil price environment.

These decisions and significant amounts of operational activity all took place during restrictions forced on us by the COVID-19 pandemic. It is a credit to our Operators and our staff that operations were achieved safely, efficiently and with zero environmental incidents.

During the year, we sold our development and exploration assets in Papua New Guinea. While these assets were significant in terms of resource quality and size, they are geographically very remote and were effectively stranded. Development timeframes were increasingly long-dated and high cost. Changes earmarked for the legislative and fiscal regimes for resource projects made not only the economics of development, but also continuing licence tenure more and more challenging. Furthermore, Horizon's bigger and credentialed oil and gas partners, and other such players in the forelands region, had already exited. The decision to sell was not easy, but Horizon exited for value and without continuing liability. Importantly, the divestment has enabled a rationalisation of our cost structure with headcount reduced by almost one half over the past 18 months.

During the year, our assets performed well. At Beibu, production has once again been held flat as a result of two successful infill wells, water handling capacity improvements and workovers substantially arresting natural decline. The WZ12-8E development is also progressing on time and on budget with first oil anticipated in Q1 CY2022. At Maari, we anticipate the transition of operatorship to Jadestone, and Horizon as a founding project participant is perfectly placed to facilitate a smooth transition.

Horizon's strong balance sheet coupled with consistent cashflow generation has allowed the company to initiate a number of maiden capital management initiatives. We commenced with both an on-market share buy-back and off-market unmarketable parcel buy-back to drive shareholder value through the purchase of shares at a price which Horizon considered to be discounted. Then, following the significant injection of capital by Samuel Terry on exercise of outstanding options we turned to a share capital reduction as being the optimal way to return this, and other residual surplus capital, to shareholders.

Looking to the future, whilst our immediate focus is on extracting further value from our low cost producing assets which will continue to generate significant future cashflow over much of the decade, Horizon has a number of challenges before it.

Firstly, we must navigate a macro energy environment that is in transition. This brings ESG pressures and challenging funding and insurance markets. Whilst we are presently experiencing high oil prices, and despite our bullish medium term oil price predictions, we have not forgotten that we are only a few months off 20-year price lows.

Secondly, in striving to deliver shareholder wealth, Horizon seeks to balance short-term returns with longer-term growth. Horizon's existing asset portfolio presently has an economic life until the late 2020's and provision must be made for decommissioning of our Maari asset. Horizon remains opportunistic about growth possibilities and is well placed to capitalise on valuable brown-field opportunities as larger companies increasingly divest non-core assets. Naturally however, any growth initiatives would need to be superior to the alternatives.

In short, our challenge and immediate focus for the coming year is to maximise the value and longevity of our existing assets. We are well placed to do this as we have the people, the expertise and the influence. We plan and expect to fully capitalise on the high oil price and our low cost of production to continue to deliver real value to shareholders.

Chris Hodge
Chief Executive Officer

HORIZON OIL LIMITED
2021 RESERVES & RESOURCES STATEMENT

as at 30 June 2021

Highlights

Consistent production performance from conventional oil assets in China (0.9 MMbbl Net Working Interest) and New Zealand (0.5 MMbbl Net Working Interest) for a total of 1.3 MMbbl produced in the year.

Proved plus Probable Reserves (2P) of oil declined to 6.7 MMbbl, compared with 8.1 MMbbl last year, due to production (1.3 MMbbl) and revisions (0.1 MMbbl). Proved Reserves increased by 0.4 MMbbl to 3.6 MMbbl as performance materially exceeded low side estimates.

FID approval of the WZ12-8E (Phase 1) project in October 2020 with construction activities on schedule and on budget leading to first oil in Q1 CY2022. The WZ12-8E (Phase 1) project is now sub-classified “Undeveloped – Approved for development”.

Cashflow from continued strong production puts Horizon in a good position to take advantage of a pipeline of opportunities in our China and New Zealand assets.

Proved and Proved plus Probable Reserves (Horizon share)

		1P Total Liquids MMbbl	2P Total Liquids MMbbl
CHINA			
Block 22/12	Developed: WZ6-12 + WZ12-8	1.7	2.8
	Undeveloped: WZ12-8E (Phase 1)	0.3	0.6
	Total China (arithmetic summation)	2.0	3.4
NEW ZEALAND			
PMP 38160	Developed: Maari + Manaia	1.6	3.2
Closing Balance 30 June 2021 (arithmetic summation)		**3.6**	**6.7**

Contingent Resources (Horizon share)

		2C Total Liquids MMbbl	2C Raw Gas Bcf	2C Sales Gas PJ
CHINA				
Block 22/12	WZ6-12 + WZ12-10-1 + WZ12-8E	1.3		
NEW ZEALAND				
PMP 38160	Maari + Manaia	4.9		
Closing Balance 30 June 2021 (arithmetic summation)		**6.2**	**0**	**0**

Reconciliation of Proved and Proved plus Probable Reserves

PRODUCTION
Total production of 1.3 MMbbl Net Working Interest which is 0.2 MMbbl less than last year (1.5 MMbbl Net Working Interest). Lower production is primarily driven by the MR6A well at Maari in New Zealand being offline during the year pending workover and cleanup.

CHINA
At a 2P level, production of 0.9 MMbbl Net Working Interest; at a 1P level, a net increase of 1.0 MMbbl associated with continued strong production performance (+0.7 MMbbl) and WZ12-E (Phase 1) 1P recovery now economic.

NEW ZEALAND
2P reserves have been reduced by production and a revised estimate of future requirements for crude fuel. 1P reserves have increased due to demonstrated strong field performance under water flood.

Proved and Proved plus Probable Reserves Reconciliation

	1P Total Liquids MMbbl	**2P** Total Liquids MMbbl
Opening Balance 30 June 2020	**3.2**	**8.1**
Production (Net Working Interest)	(1.3)	(1.3)
Production (Cost Recovery oil entitlement)	0.1	0.1
Revisions of Previous Estimates	1.7	(0.2)
Economic Interest adjustment	(0.1)	0.1
Transfers, Discoveries and Extensions	-	-
Acquisitions and Divestments	-	-
Closing Balance 30 June 2021	**3.6**	**6.7**

Reconciliation of Contingent Resources

CHINA
Increase of 0.2 MMbbl associated with addition of a possible infill well in the WZ12-8W field.

NEW ZEALAND
Decreased 0.4 MMbbl due to revised estimates of possible infill drilling, and production from the existing development post December 2027 (end of current licence term).

PAPUA NEW GUINEA
Fully divested in December 2020.

Contingent Resources Reconciliation

	2C Total Liquids MMbbl	**2C** Total Raw Gas Bcf	**2C** Total Sales Gas PJ
Opening Balance 30 June 2020	**25.8**	**599**	**604**
Revisions of Previous Estimates	(0.4)		
Economic Interest adjustment	-		
Transfers, Discoveries and Extensions	0.2		
Acquisitions and Divestments	(19.4)	(599)	(604)
Closing Balance 30 June 2021	**6.2**	**0**	**0**

Permits, Licences and Interests Held

PERMIT OR LICENSE	OPERATOR	MATERIAL PROJECTS	WORKING INTEREST (%)	
			30-JUN-21	30-JUN-20
CHINA				
Block 22/12	CNOOC	WZ6-12 South, Mid & North fields, WZ12-8 West & Mid fields	26.95%	26.95%
		WZ12-8 East field	26.95%[1]	55.00%
NEW ZEALAND				
PMP 38160	OMV	Maari and Manaia fields	26.00%	26.00%
PAPUA NEW GUINEA				
PDL 10	Arran Energy	Stanley field	–[2]	30.00%
PRL 21	Horizon Oil	Elevala-Ketu fields	–[2]	30.15%
PRL 28	Horizon Oil	Ubuntu field	–[2]	30.00%
PPL 574	Horizon Oil	Exploration activities	–[2]	80.00%
PPL 372	Horizon Oil	Exploration activities	–[2]	95.00%
PPL 373	Horizon Oil	Exploration activities	–[2]	100.00%
PRL 40	Arran Energy	Puk Puk, Douglas, Weimang and Langia fields	–[2]	20.00%

[1] With FID having been approved in October 2020, China National Offshore Oil Corporation ('CNOOC') is now participating at a 51% equity level in the WZ12-8 East Field.

[2] On 2 December 2020, the Group disposed of 100% of the share capital in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited. Accordingly, the Group no longer owns an interest in any PNG licence or permit.

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 Contingent 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.

6 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.

7 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.

8 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 10^{15} joules.

9 Depending on the asset, either deterministic estimates or probabilistic estimates have been used to calculate the petroleum reserves, contingent resources, and prospective resources in this statement.

10 Reported estimates of petroleum reserves and contingent 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.

11 Estimates are reported according to Horizon's economic interest, this being Horizon's net working interest as 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.

12 Horizon 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 undertakes semi-regular external reviews to complement its own internal process.

13 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, General Manager – Production and Exploration of Horizon Oil Limited. Mr Douglas is a full-time employee of Horizon Oil Limited and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from the Heriot Watt University UK, and more than 24 years of relevant experience. Mr Douglas consents to the use of the petroleum reserves and resources estimates in the form and context in which they appear in this statement.

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

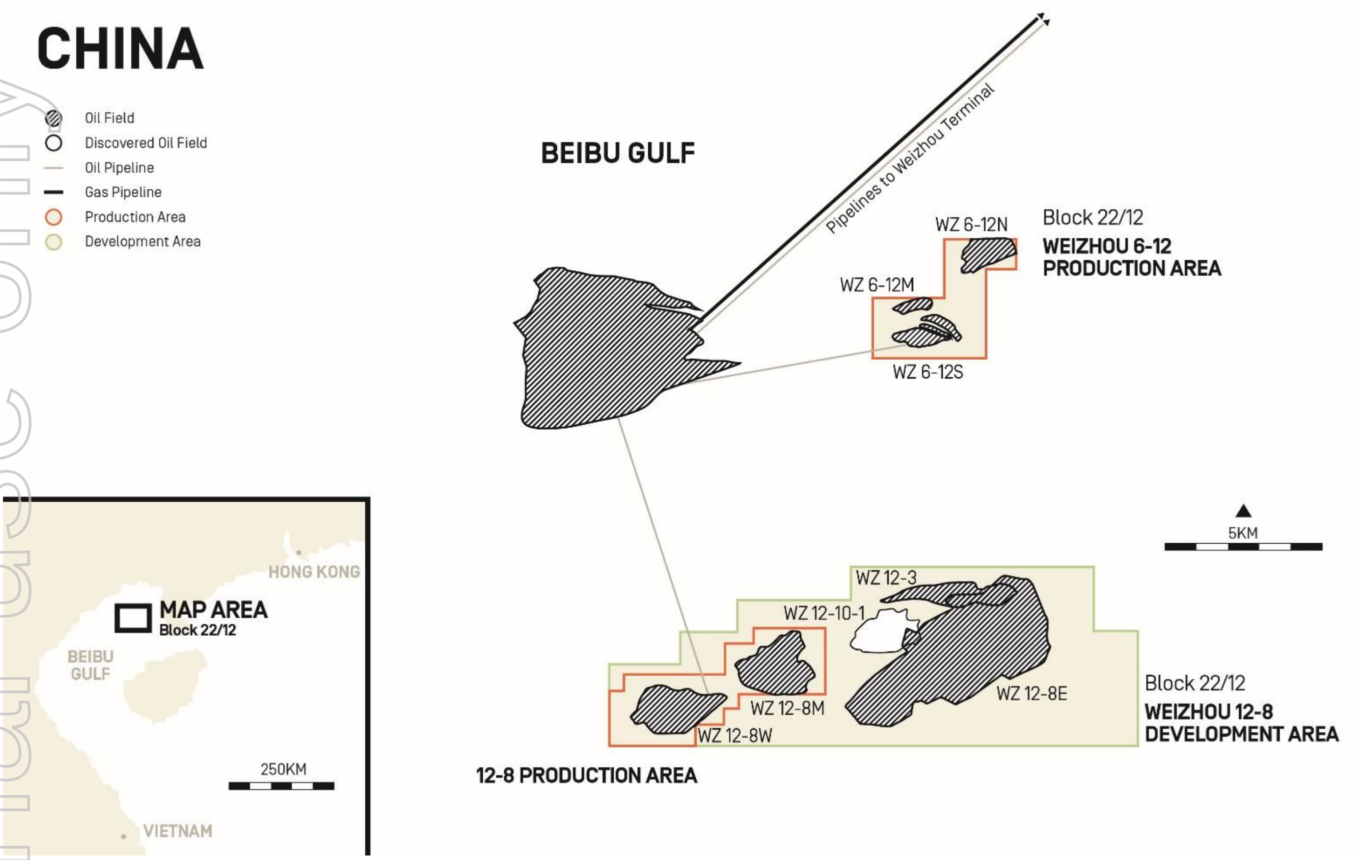
HORIZON

ACTIVITIES REVIEW

HORIZON INTEREST	%
PRODUCTION	26.95
EXPLORATION	55

PRODUCTION

Block 22/12, Beibu Gulf, Offshore China



During the year, the Group's working interest share of production from the Beibu Gulf fields was 873,139 barrels of oil. Crude oil sales were 801,280 barrels at an average price of US$53.86/bbl, exclusive of executed hedging. Gross oil production for the 2021 financial year averaged 8,876 bopd, of which the Group's working interest share was 2,392 bopd. The Group's share of sales volumes over the year was an average of 2,195 bopd.

The Beibu operations had no loss of containment incidents and continued a strong safety record with no recordable incidents despite significant drilling, production and development activities.

Average cash operating costs including workovers for the year were US$12.40/bbl (produced). The continued strong production, coupled with the low cost of production, ensured continued strong free cashflow generation from the Beibu Gulf fields, despite the lower oil price environment in the first half of the financial year.

During the year, a two well infill drilling programme, WZ6-12-A11 and WZ6-12-A3S2, located in the Weizhou 6-12 fields, was successfully completed by the field Operator, CNOOC. The wells were tied back to the existing wellhead facility at the WZ6-12 field. The field Operator successfully completed the rig slot extension required to drill the first well, WZ6- 12- A11, which targeted undrained oil accumulations in the WZ6-12N field. The second well, the WZ6-12-A3S2, was side tracked from an existing wellbore and targeted oil zones in the WZ6-12 M1 discovery. Subsequent to the rig slot extension being completed the Operator commenced drilling activities with both wells reaching target depths during January 2021. The wells were brought onto production with combined initial production test rates of 2,473 bopd (gross) which exceeded expectations.

The near term plans by the operator consist of upgrading water handling capacity at the fields and to install larger pumps in a number of the WZ12-8W wells, with the objective of increasing production levels through the remainder of the 2021 calendar year. The joint venture is also focusing on maturing further infill well opportunities which could be drilled to increase and sustain production rates.

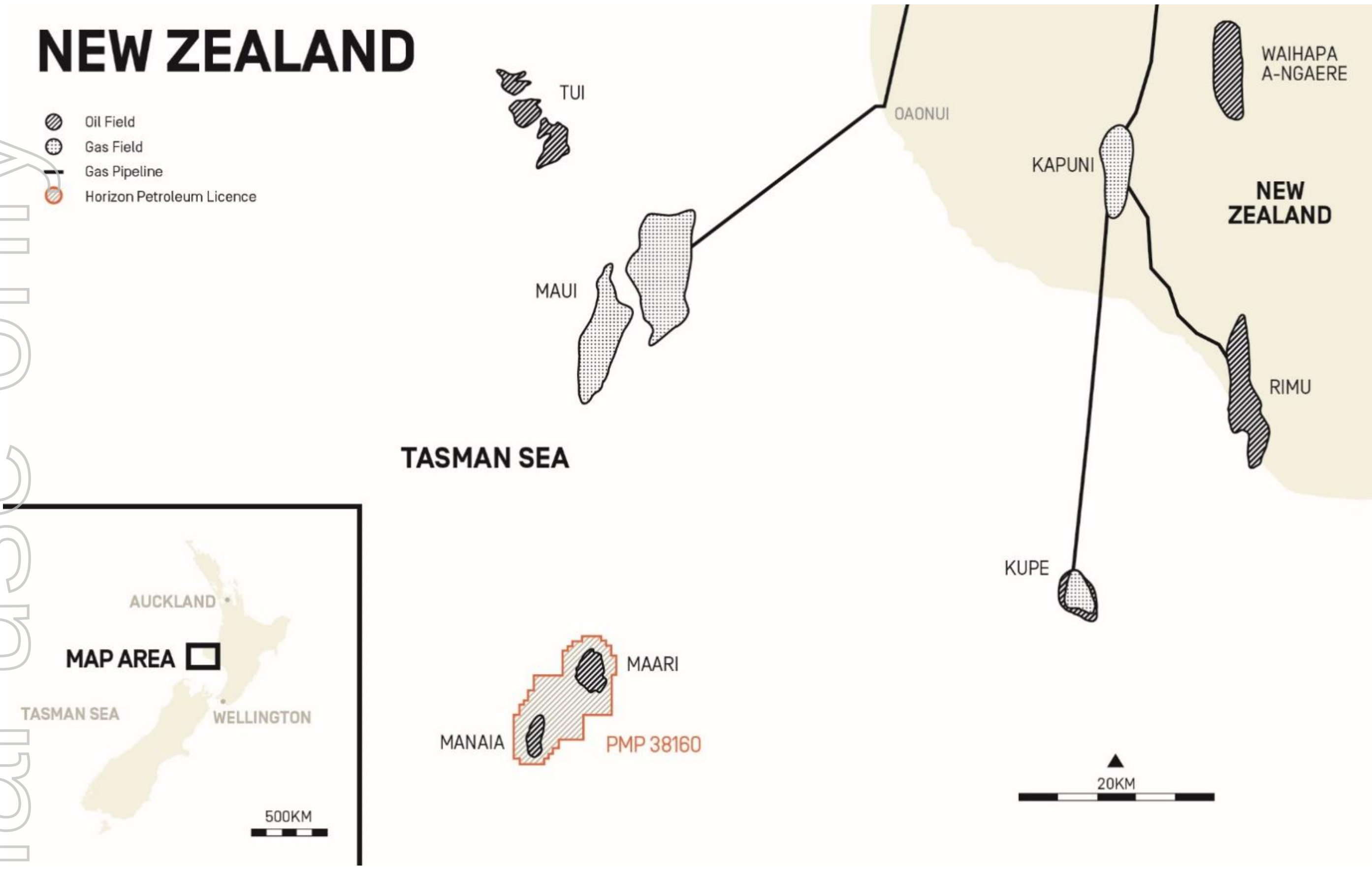
Significant progress was made during the year on the WZ12-8 East development. Since the Final Investment Decision (FID) was made in October 2020, excellent progress has been made in the construction and procurement phases of the development, under the management of our JV partner, Roc Oil (China) (ROC). Fabrication of the wellhead platform modules and jacket were progressed in the China construction yards, with platform construction over 70% complete at the end of June. Shortly after year end, a key milestone was reached during August 2021 with the wellhead platform moved onto the water in preparation for towing to the field. Refinements to the well design and drilling sequencing continues, with the COSL CRAFT jack up rig contracted and scheduled to commence drilling in Q4 CY 2021. First oil remains on schedule for Q1 CY 2022, with gross oil production from this first phase expected to average a first-year oil rate of approximately 4,000 bopd, incremental to ongoing production from the WZ6-12 and WZ12-8 fields. As previously advised, project development costs and platform lease costs are linked to the oil price providing the project with a natural hedge to the oil price. Whilst some oil price hedging was implemented in late 2020 when oil prices were below US$45/bbl to mitigate the impact on capital costs from a rising oil price, based on current oil prices being sustained at approximately US$70/bbl Horizon's share of capital costs for the development are forecast to be ~US$19 million. US$3.1 million has been paid to date, with the majority of remaining payment schedule coinciding with the commencement of production.

WZ12-8E Platform under construction in construction yard

WZ12-8E Platform nearing completion in construction yard

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

HORIZON INTEREST	%
PRODUCTION	26



During the year the Group's working interest share of production from the Maari and Manaia fields was 461,675 barrels of oil. Crude oil sales were 464,445 barrels at an average effective price of US$58/bbl exclusive of executed hedging. Average gross production from the field over the year was approximately 4,865 bopd, of which Horizon’s share was 1,265 bopd.

The Maari operations had no loss of containment of incidents. Whilst there was one lost time injury during the year, there was a continued focus on safe operations with the Total Recordable Injury Frequency Rate remaining below the NOPSEMA industry average.

Production for the year was impacted by temporary shut-ins of production wells MR6A, MR7A and MR9 with the Operator successfully completing workovers of two of these wells, MR7A and MR9, which had been delayed by COVID-19 restrictions in place. The MR6A workover was completed late in the year, with the well commencing clean up flow in early June. During the final stages of the clean-up, low levels of sand were detected in the produced well fluid, resulting in a precautionary shut-in. Installation of a temporary desander on the wellhead platform is being considered to enable production to be reinstated. In addition, plans were progressed to temporarily convert the shut-in MR2 well to a water injection well to increase water injection rates into the Maari Moki formation and further increase oil recovery. The benefit of the temporary well conversion will be assessed over the coming months, as plans are concurrently progressed to permanently convert the well to a water injector in 2022.

Continued cost savings initiatives were implemented by the Operator during the year, with average cash operating costs maintained below US$25/bbl (sold) during the year.

The previously advised acquisition by Jadestone Energy Inc. (AIM:JSE, TSXV:JSE) of OMV New Zealand Limited’s 69% interest in the Maari project has been delayed by regulatory approvals with Jadestone and OMV agreeing to extend the long stop date for the transaction to 31 August 2021 as a precautionary measure. OMV will continue as operator of the Maari project until, and subject to, completion of the proposed transaction.

HORIZON

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 6
134 William Street
Woolloomooloo NSW 2011

The annual financial report was authorised for issue by the Board of Directors on 26 August 2021. 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 2021 Reserves and Resources Statement dated 26 August 2021.

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 2021.

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
C Hodge
G de Nys
S Birkensleigh
G Bittar
B Clement (Appointed 1 September 2020)
N Burgess (Appointed 1 July 2021)

B Clement was appointed as a non-executive director on 1 September 2020.

N Burgess was appointed as a non-executive director on 1 July 2021.

Review of operations

Principal activities

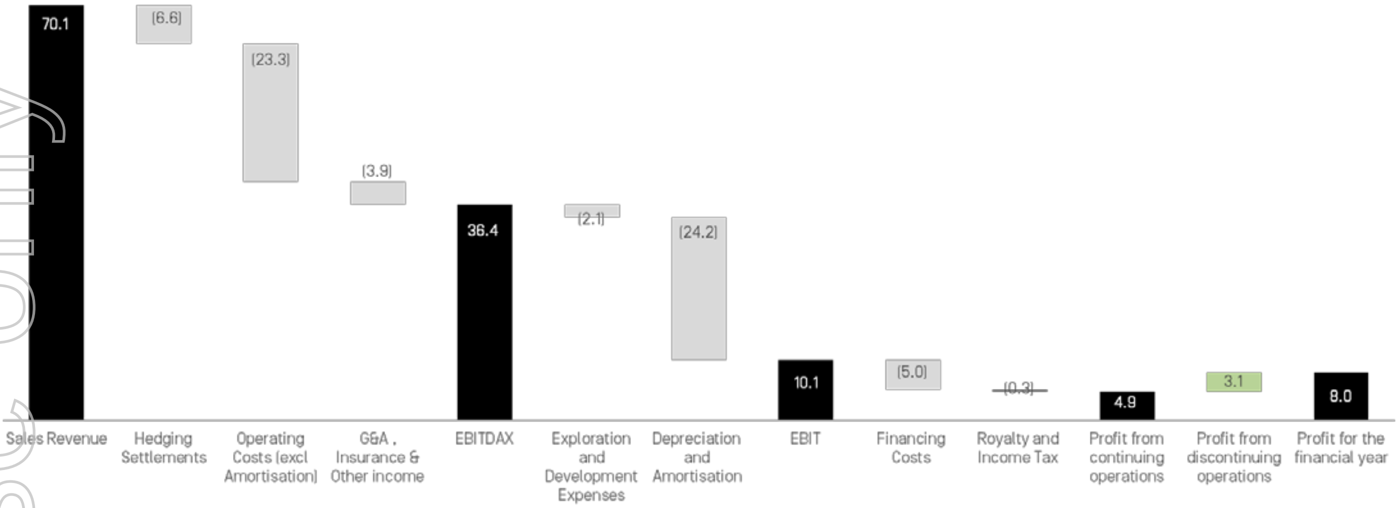
During the financial year, the principal activities of the Group continued to be directed towards petroleum exploration, development and production.

A detailed review of the operations of the Group during the financial year is set out in the Activities Review on pages 17 to 21 of this annual financial report.

Group Financial Performance

Consolidated Statement of Profit or Loss and Other Comprehensive Income

2021 Profit Drivers



The Group reported a statutory profit after tax of US$8.0 million for the financial year (2020: loss of US$55.1 million). The profit result includes non-cash financing expense of US$2.9 million (2020: profit of US$8.0 million) associated with the final revaluation of the options issued under the subordinated loan facility and US$3.1 million profit from discontinued operations (2020: loss of US$71.5 million), which once excluded results in an Underlying Profit After Tax of US$7.8 million (2020: US$8. million).

Non-cash items impacting on the financial year result include US$23.9 million (2020: US$26.4 million) in amortisation of production phase assets, non-cash financing expense of US$2.9 million associated with the revaluation of the options issued under the subordinated loan facility (2020: gain of US$8.0 million), US$1.4 million gain on the remeasurement of derivative financial instruments (2020: US$ nil), US$0.3 million (2020: US$0.6 million) related to the value of share options and share appreciation rights granted to Horizon employees and US$0.5 million financing expense related to amortised establishment fees on the senior debt facility.

EBITDAX from continuing operations was US$36.4 million (2020: US$51.4 million), and EBIT from continuing operations was US$10.1 million (2020: US$23.0 million). EBITDAX and EBIT from continuing operations exclude profit/(loss) from discontinued operations. Cashflows from operating activities of US$23.2 million (2020: US$36.7 million) and cash reserves enabled the Group to meet its capital expenditure commitments and also repay a further US$12.7 million in debt during the financial year.

EBITDAX, EBIT and underlying profit after tax 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, EBIT and underlying profit after tax to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX, EBIT and underlying profit before tax information have not been audited. However, they have been extracted from the audited annual financial reports for the financial years ended 30 June 2021 and 30 June 2020.

Basic earnings per share from continuing operations for the financial year were a profit of 0.37 US cents based on a weighted average number of fully and partly paid ordinary shares on issue of 1,322,129,812 shares.

Sales and Production

The Group's producing assets performed well, with net production of 1,334,814 barrels of oil (2020: 1,475,562 barrels). Production at Block 22/12 was materially in line with the comparative period, whilst production at Maari was impacted by temporary shut-ins of three production wells with workovers delayed by COVID-19 restrictions in place. Two of these wells were worked over during the period restoring production levels. Sales volumes were 1,265,725 bbls (2020: 1,427,521bbls) and approximates the net production during the financial year.

Crude oil sales revenue of US$63.6 million (2020: US$84.0 million) was generated during the financial year resulting from a net realised oil price of US$50.22 per barrel (2020: US$58.86 per barrel), inclusive of hedge settlements. Throughout the year 58% of sales were hedged (2020: 53%) with a hedging settlement of US$6.6 million (2020: gain US$9.1 million) realised on 740,000 barrels hedged at a weighted average fixed price of US$45.31 per barrel (2020: 760,000 barrels at US$64.05 per barrel). Operating costs for the period were US$47.1 million, 12% lower than the prior comparative period (2020: US$53.4 million) driven by continued cost optimisation initiatives, particularly at Maari, combined with a lower amortisation charge.

General and Administrative Expenses

General and administrative expenses were relatively consistent with the prior comparative period at US$3.8 million (2020: US$3.7 million). This expense comprised net employee benefits expense of US$2.3 million (including non-cash share-based payment expense of US$0.4 million), corporate office expense of US$1.2 million, and depreciation of US$0.3 million.

Insurance Expense

Insurance expense of US$2.0 million (2020: US$2.0 million) was consistent with the prior financial period.

Exploration and Development Expenses

Exploration and development expenses were US$2.1 million (2020: US$1.8 million) and was focused on infill, appraisal and exploration opportunities in and around the Group's low cost producing fields permit in China and the evaluation of inorganic growth opportunities.

Other Income

Other income of US$0.8 million relates to the full and final settlement for outstanding insurance claims pertaining to the Maari asset.

Finance Costs

The Group's borrowing costs of US$2.0 million were US$1.7 million lower during the period following the progressive repayment of debt and reduced global interest rates. Other non-cash financing expense of US$2.9 million (2020: income US$8.0 million) associated with the revaluation of the options issued under the subordinated loan facility was recorded during the financial period.

Income and Royalty Tax

The net income and royalty tax expense of US$0.3 million (2020: US$10.9 million) incurred during the financial year included a current tax expense of US$1.1 million, a deferred income tax benefit of US$2.1 million and a royalty related tax expense of US$1.3 million. The net income tax expense was driven by cash taxes of US$1.5 million in China and US$3.4 million in New Zealand. Royalty tax expense of US$1.3 million reflected cash and deferred royalty tax associated with the Maari/Manaia field.

Consolidated Statement of Financial Position

At 30 June 2021, total assets were US$186.8 million (2020: US$171.6 million) and total liabilities were US$76.5 million (2020: US$88.8 million), resulting in an increase in net assets to US$110.3 million (2020: net assets of US$82.9 million).

The increase in assets is primarily due to the consideration received on the exercise of the 300 million general options and strong cash flow generation. The amortisation charge for the period was largely offset by capitalised costs pertaining to the WZ12-8E development and Block 22/12 infill well drilling campaign completed during the period. The reduction in total liabilities primarily reflects the US$12.7 million of debt repayments made during the financial period.

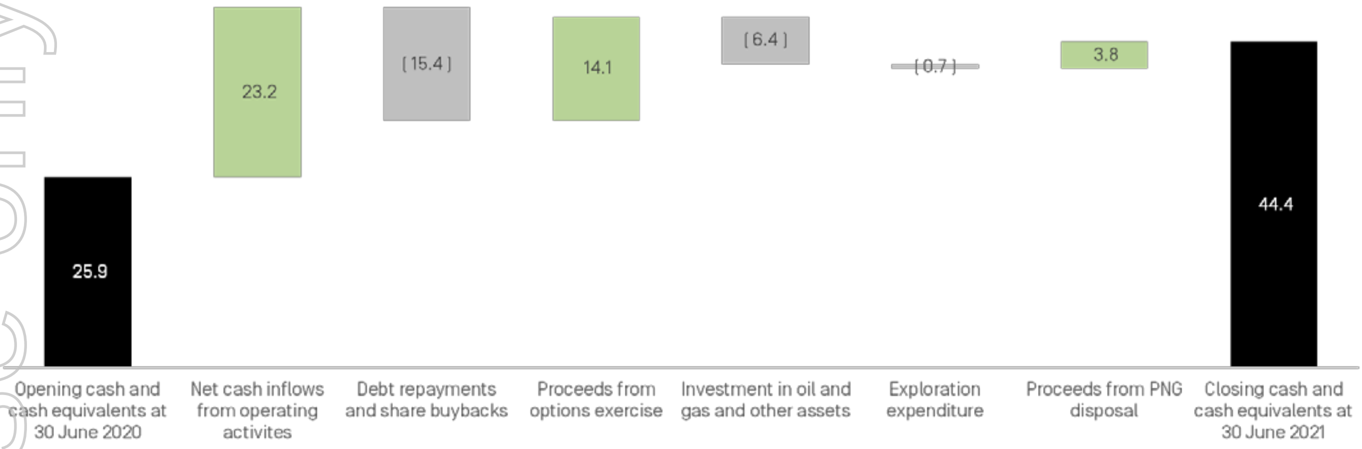
At 30 June 2021, the Group had a working capital surplus of US$36.1 million (2020: US$15.3 million) resulting predominately from the consideration received on the exercise of the 300 million general options and strong cash flow generation which were partially offset by the US$12.7 million in debt repayments.

At 30 June 2021, the Group increased the net cash position to US$31.7 million, based on nominal amounts drawn down, which represented a US$31.2 million increase in net cash over the financial period. Net cash of US$31.7 million comprised of cash and cash equivalents held of US$44.4 million (2020: US$25.9 million) offset by borrowings of US$12.7 million (2020: US$25.4

million]. At financial year end, borrowings consisted of US$12.7 million principal outstanding on the US$95 million Syndicated Revolving Cash Advance Facility executed with senior lenders in November 2018.

Consolidated Statement of Cash Flows

2021 Cash Drivers



Net cash generated from operating activities was 36% lower for the financial year at US$23.2 million (2020: US$36.7 million) due to the lower oil prices in the first half of the financial year and reduced sales volumes. Sales volumes at Maari were impacted by temporary shut-ins of three production wells with workovers delayed by COVID-19 restrictions in place. Pleasingly, two of these wells were worked over during the period restoring production levels. The restoration of production coupled with a strengthening oil price resulted in a 32% increase in operational cashflows over the second half of the financial year.

The free cash available after operating and investing activities, coupled with the proceeds received on exercise of the general options and PNG disposal, enabled further debt reduction with US$12.7 million of the senior debt facility repaid and allowed for the commencement of various capital management initiatives including the share buy-backs completed and capital return paid post period end.

Corporate

Group liquidity

At 30 June 2021, the Group's net cash position had further increased to US$31.7 million (30 June 2020: US$0.5 million), an increase of US$31.2 million during the financial year, which was aided by the receipt of US$14.1 million on exercise of 300 million general options during the year by Samuel Terry Asset Management. Net cash comprises cash and cash equivalent assets held of US$44.4 million (30 June 2020: US$25.9 million) offset by the nominal value of borrowings drawn down of US$12.7 million (30 June 2020: US$25.4 million), on the Syndicated Revolving Cash Advance Facility. Details of the Group's debt facilities are set out in Note 19.

Oil Price Hedging

Subsequent to period end, additional hedging was implemented to protect cashflows from commodity price volatility and covers approximately 50% of forecast production to 31 December 2021. 300,000 bbls are hedged using a mixture of swaps, collars and options with a weighted average floor price of ~US$69/bbl, with the majority of instruments retaining exposure to higher oil prices.

Share Buy-backs/Capital Return

During the 2021 financial year, the Group announced capital management initiatives in the form of an on-market buy-back, unmarketable parcel buy-back, and proposed capital return.

The on-market buy-back commenced on 4 March 2021 and resulted in the purchase and cancellation of 20,300,000 ordinary shares. The shares were acquired at an average price of AUD 8.7 cents per share, with prices ranging from AUD 8.1 cents to AUD 10 cents. The total cost of AUD 1,775,621 (US$1,375,061) net of after-tax transaction costs, was deducted from share capital. The on-market buy-back was cancelled on 28 June 2021 following the announcement of a proposed share capital return.

The unmarketable parcel buy-back was completed on 7 April 2021 with a total of 2,738,303 Ordinary shares bought back. The shares were bought back at a fixed price of AUD 8.3 cents per share resulting in a reduction of AUD 227,279 (US$173,050) net of after-tax transaction costs, being deducted from share capital.

A share capital reduction proposal of AUD 1.4 cents per share was announced on 28 June and subsequently amended to AUD 3 cents per share on 23 July 2021 at a total cost of AUD 47.4 million (~U$35 million). The proposal was approved by shareholders at an Extraordinary General Meeting held on 10 August 2021.

Group business strategies and prospects for future financial years

The Company's exploration, development and production activities are focused in Southeast Asia. The robust, long-lived 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 and retire debt. That program is directed to bring into production the Company's substantial inventory of discovered reserves and contingent resources in fields in China and New Zealand and identify suitable value accretive growth opportunities.

The Company has a conservative and selective exploration policy with specific focus on plays providing material scale and upside. The reserves and contingent resources in the company's inventory provide shareholders with exposure to commodity price upside, especially oil price and production growth.

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

It is expected that the 2022 financial year and beyond will be underpinned by continued strong oil production from the Group's China and New Zealand operations. Continued water injection at Maari combined with the progressive planned development of WZ12-8E oil field in China, are forecast to materially offset the longer-term reduction in production associated with natural reservoir decline. In the near term, strong cashflow generation is forecast to continue owing to the higher oil price environment. The forecast cashflow from the producing oil fields will enable continued material reductions in the Company's debt levels and funding for further organic growth in Block 22/12, in particular the WZ12-8E oil field development.

The Group's short-term focus is on:

– Optimising production performance from the Beibu and Maari/Manaia fields through various well intervention activities;
– Installation of the facilities, and development drilling for the WZ12-8E development with first oil anticipated in Q1 CY2022; and
– Continued evaluation of nearby prospects in Block 22/12.

Significant changes in the state of affairs

Sale of PNG interests

As announced on 3 December 2020, the Group had completed the sale of Horizon Oil (PNG Holdings) Limited to Arran Energy Investments Pty Ltd, resulting in the transfer of its entire asset portfolio in Papua New Guinea. Horizon ceases to have any operations in PNG.

Matters subsequent to the end of the financial year

Subsequent to the period end, on 10 August 2021 the Company held an Extraordinary General Meeting of shareholders to consider the proposed capital return of AUD 3 cents per share. The resolution was passed at the meeting, with the subsequent payment and reduction in the Group's cash balance of AUD 47.4 million (US$35.1 million) occurring during August 2021.

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 2021 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

The following persons held office as Directors 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 currently the Chairman of Downer and a Director of Cleanaway Waste Management Limited. He is a former Chairman of 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	**Chris Hodge**
Responsibilities:	Mr Hodge has been Managing Director and Chief Executive Officer of Horizon since February 2020, and a Director since April 2019. He is a Member of Horizon's Risk Management and Disclosure Committees.
Experience:	Mr Hodge has over 40 years' oil and gas experience; training as a geologist and petroleum geophysicist. Mr Hodge held senior managerial and consulting positions in major petroleum exploration and production companies, including E&P Advisor to both Mitsubishi and Mitsui in Australia, Managing Director of Adelphi Energy and Exploration Manager of Ampolex. He played a significant part in the growth of each of these companies through a mix of successful exploration, field development and acquisition.
Directorships:	Mr Hodge is a former Director of Roc Oil Company Limited and Xstate Resources.
Qualifications:	Mr Hodge holds a Master of Science, majoring in Structural Geology and Rock Mechanics and a Graduate Diploma of Applied Finance. He is a Member of the Petroleum Exploration Society of Australia (PESA) and the American Association of Petroleum Geologists (AAPG).
Non-executive Director	**Gerrit de Nys**
Responsibilities:	Mr de Nys has been a Director of Horizon since June 2007. He is Chairman of Horizon's Risk Management Committee and Member of Horizon's Remuneration and Nomination Committees.
Experience:	Mr de Nys has over 45 years' experience in civil engineering, construction, oil field contracting and natural resource investment management.
Directorships:	Mr de Nys is a Director of various IMC Pan Asia Alliance Group subsidiaries, companies affiliated with Horizon's substantial shareholder IMC Pan Asia Alliance Group.
Qualifications:	Mr de Nys holds a Bachelor of Technology (Civil Engineering). He is a Fellow of the Institution of Engineers, Australia, a past Fellow of the Australian Institute of Company Directors and a retired Chartered Professional Engineer.

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.
Directorships:	Ms Birkensleigh is Chairman of Auswide Bank Limited and a director of MLC Limited, 7-11 Holdings and its subsidiaries, National Disability Insurance Agency, the Sunshine Coast Children's Therapy Centre and a Council Member of the University of the Sunshine Coast. Ms Birkensleigh is a Member of Council and Chair of the Audit and Risk Committee of the University of the Sunshine Coast, Chair of the Audit and Risk Committee of the Public Trustee of Queensland and an Independent Member of the Audit Committee of the Reserve Bank of Australia.
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	**Greg 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 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 Greg Bittar	**Bruno Lorenzon**
Responsibilities:	Mr Lorenzon has been an Alternate Director for Greg Bittar since March 2017.
Experience:	Mr Lorenzon is Head of Finance, IMC Industrial Group and has more than 20 years' 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 12 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.
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. Bruce has led AWE Limited and Roc Oil Limited as Chief Executive Officer and held senior managerial roles at Santos Limited, Ampolex Limited and Esso Australia Limited (Exxon). He is a Member of Risk Management Committee.
Directorship:	Bruce is currently a non-executive Director at 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 is a nominee director of Samuel Terry Asset Management, which manages the Samuel Terry Absolute Return Fund, a substantial shareholder in Horizon.
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.
Directorships:	Mr Burgess was a former director of Spicers Limited (ASX: SRS, delisted 2019) and Yellow Holdings Limited (New Zealand).
Qualifications:	Mr Burgess has an Economics degree and an Accounting Masters degree, both from University of NSW.

Company Secretary	**Kylie Quinlivan**
Responsibilities:	Ms Quinlivan has been General Counsel and Company Secretary of Horizon since July 2018.
Experience:	Ms Quinlivan is a corporate lawyer with expertise in public markets mergers and acquisitions and private transactions, corporate fund raising and corporate governance across a range of sectors, particularly oil and gas. She has over 14 years' experience as a corporate lawyer including first tier Corporate M&A practice at Minter Ellison, Sydney.
Qualifications:	Ms Quinlivan holds a Master of Laws and Bachelor of Commerce.

Assistant Company Secretary	**Kyle Keen**
Responsibilities:	Mr Keen has been the Finance Manager of Horizon since February 2018 and was appointed Assistant Company Secretary in November 2018.
Experience:	Mr Keen is a Chartered Accountant with expertise in financial risk management and reporting across a range of sectors, in particular oil and gas. He has 10 years' experience including working in first tier auditing practices such as EY, United Kingdom and KPMG, South Africa.
Qualifications:	Mr Keen holds a Bachelor of Accounting (Hons) and is a member of the South African Institute of Chartered Accountants.

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	-	-	**-**
C Hodge	-	-	**-**
G de Nys	-	2,203,639	**2,203,639**
S Birkensleigh	-	-	**-**
G Bittar	-	-	**-**
B Clement	-	-	**-**
N Burgess	-	-	**-**
B Lorenzon (as alternate)	-	-	**-**

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	10	2	2	2	1
C Hodge[1]	10	2	2	2	1
G de Nys	10		2	2	
S Birkensleigh	9	2	1	2	
G Bittar	10	2		2	
B Clement[2]	9		2		
B Lorenzon (as alternate for G Bittar)	5				

1 C Hodge attended audit committee meetings in his capacity as Chief Executive Officer of Horizon Oil Limited and is not a member of the audit committee.
2 Mr Clement was appointed as a non-executive director effective 1 September 2020 and attended all meetings from that date.

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 2021.

The Company's Corporate Governance Statement for the year ended 30 June 2021 may be accessed from the Company's website at **https://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 3rd edition, released in March 2014.

Sustainability Reporting

This year Horizon has further enhanced its focus on sustainability and prepared a 3 year Environmental Social and Governance (ESG) Action Plan to refine our goals, targets and activities in our ESG priority areas. Sustainability continues to be an important focus for Horizon with sustainability performance again forming part of executive KPIs.

Horizon continues to report against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has further enhanced disclosures surrounding emissions. We continued to participate in the Carbon Disclosure Project (CDP) in 2021. This is consistent with Principle 7.4 of the ASX Corporate Governance Council Principles and Recommendations (fourth edition), which recommends that ASX listed entities disclose any material exposure to environmental or social risks, and how the company manages or intends to manage those risks.

The Company's Sustainability Report for the year ended 30 June 2021 may be accessed from the Company's website at **https://horizonoil.com.au/**.

Remuneration Report

This Remuneration Report (**Report**) outlines the remuneration arrangements for the Key Management Personnel (**KMP**) of the Company for the financial year ended 30 June 2021. 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
Chris Hodge	Director (executive)	Full financial year
Gerrit de Nys	Director (non-executive)	Full financial year
Sandra Birkensleigh	Director (non-executive)	Full financial year
Greg Bittar	Director (non-executive)	Full financial year
Bruce Clement[1]	Director (non-executive)	Since 1 September 2020
Bruno Lorenzon	Alternate Director (non-executive)	Full financial year
OTHER KMP (EXECUTIVES)		
Richard Beament	Chief Financial Officer	Full financial year
Kylie Quinlivan[3]	General Counsel/Company Secretary	Full financial year
Kelvin Bramley[2]	General Manager, Commercial & Business Development	Until 19 May 2021

1 Mr Clement was appointed as a non-executive director effective 1 September 2020.
2 Mr Bramley was issued notice of redundancy on 19 May 2021 when he ceased to be a KMP. Mr Bramley is currently working out his notice period.
3 Subsequent to period end MS Quinlivan tendered her resignation and will cease to be a KMP and Company Secretary effective 30 September 2021.

[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;
  - acceptability to shareholders;
  - 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. The graph below sets out the proportion of fixed and variable remuneration mix of maximum incentive payments as a percentage of total remuneration. Annual incentives have been established to drive performance without encouraging undue risk taking. The remuneration mix for the financial year is shown in the table below.

Chief Executive Officer

	Performance-based	
Total Fixed Remuneration (TFR)	**Maximum STI**	**Maximum LTI**[1]
50%	**25%**	**25%**

Other Executive KMP

Total Fixed Remuneration (TFR)	**Maximum STI**	**Maximum LTI**[1]
70%	**15%**	**15%**

[1] Fair value of LTI determined at 1 July in accordance with the Long Term Incentive Plan.

[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 delivered 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 cash) in the first quarter of the new financial year. 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 50% of the CEO's TFR and up to 21.4% of the Other Executives TFR.

LONG-TERM INCENTIVE (LTI)	
Objective	The LTI plan aims 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 considers 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 fourteen percent 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 is the LTI opportunity?	The CEO has an LTI opportunity equal to 50% of TFR, and other Executives have 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-Sholes 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, Disclosure Policy and the Code of Conduct. These policies are available on the Group's website **https://horizonoil.com.au/**.

[3] - Actual Remuneration of Executives

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 35 – 36 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 equity grants and other long-term benefits such as annual and long service leave awards 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$	STI AMOUNTS US$[1]	LTI AWARDS[2]	TOTAL
C Hodge[3]	**2021**	**463,934**	**32,135**	**186,897**	**-**	**682,966**
	2020	156,007	11,151	-	-	167,158
R Beament	**2021**	**330,790**	**15,313**	**59,077**	**-**	**405,180**
	2020	308,881	8,786	12,808	-	330,475
K Quinlivan[4]	**2021**	**318,267**	**5,985**	**54,876**	**-**	**379,128**
	2020	172,159	4,837	7,211	-	184,207
K Bramley[5]	**2021**	**254,622**	**12,306**	**44,109**	**-**	**311,037**
	2020	316,570[5]	82,044[5]	10,816	-	409,430
M Sheridan[6]	**2021**	**-**	**-**	**-**	**-**	**-**
	2020	349,594	40,517	-	-	390,111
A McArdle[7]	**2021**	**-**	**-**	**-**	**-**	**-**
	2020	174,991	3,279	-	-	178,270
Total	**2021**	**1,367,613**	**65,739**	**344,959**	**-**	**1,778,311**
	2020	1,478,202	150,614	30,835	-	1,659,651

1 Includes STIs payable in respect of the current financial period performance.
2 LTI awards that vested and were exercised during the financial year.
3 Actual remuneration for C Hodge during the 2020 financial period reflects only the remuneration received from the date of appointment as Chief Executive Officer and Managing Director on 14 February 2020.
4 K Quinlivan was on unpaid parental leave from 1 July 2019 to 31 October 2019.
5 K Bramley was issued notice of redundancy on 19 May 2021 where he ceased to be a KMP. Mr Bramley's STI amount has been reduced on a pro rata basis and Mr Bramley is currently working out his notice period. Included in Mr Bramley's fixed remuneration and non-monetary benefits for the 2020 financial period are expatriate allowances and insurances commensurate with expatriates' living abroad in countries such as Papua New Guinea.
6 M Sheridan ceased to be a KMP and Director effective 28 February 2020.
7 A McArdle ceased to be a KMP effective 19 December 2019.

[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	**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 the total of: ▪ for 1 year or less continuous service, 3 months' total fixed remuneration: ▪ for between 1 year and 2 years continuous service, 6 months' total fixed remuneration: and ▪ for more than 2 years continuous service, 12 months' total fixed remuneration. Board has discretion to permit the SARs not yet exercised to lapse or accelerate the date on which the SARs become exercisable.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs.		

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

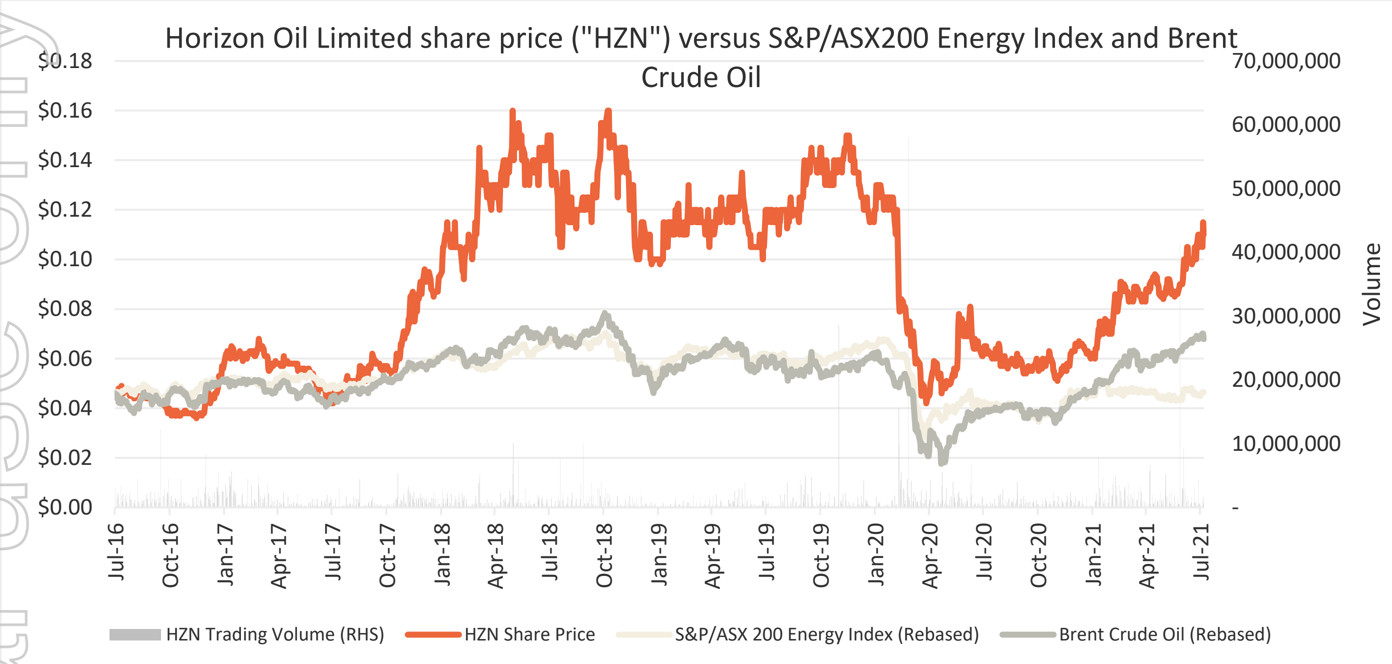
COMPONENT	CONTRACT TERM	EXPIRY DATE	NOTICE PERIOD EMPLOYEE	NOTICE PERIOD GROUP
Other Executives	**Ongoing basis**	**No expiration date**	**3 months**	**6 months**
Termination of employment (without cause)		Payment of termination benefit on termination without cause by the Company, equal to 6 months remuneration. 50% of the value of any STI paid to the Executive in the preceding 12 months. 50% of the value of any LTI awards granted or paid in the preceding 12 months. Board has discretion to cause the SARs not yet exercised to lapse or accelerate the date on which the SARs become exercisable.		
Termination of employment (with cause)		STI is not awarded. Board has discretion to lapse all SARs.		

[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 occurs on fulfilment of absolute Horizon Total Shareholder Return (**TSR**), and Horizon TSR relative to the S&P/ASX200 Energy Index.

Horizon share price performance for the current and previous four financial years is displayed in the chart below:



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

	FY21[1]	FY20[1]	FY19	FY18	FY17
Profit/(loss) before tax (US$'000)	5,178	27,300	48,409	(1,580)	4,154
EBITDAX (US$'000)	36,391	51,392	93,012	68,482	45,171
Net cash/(debt) (US$'000)	31,696	489	(27,959)	(88,608)	(108,469)

1 The profit/(loss) before tax and EBITDAX information for the 2020 and 2021 financial years excludes profit and loss from discontinued operations as reported in the consolidated statement of profit and loss.

[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 below US$20/bbl and maintain low corporate general and administrative expenditure	Effective cost control	Exceed
	Capital Management	Gearing / Net cash increase	Appropriate level of gearing and exposure to manage business risk	Exceed
		Drive shareholder value through distributions	Provide returns for shareholders	Exceed
OPERATIONAL	**Production Optimisation**	Achieve budgeted production	Maximise profitability and cashflow	Exceed
	Reserves	Reserves replacement	Ensure sustainability of business and cashflow	Partially Achieved
	PNG	Manage PNG risks with no incremental liabilities	Maximise shareholder value and manage risks	Achieved
BUSINESS DEVELOPMENT	**Growth of the business**	Focus on organic & inorganic growth opportunities	Ensure sustainability of the business and cashflow whilst creating value for shareholders	In Progress
SAFETY	**HSSE**	Achievement of TRIFR below NOPSEMA industry average across Horizon's assets	Promote safe operations with a safe workplace for employees	Achieved
PEOPLE, CULTURE & SUSTAINABILITY	**People & Culture**	Attracting the right skills and retaining key staff	Ensure Company has the necessary resources to achieve strategic objectives	Achieved
	Sustainability	Deliver sustainability roadmap with enhanced reporting in accordance with TCFD guidelines	Sustainability awareness; make the right kind of impact	Achieved

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 80% of their total STI opportunity.

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

EXECUTIVE	TOTAL OPPORTUNITY US$[1]	% OF FIXED REMUNERATION	% AWARDED	% FORFEITED
C Hodge	233,622	50%	80%	20%
R Beament	73,846	21.4%	80%	20%
K Quinlivan	68,595	21.4%	80%	20%
K Bramley[2]	55,084	21.4%	80%	20%

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 2021.
2 K Bramley was issued notice of redundancy on 19 May 2021 where he ceased to be a KMP. Mr Bramley's STI amount has been reduced on a pro rata basis.

[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 FY21

LTI awards for Executives are made at the beginning of the financial year. In 2020, LTIs were awarded to Executives in respect of FY21.

LTI awards take the form of SARs. For 2020, each SAR had a fair value of A$0.0264, calculated by an independent expert using the Black-Sholes model. The Horizon share price at allocation (known as 'strike price') was A$0.063.

LTI quantum for FY21

The table below shows the financial year LTI grants.

EXECUTIVE	% OF TFR	NUMBER OF SARS GRANTED DURING FY21	VALUE OF SARS AT EFFECTIVE ALLOCATION DATE[1]	NUMBER OF SARS VESTED DURING FY21	NUMBER OF SARS LAPSED DURING FY21
C Hodge[2]	50%	-	-	-	-
R Beament	21.4%	3,720,681	$67,727	-	-
K Quinlivan	21.4%	3,141,909	$57,192	-	-
K Bramley	21.4%	3,141,909	$57,192	-	-

1 The value of a SAR at allocation (1 July 2020) is calculated in accordance with AASB 2 'Share-based Payment' of SARs.
2 Under the terms of C Hodge's employment agreement, Mr Hodge will be eligible for an LTI award following the first anniversary of employment as the Group's Chief Executive Officer.

Awards vesting in FY21

No SARs were exercised by KMP during the financial year.

[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 seven years. Note that the remuneration table set out on page 35 shows remuneration in US$ in line with the Group's functional currency.

The table below shows the levels for NEDs (exclusive of superannuation) for FY21.

FEES	DESCRIPTION	PER ANNUM
Board Fees	Chair	A$163,110
	Other Non-executive Directors	A$81,555

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 2021 and 30 June 2020.

FINANCIAL YEAR ENDED 30 JUNE 2021 AND 2020		SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL[5]
NON-EXECUTIVE DIRECTOR		CASH SALARY / BOARD FEES US$	SUPERANNUATION[4] US$	US$
M Harding	**2021**	**121,945**	**11,585**	**133,530**
	2020	109,198	10,374	119,572
G de Nys	**2021**	**60,973**	**5,792**	**66,765**
	2020	54,599	5,187	59,786
S Birkensleigh	**2021**	**60,973**	**5,792**	**66,765**
	2020	54,599	5,187	59,786
G Bittar[1]	**2021**	**60,973**	**5,792**	**66,765**
	2020	54,599	5,187	59,786
B Clement[2]	**2021**	**51,294**	**4,873**	**56,167**
	2020	-	-	-
C Hodge[3]	**2021**	-	-	-
	2020	33,898	3,220	37,118
Total Director remuneration	**2021**	**356,158**	**33,834**	**389,992**
	2020	306,893	29,155	336,048
Total Director remuneration(A$)	**2021**	**475,739**	**45,195**	**520,934**
	2020	457,729	43,484	501,213

1 B Lorenzon, as alternate Director to G Bittar, received no fees during the current and prior financial periods.
2 B Clement was appointed as a non-executive director effective 1 September 2020.
3 Remuneration for C Hodge during the 2020 financial period reflects remuneration as an Independent Non-executive Director prior to Mr Hodge's appointment as Chief Executive Officer and Managing Director on 14 February 2020. Refer to note 7.2 for Mr Hodge's remuneration as Chief Executive Officer.
4 Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors.
5 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 2021 and 30 June 2020.

FINANCIAL YEAR ENDED 30 JUNE 2021 AND 2020		SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TOTAL CASH OR IN-KIND BENEFIT	LONG-TERM BENEFITS	SHARE BASED PAYMENTS	TOTAL
OTHER KEY MANAGEMENT PERSONNEL		CASH SALARY & FEES	STIs	NON-MONETARY[1]	SUPERANNUATION[2]		LONG SERVICE LEAVE ACCRUAL[3]	SARs[4]	
C Hodge[6] Chief Executive Officer	**2021**	**447,740**	**186,897**	**32,135**	**16,194**	**682,966**	**-**	**-**	**682,966**
	2020	149,765	-	11,151	6,242	167,158	-	-	167,158
R Beament Chief Financial Officer	**2021**	**312,128**	**59,077**	**15,313**	**18,662**	**405,180**	**6,311**	**68,680**	**480,171**
	2020	294,458	12,808	8.786	14,423	330,475	6,850	46,231	383,556
K Quinlivan[7] General Counsel	**2021**	**299,605**	**54,876**	**5,985**	**18,662**	**379,128**	**-**	**57,997**	**437,125**
	2020	163,456	7,211	4,837	8,703	184,207	-	39,040	223,247
K Bramley[8] GM, Commercial & Business Dev	**2021**	**238,199**	**44,109**	**12,306**	**16,423**	**311,037**	**4,612**	**51,231**	**366,880**
	2020	302,062	10,816	82,044	14,508	409,430	6,122	39,040	454,592
M Sheridan[9] Chief Executive Officer	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	340,570	-	40,517	9,024	390,111	9,838	175,900	575,849
A McArdle[10] Chief Operations Officer	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2020	170,185	-	3,279	4,806	178,270	-	12,495	190,765
Total KMP remuneration	**2021**	**1,297,672**	**344,959**	**65,739**	**69,941**	**1,778,311**	**10,923**	**177,908**	**1,967,142**
	2020	1,420,496	30,835	150,614	57,706	1,659,651	22,810	312,706	1,995,167
Total KMP remuneration (A$)	**2021**	**1,739,601**	**458,845**	**88,067**	**93,777**	**2,380,290**	**14,632**	**250,964**	**2,645,886**
	2020	2,113,057	44,929	223,101	85,991	2,467,078	33,625	430,427	2,931,130

1 Non-monetary benefits include the value of car parking, insurances and other expenses inclusive of Fringe Benefits Tax ("FBT").
2 Superannuation includes both compulsory superannuation payments and salary sacrifice payments made on election by Directors and KMPs
3 Reflects the movement in the long service accrual between respective reporting dates.
4 Reflects the value at effective allocation date (converted to US dollars at the foreign exchange rate prevailing at that date) of previously unvested options/SARs which vested during the financial year.
5 Remuneration is paid in Australian dollars and converted to US dollars at the foreign exchange rate prevailing on the date of the transaction.
6 Remuneration for C Hodge in the 2020 financial period reflects remuneration from the date of Mr Hodge's appointment as Chief Executive Officer and Managing Director on 14 February 2020.
7 K Quinlivan was on unpaid parental leave from 1 July 2019 to 31 October 2019.
8 K Bramley was issued notice of redundancy on 19 May 2021 where he ceased to be a KMP. Mr Bramley's STI amount has been reduced on a pro rata basis and Mr Bramley is currently working out his notice period. Included in Mr Bramley's fixed remuneration and non-monetary benefits for the 2020 financial period are expatriate allowances and insurances commensurate with expatriates' living abroad in countries such as Papua New Guinea.
9 M Sheridan ceased to be a KMP and Director effective 28 February 2020.
10 A McArdle ceased to be a KMP effective 19 December 2019.

[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 2021:

KMP	Opening Balance 30 June 2020	Acquired during FY21	Disposed of during FY21	Received during financial year on the exercise of options	Closing Balance 30 June 2021
DIRECTORS					
M Harding	-	-	-	-	-
C Hodge	-	-	-	-	-
G de Nys	2,203,639	-	-	-	2,203,639
S Birkensleigh	-	-	-	-	-
G Bittar	-	-	-	-	-
B Clement	-	-	-	-	-
OTHER KMP					
R Beament	38,184	-	-	-	38,184
K Bramley	182,290	-	-	-	182,290
K Quinlivan	-	-	-	-	-

Long Term Incentives (Share Appreciation Rights)

The following tables detail the number of SARs held by KMP, either directly or indirectly or beneficially during the reporting period ended 30 June 2021:

KMP	BALANCE AT START OF FINANCIAL YEAR	GRANTED AS REMUNERATION DURING FINANCIAL YEAR	EXERCISED DURING FINANCIAL YEAR	LAPSED DURING FINANCIAL YEAR	BALANCE AT END OF FINANCIAL YEAR	VESTED AND EXERCISABLE AT END OF FINANCIAL YEAR	UNVESTED
C Hodge[1]	-	-	-	-	-	-	-
R Beament	2,990,072	3,720,681	-	-	6,710,753	-	6,710,753
K Quinlivan	2,524,950	3,141,909	-	-	5,666,859	-	5,666,859
K Bramley	2,524,950	3,141,909	-	-	5,666,859	-	5,666,859

1. Under the terms of C Hodge's employment agreement, Mr Hodge will be eligible for an LTI award following the first anniversary of employment as the Group's Chief Executive Officer and Managing Director.
2. Under the terms of G Douglas's employment agreement, Mr Douglas will be eligible for an LTI award following the first anniversary as a KMP.
3. Subsequent to year end and in accordance with contract entitlement, 7,644,411 SARs were issued to key management personnel. 5,808,411 SARs issued to C Hodge remain subject to shareholder approval at the 2021 Annual General Meeting.

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 https://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:

EFFECTIVE ALLOCATION DATE	ESTIMATED EXPIRY DATE	EXERCISE PRICE[3]	STRIKE PRICE[1]	VALUE PER SAR AT EFFECTIVE ALLOCATION DATE[2]	DATE EXERCISABLE
01/07/2016	01/07/2021	Nil	A$0.0483	A$0.0263	100% after 20/10/2019[4]
01/07/2016	01/07/2021	Nil	A$0.0930	A$0.0193	100% after 20/10/2019[4]
01/07/2017	01/07/2022	Nil	A$0.0453	A$0.0197	100% after 20/10/2020[4]
01/07/2018	01/07/2023	Nil	A$0.1439	A$0.0730	100% after 20/10/2021[4]
01/07/2019	01/07/2024	Nil	A$0.1054	A$0.0576	100% after 20/10/2022[4]
01/07/2020	01/07/2025	Nil	A$0.063	A$0.0264	100% after 20/10/2023[4]

1 The 'strike price' for SARs is the 10-day volume weighted average price for Horizon shares at effective allocation date.
2 The value per SAR at effective allocation date is 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 amounts disclosed for the remuneration of Directors and other KMP include the assessed fair values of SARs granted during the financial year, at the effective date of allocation. Fair values have been assessed by an independent expert using a Monte Carlo simulation. Factors taken into account by this model include the 'strike price', the term of the SAR, the current price and expected price volatility of the underlying Horizon shares, the expected dividend yield and the risk-free interest rate for the term of the SAR (refer below). The value attributable to SARs is allocated to particular periods in accordance with AASB 2 'Share-based Payment' and also with the guidelines issued by the Australian Securities and Investments Commission ('ASIC') which require the value of a SAR at effective allocation date to be allocated equally over the period from the effective allocation date to the end of the vesting period, unless it is probable that the individual will cease service at an earlier date and the Board will determine that such persons SARs lapse.

The model inputs for each grant of SARs during the financial year ended 30 June 2021 included:

Effective allocation date	1 July 2020
Estimated expiry date	1 July 2025
Exercise price	Nil[1]
'Strike price', being the 10-day VWAP of Horizon shares at effective allocation date	A$0.063
Expected price volatility	55% p.a.
Risk free rate	0.4% p.a.
Expected dividend yield	0.00% p.a.

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

Details of remuneration –SARs

For each grant of SARs 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. The SARs may vest after three years, subject to the performance conditions being met. No SARs will vest if the performance conditions are not fulfilled, therefore the minimum value of SARs yet to vest is US$Nil. The maximum value of the SARs yet to vest has been determined as the amount of the fair value of the SARs at the effective allocation date that is yet to be expensed.

	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	2019	-	-	30/06/2022	-
	2020	-	-	30/06/2023	22,430
	2021	-	-	30/06/2024	45,151
K Bramley	2019	-	-	30/06/2022	-
	2020	-	-	30/06/2023	18,941
	2021	-	-	30/06/2024	38,128
K Quinlivan	2019	-	-	30/06/2022	-
	2020	-	-	30/06/2023	18,941
	2021	-	-	30/06/2024	38,128
FORMER KMP					
M Sheridan	2017	100%	-	Fully vested	-
	2018	100%	-	Fully vested	-
	2019	-	-	30/06/2022	-
	2020	-	-	30/06/2023	87,345
A Fernie	2018	100%	-	Fully vested	-
B Emmett	2017	100%	-	Fully vested	-
	2018	100%	-	Fully vested	-

[1] The above values have been converted to dollars at the exchange rate prevailing on the date of the grant of the SARs.

Dividends

No dividend has been paid or declared by the Company to the shareholders since the end of the prior financial year.

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	
	2021 US$	**2020 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:		
1. PWC AUSTRALIA		
Audit and other assurance services		
Audit and review of financial reports	159,509	158,282
Other assurance services	11,822	14,267
Total remuneration for audit and other assurance services	**171,331**	**172,549**
Taxation services		
Tax compliance[1]	9,819	15,895
Total remuneration for taxation services	**9,819**	**15,895**
2. NON-PWC AUDIT FIRMS		
Audit and other assurance services	10,567	8,085
Total remuneration for audit and other assurance services	**10,567**	**8,085**
Total auditors' remuneration	**191,717**	**196,529**

[1] Remuneration for taxation services has been recorded on a gross basis; some of these fees were for services provided to PNG operated joint ventures.

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 42.

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.

M Harding
Chairman

C Hodge
Chief Executive Officer

Sydney
26 August 2021

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Auditor's Independence Declaration

As lead auditor for the audit of Horizon Oil Limited for the year ended 30 June 2021, 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.

S Rugers

Sean Rugers
Partner
PricewaterhouseCoopers

Sydney
26 August 2021

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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 2021 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 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income 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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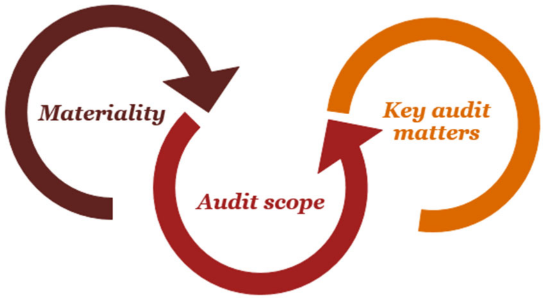
Our audit approach

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*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $750,000, which represents approximately 2% of the Group's EBITDA after adjusting for exploration and development expenses and impairment (adjusted EBITDA).	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: – Impairment assessment of oil & gas assets
• 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.	• Our audit focused on the joint arrangement oil producing operations in New Zealand and China and the Group's corporate head office in Sydney.	• This is further described in the *Key audit matters* section of our report.
• We chose adjusted EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured and is a generally accepted benchmark in the oil and gas industry. We determined that a 2% threshold was appropriate based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• The Group uses an internal expert to perform an assessment of the Reserves and Resources on an annual basis. Our scope included assessing the work of the internal expert.	

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 matter was 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 this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of oil & gas assets *Refer to note 1(K), 1(Q), & 16* As indicators of impairment were identified by the Group with respect to the oil & gas assets during the year, the Group performed an impairment assessment and calculated the recoverable amount of the assets which is the higher of the asset's fair value less costs to sell and value in use. This is a key audit matter due to the: • significant judgement exercised by the Group in estimating the recoverable amount of the oil & gas assets in different jurisdictions • volatility of global oil prices during the year which have been impacted by the recent COVID19 pandemic • financial significance of these assets to the business.	We performed the following procedures, amongst others: • Read the impairment assessment prepared by the Group. Assisted by PwC valuation experts, we assessed the significant assumptions applied within the Group's discounted cash flow model, including: - Assessing the discount rates used by the Group in the valuation process of its oil & gas assets held in the joint arrangements, New Zealand and China. - Considering the Group's forecast oil prices which were derived from broker forecasts and analysing the Group's process for developing oil price assumptions. - Comparing recent market transactions to the carrying value of the relevant asset, where available. • Compared the underlying significant assumptions (including reserves estimate, production profile, operating and capital expenditure requirements) in the Group's impairment assessment to the underlying assumptions identified by the Group's internal expert in their most recent reserves and resources statement on China and New Zealand joint arrangements. • Assessed the reasonableness of the relevant disclosures against the requirements of the Australian Accounting Standards.

For personal use only

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 2021, 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.

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 26 to 39 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Horizon Oil Limited for the year ended 30 June 2021 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

PricewaterhouseCoopers

S Rugers

Sean Rugers
Partner

Sydney
26 August 2021

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 2021 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

C Hodge
Chief Executive Officer

Sydney
26 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	CONSOLIDATED 2021 US$'000	2020 US$'000
REVENUE	4	**63,571**	84,025
Cost of sales	5	**(47,126)**	(53,384)
Gross profit		**16,445**	**30,641**
Other income	4	**817**	12
General and administrative expenses	5	**(3,836)**	(3,695)
Insurance expense	5	**(1,950)**	(2,003)
Exploration and development expenses	5	**(2,073)**	(1,821)
Gain on remeasurement of derivative financial instruments	5	**1,413**	-
Finance costs – interest, transaction costs, other	5	**(2,038)**	(3,701)
Finance (costs)/income – unrealised movement in value of options	5	**(2,930)**	8,047
Restructuring expense	5	**(378)**	-
Other expenses	5	**(292)**	(180)
Profit before income tax		**5,178**	**27,300**
NZ royalty tax expense	6a	**(1,274)**	(2,949)
Income tax benefit/(expense)	6b	**958**	(7,955)
Profit from continuing operations		**4,862**	**16,396**
Profit/(loss) from discontinued operations	29b	**3,147**	(71,535)
Profit/(loss) for the financial year		**8,009**	**(55,139)**
OTHER COMPREHENSIVE INCOME/(LOSS) - ITEMS THAT MAY BE RECLASSIFIED TO PROFIT AND LOSS			
Changes in the fair value of cash flow hedges		**982**	(2,749)
Total comprehensive income/(loss) for the financial year		**8,991**	**(57,888)**
Profit/(loss) attributable to:			
Security holders of Horizon		**8,009**	(55,139)
Profit/(loss) for the financial year		**8,009**	**(55,139)**
Total comprehensive income/(loss) attributable to:			
Security holders of Horizon		**8,991**	(57,888)
Total comprehensive (loss)/income for the financial year		**8,991**	**(57,888)**
Earnings per share for (loss)/profit attributable to ordinary equity holders of Horizon:		**US cents**	US cents
Basic earnings per ordinary share	41a	**0.61**	(4.23)
Diluted earnings per ordinary share	41b	**0.49**	(4.23)
Basic earnings per ordinary share from continuing operations	41c	**0.37**	1.26
Diluted earnings per ordinary share from continuing operations	41d	**0.30**	1.01

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 2021

	NOTE	CONSOLIDATED 2021 US$'000	2020 US$'000
CURRENT ASSETS			
Cash and cash equivalents	7	**44,436**	25,920
Receivables	8	**13,982**	7,923
Inventories	9	**2,555**	3,510
Current tax receivable	11	**1,005**	-
Derivative financial instruments	10	**1,413**	15
Other assets	11	**564**	585
Intangible assets	12	**1,296**	802
Total current assets		**65,251**	**38,755**
NON-CURRENT ASSETS			
Deferred tax assets	13	**8,700**	7,084
Plant and equipment	14	**501**	869
Exploration phase expenditure	15	**-**	8,225
Oil and gas assets	16	**112,338**	116,702
Total non-current assets		**121,539**	**132,880**
Total assets		**186,790**	**171,635**
CURRENT LIABILITIES			
Payables	17	**16,405**	6,887
Current tax payable	18	**1,774**	2,942
Borrowings	19	**10,939**	12,236
Derivative financial instruments	10	**-**	1,344
Total current liabilities		**29,118**	**23,409**
NON-CURRENT LIABILITIES			
Payables	17	**181**	385
Deferred tax liabilities	22	**14,808**	15,169
Other financial liabilities	20	**-**	3,791
Borrowings	19	**1,196**	12,079
Provisions	21	**31,212**	33,947
Total non-current liabilities		**47,397**	**65,371**
Total liabilities		**76,515**	**88,780**
Net assets		**110,275**	**82,855**
EQUITY			
Contributed equity	23	**194,114**	174,801
Reserves	24a	**12,697**	12,599
Accumulated losses	24b	**(96,536)**	(104,545)
TOTAL EQUITY		**110,275**	**82,855**

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 2021

CONSOLIDATED		ATTRIBUTABLE TO MEMBERS OF HORIZON			
		CONTRIBUTED EQUITY	RESERVES	RETAINED PROFITS / (ACCUMULATED LOSSES)	TOTAL EQUITY
	NOTE	US$'000	US$'000	US$'000	US$'000
BALANCE AS AT 1 JULY 2019		**174,801**	**15,911**	**(49,406)**	**141,306**
Loss for the financial year	24(b)	-	-	(55,139)	(55,139)
Changes in the fair value of cash flow hedges	24(a)	-	(2,749)	-	(2,749)
Total comprehensive loss for the financial year		**-**	**(2,749)**	**(55,139)**	**(57,888)**
Transactions with owners in their capacity as equity holders:					
Employee share-based payments benefit	24(a)	-	(563)	-	(563)
		-	(563)	-	(563)
Balance as at 30 June 2020		**174,801**	**12,599**	**(104,545)**	**82,855**
Balance as at 1 July 2020		**174,801**	**12,599**	**(104,545)**	**82,855**
Profit for the financial year	24(b)	-	-	8,009	8,009
Changes in the fair value of cash flow hedges	24(a)	-	982	-	982
Total comprehensive income for the financial year		**-**	**982**	**8,009**	**8,991**
Transactions with owners in their capacity as equity holders:					
Employee share-based payments expense	24(a)	-	28	-	28
Acquisition of treasury shares	24(a)	-	(998)	-	(998)
Issue of treasury shares	24(a)	-	86	-	86
Shares bought back and cancelled	23(e)	(1,548)	-	-	(1,548)
Exercise of general options and ordinary shares issued	23(f)	20,861	-	-	20,861
		19,313	(884)	-	18,429
Balance as at 30 June 2021		**194,114**	**12,697**	**(96,536)**	**110,275**

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 2021

		CONSOLIDATED	
	NOTE	2021 US$'000	2020 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**57,411**	83,871
Payments to suppliers and employees		**(28,106)**	(32,386)
		29,305	**51,485**
Interest received		**-**	28
Interest paid		**(1,226)**	(3,469)
Income taxes paid		**(4,918)**	(11,313)
Net cash inflow from operating activities	40	**23,161**	**36,731**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of PNG portfolio		**3,764**	-
Payments for exploration phase expenditure		**(670)**	(2,274)
Payments for oil and gas assets		**(6,434)**	(5,755)
Payments for plant and equipment		**(16)**	(22)
Net cash outflow from investing activities		**(3,356)**	**(8,051)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Leasing arrangements		**(191)**	(233)
Payments for shares bought back		**(1,548)**	-
Payments for shares acquired by the Employee Share Trust		**(998)**	-
Proceeds from exercise of general options		**14,140**	
Repayment of borrowings	19a	**(12,691)**	(24,000)
Net cash outflow from financing activities		**(1,288)**	**(24,233)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**18,517**	**4,447**
Cash and cash equivalents at the beginning of the financial year		**25,920**	21,472
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		**(1)**	1
Cash and cash equivalents at the end of the financial year	7	**44,436**	**25,920**

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 2021 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 2021. 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 2021.

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 2021, 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 2021 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(N)). 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 28.

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. Deferred income

A liability is recorded for obligations under petroleum sales contracts where the risks and rewards of ownership have not passed to the customer and payment has already been received.

I. 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.

J. Leases

The Group leases offices 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 5.1%.

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.

K. 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 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 Note 1(P).

L. 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.

M. 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 2021 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.

N. 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.

O. Non-current assets held for sale and discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

P. 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.

Q. 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(K).

(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 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(K).

(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 restoration asset is subsequently amortised on a unit-of-production basis.

The corresponding provision, of an amount equivalent to the restoration asset created, 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 US 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, General Manager, Production & Exploration 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 24 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.

R. 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.

S. 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.

T. 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 have an indefinite useful life.

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

U. 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.

V. 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 24(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.

W. 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.

X. 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 US$Nil borrowing costs (2020: US$Nil) capitalised during the current financial year and the amount of borrowing costs amortised to the income statement were US$705,396 (2020 US$776,816).

Y. 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 33.

The fair value of options 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 options 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 options and SARs that are expected to vest.

The fair value is measured at effective allocation 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 options 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 effective allocation 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 option or SAR.

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

During the financial year, the Group established the Horizon Oil Employee Incentive Trust to administer the Long-Term Incentive Plan and Horizon 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 options pursuant to the Long-Term Incentive Plan or Employee Option Scheme, and the Board resolves to settle in shares, the Horizon Employee Oil Incentive Trust transfers the appropriate amount of shares to the employee.

Z. 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.

AA. 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.

BB. 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.

CC. Parent entity financial information

The financial information for the parent entity, Horizon Oil Limited, disclosed in Note 42, 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[P]. 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. The carrying amount of exploration and evaluation assets has been disclosed in Note 15.

[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. The carrying amount of the provision for restoration is disclosed in Note 21.

Following the significant volatility in yields and inflation rates caused by the COVID-19 pandemic, the Group revised the discount and inflation rate used in quantifying the restoration provisions. The resultant effect is a US$2.8 million increase in the restoration provision for the New Zealand licence.

[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 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 and discount rates. The estimated future cash flows are discounted back to today's dollars to obtain the fair value amount using an after-tax discount rate of between 10% and 11%.

The Group's current oil price forecast assumes an oil price of US$65/bbl over the next 4 years. Should longer term oil prices be materially less than US$65/bbl it may lead to impairment of the Groups assets.

[v] Share-based payments and General options

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 of the derivative liability associated with the general options is valued as at financial year end. 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, employee options and general 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, employee options and general options outstanding are disclosed in Note 33.

[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 three operating segments:

- 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;
- China exploration and development – the Group is currently involved in developing and producing crude oil from the Block 22/12 – WZ6-12 and WZ12-8W oil field development and in the exploration and evaluation of hydrocarbons within Block 22/12; and
- 'All other segments' include amounts of a corporate nature not specifically attributable to an operating segment.

The PNG exploration and development segment was sold on 2 December 2020. Information about this discontinued segment is provided in Note 29.

B. Segment information provided to the chief operating decision maker

2021	CHINA EXPLORATION & DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	ALL OTHER SEGMENTS US$'000	TOTAL US$'000
SEGMENT INFOMATION:				
Revenue from external customers	**38,120**	**25,451**	**-**	**63,571**
Profit/(loss) before tax	**9,306**	**1,766**	**(5,894)**	**5,178**
Depreciation and amortisation	**(15,889)**	**(7,972)**	**(311)**	**(24,172)**
Total segment assets as at 30 June 2021	**80,371**	**81,877**	**24,542**	**186,790**
Additions to non-current assets other than financial assets and deferred tax during the financial year ended:				
Exploration phase expenditure:	**297**	**-**	**-**	**297**
Development and production phase expenditure:	**9,844**	**4,229**	**-**	**14,073**
Plant and equipment:	**-**	**-**	**16**	**16**
Total segment liabilities as at 30 June 2021	**35,218**	**39,106**	**2,191**	**76,515**

2020	CHINA EXPLORATION & DEVELOPMENT US$'000	NEW ZEALAND EXPLORATION & DEVELOPMENT US$'000	PAPUA NEW GUINEA EXPLORATION & DEVELOPMENT US$'000	ALL OTHER SEGMENTS US$'000	TOTAL US$'000
SEGMENT INFOMATION:					
Revenue from external customers	46,958	37,067	-	-	84,025
Profit/(loss) before tax	15,346	5,670	(71,536)	6,285	(44,235)
Depreciation and amortisation	(15,554)	(10,800)	(95)	(263)	(26,712)
Total segment assets as at 30 June 2020	**77,307**	**70,156**	**18,678**	**5,494**	**171,635**
Additions to non-current assets other than financial assets and deferred tax during the financial year ended:					
Exploration phase expenditure:	2,431	-	1,107	817	4,355
Development and production phase expenditure:	55	321	470	-	846
Plant and equipment:	-	-	73	796	869
Total segment liabilities as at 30 June 2020	**35,237**	**41,059**	**6,069**	**6,415**	**88,780**

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, including through sales agreements with the respective joint venture operators.

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	
	2021 US$'000	2020 US$'000
FROM CONTINUING OPERATIONS		
Crude oil sales	**70,124**	74,942
Net realised (loss) / gain on oil hedging derivatives	**(6,553)**	9,083
	63,571	**84,025**
OTHER INCOME		
Insurance claim income[1]	**780**	-
Interest received from unrelated entities	**-**	12
Other non-operating income	**37**	-
	817	12

[1] During the period, the Group recovered US$0.8 million as full and final settlement for outstanding insurance claims pertaining to the Maari asset. Following the recovery of these funds there are no outstanding insurance claims.

Revenue for the financial year ended 30 June 2021 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 2021.

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 2021.

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	
	2021 US$'000	2020 US$'000
CRUDE OIL SALES		
Goods transferred at a point in time	**25,451**	37,067
Goods transferred over a period of time	**38,120**	46,958
	63,571	**84,025**

Note 5 Expenses

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
COST OF SALES		
Direct production costs	**22,306**	24,538
Inventory adjustments[1]	**390**	2,243
Amortisation expense	**23,861**	26,354
Royalties and other levies	**569**	249
	47,126	**53,384**

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

	2021 US$'000	2020 US$'000
GENERAL AND ADMINISTRATIVE EXPENSES		
Employee benefits expense	**1,908**	1,155
Employee share options expense	**364**	611
Corporate office expense	**1,249**	1,572
Depreciation expense	**311**	263
Rental expense relating to operating leases	**4**	94
	3,836	3,695
INSURANCE EXPENSE		
Insurance expense (including Loss of Production Income insurance)	**1,950**	2,003
	1,950	2,003
EXPLORATION AND DEVELOPMENT EXPENSES		
Exploration and development expenditure expensed	**2,073**	1,821
	2,073	1,821
GAIN ON REMEASUREMENT OF DERIVATIVE FINANCIAL INSTRUMENTS		
Gain on remeasurement of derivative financial instruments[2]	**(1,413)**	-
	(1,413)	-

2 The gain on the remeasurement of derivative financial instruments relates to oil price swaps whereby hedge accounting has not been applied. Refer Note 10 for details on the Group's derivative financial instruments.

Note 5: Expenses (Continued)

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
FINANCING COSTS		
Interest and finance charges	**1,297**	2,450
Discount unwinding on provision for restoration	**230**	740
Unrealised movement in fair value of derivative financial instrument[3]	**2,930**	(8,047)
Amortisation of prepaid financing costs	**511**	511
	4,968	(4,346)

[3] The amount shown reflects an unrealised loss of $2,930,000 (2020: gain of $8,047,000) relating to the mark to market revaluation of the derivative financial liability arising from the share options issued in respect of the subordinated secured facility. Refer to Note 20 for further details of the component parts recognised in relation to this financing transaction.

RESTRUCTURING EXPENSES		
Restructuring expenses[4]	**378**	-
	378	-

[4] The Group further reduced headcount by 19%, thereby incurring one off redundancy expenses.

OTHER EXPENSES		
Net foreign exchange losses / (gain)	**284**	104
Other expenses	**8**	76
	292	180

Note 6 Income tax expense

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
(a) Royalty tax expense (benefit)		
Royalty paid / payable in New Zealand – current tax expense	**1,529**	4,220
Tax benefit related to movements in deferred tax balances	**(255)**	(1,271)
Total royalty tax expense	**1,274**	2,949
(b) Income tax expense		
Current tax expense	**2,457**	4,775
Tax expense related to movements in deferred tax balances	**(2,070)**	2,071
Adjustments for current tax of prior periods	**(1,345)**	1,109
Total income tax (benefit)/expense	**(958)**	7,955
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease in deferred tax assets	**(2,138)**	3,398
Decrease in deferred tax liabilities	**68**	(1,327)
Total deferred income tax (benefit)/expense	**(2,070)**	2,071

	CONSOLIDATED	
	2021 US$'000	**2020 US$'000**
(c) Numerical reconciliation between profit before tax and tax expense / (benefit)		
Profit from continuing operations before income tax	**5,178**	27,300
Profit/(Loss) from discontinuing operations before income tax	**3,147**	(71,535)
Less: Royalty paid / payable	**(1,529)**	(4,220)
	6,796	(48,455)
Tax at the Australian tax rate of 30% (2020: 30%)	**2,039**	(14,537)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Expenditure not allowed for income tax purposes	**1,689**	27,336
Other deductible items	**(1,224)**	(48)
Non-assessable income	**(2,946)**	(9,740)
Other assessable income	**841**	786
	399	3,797
Effect of overseas tax rates	**(351)**	(888)
Deferred tax asset not brought to account	**698**	1,161
Previously unrecognised deferred tax now recognised	**(368)**	-
Previously recognised tax losses now not recognised	**-**	2,985
Tax losses utilised to reduce current tax expense	**-**	(212)
Tax paid on non-resident insurance premiums	**9**	3
Previously unrecognised tax losses now recognised to reduce current tax expense	**-**	-
Adjustments for current tax of prior periods	**(1,345)**	1,109
Income tax (benefit)/expense	**(958)**	7,955
Royalty tax expense	**1,274**	2,949
Total tax expense recognised in statement of profit or loss	**316**	10,904
(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	352	(990)
Total tax expense / (benefit) recognised in other comprehensive income	**352**	(990)
(e) Tax losses		
Unused tax losses (and applicable tax rate) for which no deferred tax asset has been recognised:		
Horizon Oil Limited – 30% (2020: 30%)	3,060	3,038
Potential tax benefit at applicable tax rates	**3,060**	3,038

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	
	2021 US$'000	2020 US$'000
Cash at bank and on hand	**37,152**	23,007
Restricted cash[1]	**7,284**	2,913
	44,436	25,920

[1] Under the terms of Horizon's Revolving Cash Advance Facility (refer to Note 19(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 (2020: US$Nil).

Note 8 Receivables

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Trade and other receivables[1]	**13,982**	7,923
	13,982	7,923

[1] Of this balance US$Nil (2020: US$Nil) related to amounts receivable from related parties. Refer to Note 32 for further details.

Information about the Company's exposure to credit and market risks, and collectability of overdue amounts, is included in Note25(B).

Note 9 Inventories

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Crude oil, at cost	**1,473**	1,483
Drilling and workover spares inventory	**1,082**	2,027
	2,555	3,510

Note 10 Derivative financial instruments

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
CURRENT:		
Derivative asset – Oil price swaps – fair value through profit and loss	**1,413**	-
Derivative liability - Oil price swaps – cash flow hedges	**-**	(1,197)
Derivative asset – Foreign exchange contracts – cash flow hedges	**-**	15
Derivative liability – Foreign exchange contracts – cash flow hedges	**-**	(147)
	1,413	(1,329)

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 25(A)).

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 2021, the Group had no outstanding oil price swaps.

Oil price swap contracts (fair value through profit and loss)

During the financial year, oil price swaps for the purchase of crude oil were executed to mitigate the Group's exposure to oil price volatility and the impact of a higher oil price on the drilling costs of the WZ12-8E development which are directly linked to the oil price. Hedge accounting has not been applied, and therefore any gain or losses are recognised through profit and loss. At 30 June 2021, the Group had 50,000 barrels of crude oil hedged through Brent oil price swaps (30 June 2020: nil) purchasing crude oil at a weighted average price of US$43.21, covering the period 1 October 2021 to 31 March 2022.

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, AUD and RMB. As at 30 June 2021, the Group had no outstanding foreign exchange contracts.

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 loss of US$6,096,126 (2020: profit of US$8,795,268) was transferred to profit or loss.

Note 11 Other assets & current tax receivable

	CONSOLIDATED	
	2021 US$'000	**2020 US$'000**
Current tax receivable[1]	1,005	-
	1,005	-
Other assets - prepayments	564	585
	564	585

[1] The 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.

Note 12 Intangible assets

CURRENT ASSETS	CONSOLIDATED NEW ZEALAND CARBON CREDITS[1]	TOTAL US$'000
FINANCIAL YEAR ENDED 30 JUNE 2020		
Cost – 1 July 2019	796	796
Additions	1,025	1,025
Disposals - settlements	(1,019)	(1,019)
Closing value	**802**	**802**
FINANCIAL YEAR ENDED 30 JUNE 2021		
Cost – 1 July 2020	802	802
Additions	494	494
Disposals - settlements	-	-
Closing value	**1,296**	**1,296**

[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. NZU's have been reclassified to intangible assets in the prior financial period to align the classification with industry practice.

Note 13 Deferred tax assets

	CONSOLIDATED 2021 US$'000	2020 US$'000
Recognised deferred tax assets are attributable to:		
Tax losses	**358**	-
Development and production expenditure	**8,298**	6,824
Cash flow hedges	**-**	352
Provisions and other	**166**	128
Total deferred tax assets	**8,822**	7,304
Set off of deferred tax liabilities pursuant to set off provisions	**(122)**	(220)
Net deferred tax assets	**8,700**	7,084

2021 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 2020		**6,824**	**352**	**128**	**7,304**
(Charged)/credited					
– to profit or loss	358	1,474		38	1,870
– to other comprehensive income			(352)		(352)
At 30 June 2021	**358**	**8,298**	**-**	**166**	**8,822**

2020 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 2019	**2,804**	**6,681**	**78**	**865**	**10,428**
(Charged)/credited					
– to profit or loss	(2,804)	143	-	(737)	(3,398)
– to other comprehensive income	-	-	274	-	274
At 30 June 2020	**-**	**6,824**	**352**	**128**	**7,304**

Note 14 Property, plant and equipment

	LAND[2] US$'000	BUILDING[2] US$'000	OTHER PLANT & EQUIPMENT[2] US$'000	LEASEHOLD IMPROVEMENTS US$'000	TOTAL US$'000
As at 1 July 2019					
Cost	-	-	2,247	1,263	3,510
Adjustment on transition to AASB 16	16	103	21	-	140
Accumulated depreciation	-	-	(2,163)	(819)	(2,982)
Net book amount	**16**	**103**	**105**	**444**	**668**
FINANCIAL YEAR ENDED 30 JUNE 2020					
Opening net book amount	16	103	105	444	668
Additions	-	547	37	-	584
Disposals	(8)	(17)	-	-	(25)
Depreciation expense[1]	(8)	(203)	(53)	(94)	(358)
Closing net book amount	**-**	**430**	**89**	**350**	**869**
As at 30 June 2020					
Cost	-	603	2,305	1,263	4,171
Accumulated depreciation	-	(173)	(2,216)	(913)	(3,302)
Net book amount	**-**	**430**	**89**	**350**	**869**
FINANCIAL YEAR ENDED 30 JUNE 2021					
Opening net book amount	-	430	89	350	869
Additions	-	-	-	16	16
Disposals	-	(6)	(8)	(38)	(52)
Depreciation expense[1]	-	(197)	(47)	(88)	(332)
Closing net book amount	**-**	**227**	**34**	**240**	**501**
As at 30 June 2021					
Cost	-	547	1,720	1,103	3,370
Accumulated depreciation	-	(320)	(1,686)	(863)	(2,869)
Net book amount	**-**	**227**	**34**	**240**	**501**

[1] Depreciation expense in relation to the right of use assets is US$210,540.

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

	30 JUN 2021 US$'000	1 JUL 2020 US$'000
Office premises	228	430
Photocopier and IT equipment	9	24
Total	**237**	**454**

Note 15 Exploration phase expenditure

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
EXPLORATION PHASE EXPENDITURE		
Deferred geological, geophysical, drilling and other exploration and evaluation expenditure	-	8,225
The reconciliation of exploration phase expenditure carried forward above is as follows:		
Balance at beginning of financial year	**8,225**	56,903
Disposal of exploration asset (Note 29)	**(3,352)**	-
Reassessment of rehabilitation asset	-	1,695
Transfer of costs to production phase	**(5,037)**	(1,372)
Exploration expenditure incurred during financial year	**297**	3,538
Exploration expenditure expensed during financial year	**(133)**	(3,811)
Impairment expenditure	-	(48,728)
Balance at end of financial year	-	8,225

Note 16 Oil and gas assets

	CONSOLIDATED	
	2021 US$'000	2020 US$'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	**522,870**	506,855
Transfer from exploration phase	**5,037**	-
Development costs expensed during financial year	-	(407)
Reassessment of rehabilitation asset	**2,795**	2,349
Disposal of oil and gas assets (Note 29)	**(2,408)**	-
Carried forward accumulated impairment losses	**(116,598)**	(98,041)
Impairment expenditure recognised during the period	-	(18,557)
Less accumulated amortisation	**(299,358)**	(275,497)
	112,338	116,702

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 2019	20,960	136,493	157,453
Amortisation incurred	-	(26,354)	(26,354)
Increase in restoration asset	-	2,349	2,349
Transfer from exploration phase	-	1,372	1,372
Impairment expenditure (Note 29)	(18,557)	-	(18,557)
Development and production costs incurred during financial year	469	377	846
Development and production costs expensed during financial year	(464)	57	(407)
Balance at 30 June 2020	**2,408**	**114,294**	**116,702**
Amortisation incurred	**-**	**(23,861)**	**(23,861)**
Increase in restoration asset	**-**	**2,795**	**2,795**
Transfer from exploration phase	**5,037**	**-**	**5,037**
Disposal of oil and gas assets (Note 29)	**(2,408)**	**-**	**(2,408)**
Development and production costs incurred during financial year	**4,569**	**9,504**	**14,073**
Balance at 30 June 2021	**9,606**	**102,732**	**112,338**

Note 17 Payables

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
CURRENT LIABILITIES		
Trade creditors	**2,988**	784
Share of joint operation creditors and accruals	**10,703**	3,996
ETS obligation[1]	**227**	361
Lease liabilities[2]	**223**	223
Other creditors	**2,264**	1,523
	16,405	6,887
NON-CURRENT LIABILITIES		
Lease liabilities[2]	**59**	262
Other creditors	**122**	123
	181	385

1 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 11 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 leases for offices in Sydney and various equipment. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 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 2021				
Lease payments	232	59	-	291
Finance charges	(9)	(0)	-	(9)
Net present values	**223**	**59**	**-**	**282**

Note 18 Current tax payable

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Current tax payable – China	**1,085**	134
Current tax payable – New Zealand	**-**	1,638
Current royalty tax payable – New Zealand	**689**	1,170
	1,774	2,942

Note 19 Borrowings

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
CURRENT:		
Bank loans[1] (b)	**10,939**	12,236
	10,939	12,236
NON-CURRENT:		
Bank loans[1] (b)	**1,196**	12,079
	1,196	12,079
Total Borrowings	**12,135**	24,315

[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.

	2021 US$'000	2020 US$'000
Cash and cash equivalents	**44,436**	25,920
Borrowings[2] – repayable within one year (including overdraft)	**(11,500)**	(12,758)
Borrowings[2] – repayable after one year	**(1,240)**	(12,673)
Net cash/(debt)	**31,696**	489
Cash and liquid investments	**44,436**	25,920
Gross debt[2] – variable interest rates	**(12,740)**	(25,431)
Net cash	**31,696**	489

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

		CASHFLOWS		NON-CASH CHANGES	
	OPENING 1 JULY 2020	DRAWDOWN	REPAYMENTS	AMORTISATION OF TRANSACTION COSTS	CLOSING 30 JUNE 2021
Syndicated Revolving Cash Advance Facility	24,315	-	(12,691)	511	12,135
Total liabilities from financing activities	**24,315**	**-**	**(12,691)**	**511**	**12,135**

B. Bank loans – Syndicated Revolving Cash Advance Facility

On 15 November 2018, the Group finalised and executed a US$95 million Syndicated Revolving Cash Advance Facility with Australia and New Zealand Banking Group (ANZ), Westpac Banking Corporation (Westpac) and Industrial and Commercial Bank of China (ICBC). The proceeds on this facility were applied to repay the outstanding subordinated and senior debt facilities. The facility retained some key elements of the previous Reserves Based Debt Facility, with key changes including additional tenure to July 2022, reduced interest rate at LIBOR plus 2.75% and the removal of lender security over Horizon's interests in PNG. Under the facility, the facility limit and thus future repayments are determined by applying a minimum loan life coverage ratio to the net present value of estimated future cash flows from all projects included in the facility. Estimated future cash flows are dependent on, amongst other things, the lenders views on forecast oil prices, reserve estimates, operating and capital cost estimates and forecast interest and exchange rates.

At 30 June 2021, total debt drawn under the facility was US$12.74 million. Floating interest in respect of the facility is at LIBOR plus a weighted average margin of 2.75%.

The facility was secured by a floating charge over the shares and assets of the borrowers (Horizon Oil International Limited and Horizon Oil (Beibu) Limited which are wholly owned subsidiaries of Horizon Oil Limited) and other Horizon Oil Limited subsidiaries, in favour of ANZ Fiduciary Services Pty Limited as security trustee. Horizon Oil Limited has guaranteed the performance of Horizon Oil International Limited and Horizon Oil (Beibu) Limited (which have also given guarantees) in relation to the loan facility from ANZ, Westpac and ICBC. In addition, the shares of the following Horizon Oil Limited subsidiaries have been mortgaged to ANZ Fiduciary Services Pty Limited: Horizon Oil International Limited and Horizon Oil (Beibu) Limited. The Group is subject to covenants which are common for a facility of this nature.

Note 20 Other financial liabilities

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
CURRENT		
Fair value of share options	-	-
NON-CURRENT		
Fair value of share options	-	3,791
Total other financial liabilities	-	3,791

The amount recorded for other financial liabilities is the fair value of the derivative financial liability arising from the 300 million share options issued as part of a subordinated debt facility executed in 2016 and repaid in full during 2018. The options were exercisable at A$0.061 per share and as the functional currency of the Group is United States dollars, which will result in a variable amount of cash being received on exercise of the options, the share options were accounted for as a derivative financial liability at fair value on a recurring basis and are marked to market at each balance date, with any gains/losses arising recognised through profit or loss.

On 15 September 2016 the Group issued 300 million general options over unissued shares in Horizon Oil Limited in connection with the drawdown of a subordinated secured non-amortising loan during the period. On 31 May 2021, the 300 million general options were exercised with the Group receiving cash consideration of A$18.3 million for the issuance of 300,000,000 Ordinary shares of Horizon Oil Limited. Upon exercise, the options were revalued through the profit and loss at an amount equal to their fair value resulting in a non-cash finance cost of US$2.9 million. Following the issuance of the Ordinary shares the options liability of US$6.7 million was transferred to equity within common stock.

The following is a reconciliation of the fair value of the share options:

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Balance at beginning of financial year	**3,791**	11,838
Unrealised loss/(gain) on revaluation during the period	**2,930**	(8,047)
Transferred to equity on issuance of shares	**(6,721)**	-
Balance at end of financial year	-	3,791

1 The weighted average fair value of the options at 30 June 2020 was A$0.0184.

Note 21 Provisions

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Restoration (current)	**-**	-
Restoration (non-current)	**31,212**	33,947
	31,212	33,947
The reconciliation of the movement in the total of the restoration provisions is as follows:		
Balance at beginning of financial year	**33,947**	29,018
Additional provision during financial year	**-**	1,695
Unwinding of discount	**230**	885
Unwinding of discount for discontinued operations	**71**	-
Disposal of PNG restoration liability (Note 29)	**(5,831)**	-
Effect of change in inflation/discount rate	**2,795**	2,349
Balance at end of financial year	**31,212**	33,947

Note 22 Non-current liabilities – Deferred tax liabilities

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
RECOGNISED DEFERRED TAX LIABILITIES ARE ATTRIBUTABLE TO:		-
Development and production expenditure	**12,202**	11,919
Accounting profits royalty	**1,972**	2,227
Cash flow hedges	**-**	4
Other	**756**	1,239
Total deferred tax liabilities	**14,930**	15,389
Set off of deferred tax assets pursuant to set off provisions	**(122)**	(220)
Net deferred tax liabilities	**14,808**	15,169

2021	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 2020					
[Charged]/credited	**11,919**	**2,227**	**4**	**1,239**	**15,389**
- To profit or loss	283	[255]		[483]	[455]
- To other comprehensive income			[4]		[4]
At 30 June 2021	**12,202**	**1,972**	**-**	**756**	**14,930**

2020	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 2019					
[Charged]/credited	**11,345**	**3,498**	**711**	**3,140**	**18,694**
- To profit or loss	574	[1,271]	-	[1,901]	[2,598]
- To other comprehensive income	-	-	[707]	-	[707]
At 30 June 2020	**11,919**	**2,227**	**4**	**1,239**	**15,389**

Note 23 Contributed equity

	CONSOLIDATED NUMBER OF SHARES		CONSOLIDATED	
	2021 '000	2020 '000	2021 US$'000	2020 US$'000
A. Issued share capital				
Ordinary shares				
Fully paid	**1,578,943**	1,301,981	**193,655**	174,342
Partly paid to A$0.01	**1,500**	1,500	**459**	459
	1,580,443	1,303,481	**194,114**	174,801

B. Movements in ordinary share capital

[i] Ordinary shares [fully paid]

Date	Details	Number of shares	US$'000
30/06/2020	Balance as at 30 June 2020	1,301,981,265	174,342
07/04/2021	Unmarketable parcel buy back and cancellation of shares	[2,738,303]	[173]
02/06/2021	Issuance of shares on exercise of general options	300,000,000	20,861
28/06/2021	Buy-back and cancellation of shares	[20,300,000]	[1,375]
30/06/2021	Balance as at 30 June 2021	1,578,942,962	193,655

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

Date	Details	Number of shares	US$'000
30/06/2020	Balance as at 30 June 2020	1,500,000	459
30/06/2021	Balance as at 30 June 2021	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 general options and 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 33.

E. Share buy-backs

During the 2021 financial year, the Group announced capital management initiatives in the form of an on-market buy-back and an unmarketable parcel buy-back.

The on-market but back commenced on 4 March 2021 and resulted in the purchase and cancellation of 20,300,000 ordinary shares. The shares were acquired at an average price of A$0.087 per share, with prices ranging from A$0.081 to A$0.10. The total cost of A$1,775,621 (US$1,375,061) net of after-tax transaction costs, was deducted from share capital. The on-market buy-back was cancelled on 28 June 2021 following the announcement of a proposed share capital return.

The unmarketable parcel buy-back was completed on 7 April 2021 with a total of 2,738,303 Ordinary shares bought back. The shares were bought back at a fixed price of A$0.083 per share resulting in a reduction of A$227,279 (US$173,050) net of after-tax transaction costs, being deducted from share capital.

F. Issuance of Ordinary shares

On 2 June 2021, the Group issued 300 million Ordinary shares of Horizon Oil Limited to Samuel Terry Asset Management Pty Ltd <as trustee for Samuel Terry Absolute Return Fund>. The Ordinary shares were issued following the exercise of 300 million general options on 31 May 2021 which were exercisable at A$6.1 cents per share raising A$18.3 million (US$14.1 million) in cash. The general options were previously issued as part of an historical subordinated debt facility which was executed in 2016 and repaid in full in 2018.

Note 24 Reserves and retained profits

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
A. Reserves		
SHARE-BASED PAYMENTS RESERVE		
Movements:		
Balance at beginning of financial year	**13,581**	14,144
Employee share-based payments expense	**364**	(563)
Settlement of exercised options	**(336)**	-
Balance at end of financial year	**13,609**	13,581
HEDGE RESERVE		
Movements:		
Balance at beginning of financial year	**(982)**	1,767
Movement in net market value of hedge contracts	**-**	(1,328)
Reclassification to profit and loss	**1,330**	(2,402)
Deferred tax	**(348)**	981
Balance at end of financial year	**-**	(982)
TREASURY SHARES		
Movements:		
Balance at beginning of financial year	**-**	-
Acquisition of shares by the Employee Share Trust (average price A$ 7.2 cents per share)	**(998)**	-
Issue of treasury shares as settlement of exercised options	**86**	-
Balance at end of financial year	**(912)**	-
Total reserves	**12,697**	12,599

B. Accumulated (losses)/retained profits

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Accumulated losses at beginning of financial year	**(104,545)**	(49,406)
Net profit/(loss) for financial year	**8,009**	(55,139)
Accumulated losses at end of financial year	**(96,536)**	(104,545)

C. Nature and purpose of reserves

Share-based payment reserve:
The fair value of options 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(V).

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 33 for further information. Shares issued to employees are recognised on a weighted average basis.

Note 25 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, use of derivative financial instruments and investment of excess liquidity.

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 2021 and 30 June 2020:

	CONSOLIDATED	
	30 JUNE 2021 US$'000	**30 JUNE 2020 US$'000**
FINANCIAL ASSETS		
Cash and cash equivalents	**44,436**	25,920
Receivables	**13,982**	7,923
Derivative financial instruments	**1,413**	15
	59,831	33,858
FINANCIAL LIABILITIES		
Payables (current)	**16,405**	6,887
Current tax payable	**1,774**	2,942
Payables (non-current)	**181**	385
Borrowings (net of borrowing costs capitalised)	**12,135**	24,315
Derivative financial instruments	**-**	1,344
Other financial liabilities	**-**	3,791
	30,495	39,664

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 2021, the Group had no outstanding foreign currency contracts and swaps (30 June 2020: US$15,000 derivative asset and US$147,000 derivative liability).

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 2021 US$'000	**30 JUNE 2020 US$'000**
FOREIGN CURRENCY SWAPS (USD/RMB)		
Carrying amount – (liability)/asset	-	(75)
Notional amount	-	6,801
Maturity date	-	1 July 2020 – 30 June 2021
Hedge ratio[1]	-	1:1
Change in discounted spot value of outstanding hedging instruments since 30 June 2020	-	(75)
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	-	US$1: RMB7.0580
FOREIGN CURRENCY FORWARDS (USD/NZD)		
Carrying amount – (liability)/asset	-	(72)
Notional amount	-	3,900
Maturity date	-	15 July 2020 – 16 December 2020
Hedge ratio[1]	-	1:1
Change in discounted spot value of outstanding hedging instruments since 30 June 2020	-	(72)
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	-	US$1: NZD0.6501
FOREIGN CURRENCY FORWARDS (USD/AUD)		
Carrying amount – asset	-	15
Notional amount	-	1,013
Maturity date	-	10 July 2020 – 10 December 2020
Hedge ratio[1]	-	1:1
Change in discounted spot value of outstanding hedging instruments since 30 June 2020	-	15
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	-	US$1: A$0.6755

[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 (RMB and 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 2021				30 JUNE 2020			
	AUD US$'000	NZD US$'000	PGK US$'000	RMB US$'000	AUD US$'000	NZD US$'000	PGK US$'000	RMB US$'000
Cash and cash equivalents	**15,082**	**1,021**	**-**	**-**	937	804	72	9
Receivables	**76**	**249**	**-**	**-**	111	178	12	-
Current tax payable	**-**	**689**	**-**	**1,085**	-	2,808	-	134
Current payables	**1,988**	**492**	**-**	**264**	2,073	391	65	19
Non-current payables	**179**	**-**	**-**	**-**	96	-	-	-

For the financial year ended and as at 30 June 2021, 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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Change in currency[1]	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Australian dollar impact	**340**	(553)	**909**	(78)	**(340)**	553	**(909)**	78
New Zealand dollar impact	**50**	(422)	**136**	(102)	**(50)**	422	**(136)**	102
Papua New Guinea kina impact	**-**	(56)	**-**	2	**-**	56	**-**	(2)
Chinese Renminbi impact	**-**	-	**(101)**	(11)	**-**	-	**101**	11

[1] This has been based on the change in the exchange rate against the US dollar in the financial years ended 30 June 2021 and 30 June 2020. 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 2021, the Group had no outstanding oil price hedges (30 June 2020: US$1,197,000 derivative asset, 220,000 bbls) protecting revenue generation. During the financial year, oil price swaps for the purchase of crude oil were executed to mitigate the Group's exposure to oil price volatility and the impact of a higher oil price on the drilling costs of the WZ12-8E development which are directly linked to the oil price. Hedge accounting has not been applied, and therefore any gain or losses are recognised through profit and loss. At 30 June 2021, the Group had 50,000 barrels of crude oil hedged through Brent oil price swaps (30 June 2020: nil) purchasing crude oil at a weighted average price of US$43.21, covering the period 1 October 2021 to 31 March 2022.

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 2021 US$'000	30 JUNE 2020 US$'000
OIL PRICE SWAPS		
Carrying amount – (liability)/asset	-	(1,197)
Notional amount	-	7,865
Maturity date	-	1 July 2020 – 31 December 2020
Hedge ratio[1]	-	1:1
Change in fair value of outstanding hedging instruments since 30 June 2020	-	(1,197)
Change in value of hedged item used to determine hedge ineffectiveness	-	-
Weighted average hedged rate for the year	-	US$35.75/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 2021, 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	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Change in crude oil price	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Impact	**1,994**	965	**1,994**	965	**(1,994)**	(1,587)	**(1,994)**	(1,587)

(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 2021 and 30 June 2020, the Group's interest rate risk arises from long term 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.

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.

As at 30 June 2021, the Group had no outstanding LIBOR swaps (30 June 2020: nil).

Effects of hedge accounting

The effects of the interest rate swaps on the group's financial position and performance are as follows:

	CONSOLIDATED	
	30 JUNE 2021 US$'000	30 JUNE 2020 US$'000
INTEREST RATE SWAPS		
Carrying amount – liability	-	307
Notional amount	-	36,600
Maturity date	-	30 June 2020
Hedge ratio[1]	-	1:1
Change in fair value of outstanding hedging instruments since 30 June 2020	-	(307)
Change in value of hedged item used to determine hedge effectiveness	-	307
Weighted average hedged rate for the year	-	2.867%

1 The interest rate swaps were executed with the same reference rate as the interest rate applied against the senior debt facility, therefore the hedge ratio is 1:1.

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 2021						
FINANCIAL ASSETS						
Cash and cash equivalents	**262**	-	-	-	**44,174**	**44,436**
Receivables	**-**	-	-	-	**13,982**	**13,982**
Derivative financial instruments	**-**	-	-	-	**1,413**	**1,413**
	262	-	-	-	**59,569**	**59,831**
Weighted average interest rate p.a.	**0.10%**					
FINANCIAL LIABILITIES						
Trade and other payables	**-**	-	-	-	**16,405**	**16,405**
Current tax payable	**-**	-	-	-	**1,774**	**1,774**
Non-current payables	**-**	-	-	-	**181**	**181**
Derivative financial instruments	**-**	-	-	-	**-**	**-**
Borrowings	**12,740**	-	-	-	**-**	**12,740**
	12,740	-	-	-	**18,360**	**31,100**
Weighted average interest rate p.a.	**3.05%**					
Net financial assets/(liabilities)	**(12,478)**	-	-	-	**41,209**	**28,731**

	FLOATING INTEREST RATE	FIXED INTEREST RATE MATURING IN:			NON-INTEREST BEARING	CARRYING AMOUNT
		1 YEAR OR LESS	OVER 1 TO 2 YEARS	OVER 2 TO 5 YEARS		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
AS AT 30 JUNE 2020						
FINANCIAL ASSETS						
Cash and cash equivalents	**4,233**	-	-	-	**21,687**	**25,920**
Receivables	**-**	-	-	-	**7,923**	**7,923**
Derivative financial instruments	**-**	-	-	-	**15**	**15**
	4,233	-	-	-	**29,625**	**33,858**
Weighted average interest rate p.a.	**0.15%**					
FINANCIAL LIABILITIES						
Trade and other payables	**-**	-	-	-	**6,887**	**6,887**
Current tax payable	**-**	-	-	-	**2,942**	**2,942**
Non-current payables	**-**	-	-	-	**385**	**385**
Derivative financial instruments	**-**	-	-	-	**1,344**	**1,344**
Borrowings	**25,431**	-	-	-	**-**	**25,431**
	25,431	-	-	-	**11,558**	**36,989**
Weighted average interest rate p.a.	**4.92%**					
Net financial assets/(liabilities)	**(21,198)**	-	-	-	**18,067**	**(3,131)**

As at 30 June 2021 and 30 June 2020, the Group had the following variable rate borrowings outstanding:

	30 JUNE 2021		30 JUNE 2020	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
	% P.A.	US$'000	% P.A.	US$'000
External loans	**3.05%**	**12,740**	4.92%	25,431
Net exposure to cash flow interest rate risk		**12,740**		25,431

At 30 June 2020, 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 2020 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
CHANGE IN INTEREST RATE p.a.	**+1%**	+1%	**+1%**	+1%	**-1%**	-1%	**-1%**	-1%
Impact of Assets	**16**	38	**16**	38	**(2)**	(6)	**(2)**	(6)
Impact of Liabilities	**167**	51	**167**	51	**(167)**	(51)	**(167)**	(51)
Impact of Net Assets	**(151)**	(13)	**(151)**	(13)	**165**	45	**165**	45

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	
	2021 US$'000	**2020 US$'000**
CASH AND CASH EQUIVALENTS		
Counterparties with external credit rating (Standard & Poors)		
AA-	**43,597**	24,819
A+	**-**	9
B	**-**	7
	43,597	24,835
Counterparties without external credit rating		
Share of joint operations cash balances	**839**	1,019
Overseas financial institutions	**-**	66
	839	1,085
Total cash and cash equivalents	**44,436**	25,920
RECEIVABLES		
Counterparties with external credit rating (Standard & Poors / Fitch)		
AAA	**325**	111
AA+	**-**	178
AA-	**-**	2,795
A+	**4,675**	2,434
A-	**8,842**	2,073
B	**-**	12
	13,842	7,603
Counterparties without external credit rating		
Share of joint operation receivables balances	**140**	273
Joint operations partners	**-**	47
	140	320
Total receivables	**13,982**	7,923

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 2021 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 2021 was determined as follows for trade receivables:

AS AT 30 JUNE 2021	CURRENT	MORE THAN 30 DAYS DUE PAST	MORE THAN 60 DAYS DUE PAST	TOTAL
Expected loss rate	0%	0%	0%	
Gross carrying amount	13,982	-	-	13,982
Loss Allowance	**-**	**-**	**-**	**-**

As at 30 June 2021, there were no financial assets that are past due (30 June 2020: 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

The Group had access to the following undrawn borrowing facilities as at the end of each reporting period:

	CONSOLIDATED	
	30 JUNE 2021 US$'000	30 JUNE 2020 US$'000
FLOATING RATE:		
Expiring within one year	**-**	1,599
Expiring beyond one year	**-**	-

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 2021	NON-INTEREST BEARING US$'000	VARIABLE RATE[1] US$'000	FIXED RATE US$'000
Less than 6 months	**18,091**	**3,993**	**-**
6 – 12 months	**-**	**7,716**	**-**
Between 1 and 2 years	**180**	**1,240**	**-**
Between 2 and 5 years	**-**	**-**	**-**
Over 5 years	**-**	**-**	**-**
Total contractual cash flows	**18,271**	**12,949**	**-**

1 Includes principal repayments and future interest payments.

AS AT 30 JUNE 2020	NON-INTEREST BEARING US$'000	VARIABLE RATE[1] US$'000	FIXED RATE US$'000
Less than 6 months	9,829	5,556	-
6 – 12 months	1,354	13,230	-
Between 1 and 2 years	375	7,662	-
Between 2 and 5 years	-	-	-
Over 5 years	-	-	-
Total contractual cash flows	11,558	26,448	-

[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 2021 and 30 June 2020:

AS AT 30 JUNE 2021	LEVEL 1 US$'000	LEVEL 2 US$'000	LEVEL 3 US$'000	TOTAL US$'000
ASSETS				
Financial assets at fair value through profit or loss: Oil price swaps	**-**	**1,413**	**-**	**1,413**
Total Assets	**-**	**1,413**	**-**	**1,413**

AS AT 30 JUNE 2020	LEVEL 1 US$'000	LEVEL 2 US$'000	LEVEL 3 US$'000	TOTAL US$'000
ASSETS				
Derivatives used for hedging	-	15	-	15
Total Assets	-	15	-	15
LIABILITIES				
Derivatives used for hedging	-	1,344	-	1,344
Financial liabilities at fair value through profit or loss: Options over unissued shares	-	-	3,791	3,791
Total liabilities	-	1,344	3,791	5,135

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 2021.

[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.

If 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] Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 30 June 2021 for recurring fair value measurements:

	OPTIONS OVER UNISSUED SHARES US$'000
Opening balance at 1 July 2020	3,791
Unrealised loss on revaluation during the period	2,930
Transferred to equity on issuance of shares	(6,721)
Closing balance at 30 June 2021	**-**

On 15 September 2016 the Group issued 300 million general options over unissued shares in Horizon Oil Limited in connection with the drawdown of a subordinated secured non-amortising loan during the period. On 31 May 2021, the 300 million general options were exercised with the Group receiving cash consideration of A$18.3 million for the issuance of 300,000,000 Ordinary shares of Horizon Oil Limited. Upon exercise, the options were revalued through the profit and loss at an amount equal to

their fair value resulting in a non-cash finance cost of US$2.9 million. The fair value each option at the date of exercise was the excess of the closing price of the Horizon Ordinary share, being A$0.09, over the strike price of A$0.061 per option. Following the issuance of the Ordinary shares the options liability of US$6.7 million was transferred to equity within common stock.

[iv] 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 2021, 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 2021 would increase/(decrease) by:

GROUP	NET RESULT		NET ASSETS		NET RESULT		NET ASSETS	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Change in NZU price	**+10%**	+10%	**+10%**	+10%	**-10%**	-10%	**-10%**	-10%
Impact	**38**	(42)	**146**	44	**(38)**	42	**(146)**	(44)

Note 26 New Zealand Imputation Credits

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
Imputation credits available for subsequent financial years[1]	3,289	2,961

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

Note 27 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
		2021 %	2020 %	
Horizon Oil International Limited	New Zealand	100	100	New Zealand
Horizon Oil (New Zealand) Limited	New Zealand	100	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 (PNG Holdings) Limited	BVI	-[1]	100	BVI
Horizon Oil (Papua) Limited	Bermuda	-[1]	100	PNG
Horizon Oil (Ketu) Limited	BVI	-[1]	100	PNG
Horizon Oil (Ubuntu) Limited	BVI	-[1]	100	PNG
Horizon Oil Employee Incentive Trust	Australia	100[2]	-	Australia

1 On 2 December 2020, the Group disposed of 100% of the share capital in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited. The financial performance of these entities for the current and prior period has been disclosed as profit/(loss) from discontinued operations in the consolidated statement of profit and loss and other comprehensive income. Accordingly, these subsidiaries are not consolidated into the financial statements for the 30 June 2021 financial period.

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

Note 28 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 (Q), under the following classifications:

	CONSOLIDATED	
	2021 US$'000	2020 US$'000
CURRENT ASSETS		
Cash and cash equivalents	839	1,019
Receivables	140	273
Inventories	2,555	3,510
Total current assets	**3,534**	**4,802**
NON-CURRENT ASSETS		
Plant and equipment	-	-
Exploration phase expenditure	-	8,225
Oil and gas assets	112,338	116,702
Total non-current assets	**112,338**	**124,927**
Total assets	**115,872**	**129,729**
CURRENT LIABILITIES		
Payables	10,703	3,996
Total current liabilities	**10,703**	**3,996**
NON-CURRENT LIABILITIES		
Payables	-	-
Total non-current liabilities	**-**	**-**
Total liabilities	**10,703**	**3,996**
Share of net assets employed in joint operations	**105,169**	**125,733**

Contingent liabilities in respect of joint operations are detailed in Note 36.

Exploration and development expenditure commitments in respect of joint operations are detailed in Note 39.

The Group had an interest in the following joint operations:

PERMIT OR LICENCE	PRINCIPAL ACTIVITIES	INTEREST (%) 30 JUNE 2021	INTEREST (%) 30 JUNE 2020
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% / 55%[1]	26.95% / 55%[1]
PNG			
PDL 10	Oil and gas development	0%[2]	30.00%
PRL 21	Oil and gas exploration and development	0%[2]	30.15%
PRL 28	Oil and gas exploration and development	0%[2]	30.00%
PPL 259/574	Oil and gas exploration	0%[2]	80.00%
PPL 372	Oil and gas exploration	0%[2]	95.00%
PPL 373	Oil and gas exploration	0%[2]	100.00%
PRL 40	Oil and gas exploration	0%[2]	20.00%

1 China National Offshore Oil Corporation ('CNOOC') is entitled to participate at up to a 51% equity level in any commercial development within Block 22/12. During 2011 CNOOC exercised its right to participate in the development of WZ6-12 and WZ 12-8W within Block 22/12 at 51%.

2 On 2 December 2020, the Group disposed of 100% of the share capital in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited. Accordingly, the Group no longer owns an interest in any PNG licence or permit.

Note 29 Discontinued operation

(a) Description

On 27 October 2020, the Group announced that it had agreed to sell all of the shares in its wholly owned subsidiary Horizon Oil (PNG Holdings) Limited. The sale completed on 2 December 2020 resulting in the transfer of the Group's entire asset portfolio in Papua New Guinea to Arran Energy Investments Pty Ltd. On completion of the sale the Group received cash consideration of US$3,500,000, with a further US$264,225 received upon the finalisation of customary working capital adjustments. Following the completion of the sale, the Group does not have any operations in Papua New Guinea and no longer holds an interest in Horizon Oil (PNG Holdings) Limited, Horizon Oil (Papua) Limited, Horizon Oil (Ubuntu) Limited and Horizon Oil (Ketu) Limited.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented for the financial year ended 30 June 2021 reflects the discontinued PNG operations for the 5 months ended 2 December 2020.

FINANCIAL PERFORMANCE	30 JUNE 2021 US$'000	30 JUNE 2020 US$'000
Revenue	-	-
Expenses	(380)	(4,250)
Impairment expense	-	(67,285)
Loss before income tax	**(380)**	**(71,535)**
Income tax expense	-	-
Loss after tax of discontinued operation	**(380)**	**(71,535)**
Gain on sale of subsidiary after tax (refer to Note 29 (c) below)	3,527	-
Profit/(Loss) from discontinued operation	**3,147**	**(71,535)**
Net cash outflow from operating activities	(74)	(1,035)
Net cash inflow/(outflow) from investing activities (includes proceeds from sale)	3,493	(3,215)
Net increase/(decrease) in cash generated by subsidiaries	**3,419**	**(4,250)**

(c) Details of the sale of the subsidiaries

GAIN ON SALE OF SUBSIDIARIES	30 JUNE 2021 US$'000
Cash	3,500
Cash for working capital	264
Total disposal consideration	3,764
Cash	246
Accounts receivable	171
Fixed assets	52
Exploration assets	3,352
Development assets	2,408
Accounts payable	(161)
Restoration liabilities	(5,831)
Less: Carrying value of net assets sold	237
Gain on sale of subsidiaries	**3,527**

Note 30 Remuneration of external auditors

	CONSOLIDATED	
	2021 US$	2020 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:		
1. PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	159,509	158,282
Other assurance services	11,822	14,267
Total remuneration for audit and other assurance services	**171,331**	172,549
Taxation services		
Tax compliance[1]	9,819	15,895
Total remuneration for taxation services	**9,819**	15,895
2. Non-PwC audit firms		
Audit and other assurance services	10,567	8,085
Total remuneration for audit and other assurance services	**10,567**	8,085
Total auditors' remuneration	**191,717**	196,529

1 Remuneration for taxation services has been recorded on a gross basis; some of these fees were for services provided to PNG operated joint ventures.

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 31 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	2021 US$	2020 US$
Short-term employee benefits	**1,720,215**	2,485,483
Post-employment benefits	**69,941**	86,860
Long-term benefits	**(922)**	22,810
Share-based payments (non-cash)	**177,908**	312,706
Total key management personnel remuneration	**1,967,142**	2,907,859

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 32 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.

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 33.

Subsidiaries
Interests in subsidiaries are set out in Note 27. Details in respect of guarantees provided to subsidiaries are set out in Note 42[(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 2021 and 30 June 2020 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.

The following transactions occurred with related parties:

	2021 US$	2020 US$
SUPERANNUATION CONTRIBUTIONS		
Superannuation contributions to superannuation funds on behalf of employees	**275,623**	284,020
OTHER TRANSACTIONS		
Payments to Horizon Oil Limited under financial guarantee contract arrangements from wholly owned subsidiary	**510,900**	1,158,521
Dividends from Horizon Oil International Limited to Horizon Oil Limited	**-**	9,500,000
Dividends from Horizon Oil (Beibu) Limited to Horizon Oil Limited	**-**	4,000,000
Debt capitalised for issuance of equity from Horizon Oil International Limited to Horizon Oil Limited	**12,400,000**	-

LOANS TO/FROM RELATED PARTIES	2021 US$	2020 US$
Balance at beginning of the financial year	**185,605,193**	170,251,852
Loans advanced	**37,488,407**	36,090,468
Loan repayments received	**(48,847,617)**	(22,456,323)
Interest charged	**939,021**	1,719,196
PNG related loans written-off	**(104,991,919)**	-
Balance at end of financial year	**70,193,085**	185,605,193

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% (2020: LIBOR plus 5.14%). Outstanding balances are unsecured and repayable in cash.

Note 33 Share-based payments

Set out below is a summary of unlisted options and share appreciation rights on issue:

EFFECTIVE ALLOCATION 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 2021 SHARE APPRECIATION RIGHTS ISSUED								
01/07/2015	01/07/2020	A$0.09[2]	7,458,777	-	-	(7,458,777)	-	-
01/07/2016	01/07/2021	A$0.09[2]	16,617,522	-	-	-	16,617,522	16,617,522
01/07/2016	01/07/2021	A$0.05[2]	12,186,198	-	-	-	12,186,198	12,186,198
01/07/2017	01/07/2022	A$0.05[2]	55,691,714	-	(10,500,000)	-	45,191,714	45,191,714
01/07/2018	01/07/2023	A$0.07[2]	8,680,899	-	-	-	8,680,899	-
01/07/2019	01/07/2024	A$0.11[2]	12,859,747	-	-	(1,857,091)	11,002,656	-
01/07/2020	01/07/2025	A$0.06[2]	-	10,004,499	-	-	10,004,499	-
TOTAL			**113,494,857**	**10,004,499**	**(10,500,000)**	**(9,315,868)**	**103,683,488**	**73,995,434**
Weighted average exercise price			**A$0.07**	**A$0.06**	**A$0.05**	**A$0.09**	**A$0.07**	**A$0.06**
OPTIONS ISSUED								
02/11/2015	02/11/2020	A$0.20[1]	1,000,000	-	-	(1,000,000)	-	-
15/09/2016	15/09/2021	A$0.06[3]	300,000,000	-	(300,000,000)	-	-	-
TOTAL			**301,000,000**	**-**	**(300,000,000)**	**(1,000,000)**	**-**	**-**
Weighted average exercise price			**A$0.06**	**-**	**-**	**-**	**-**	**-**

1 Relates to options issued under the Employee Option Scheme.
2 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.
3 Relates to general options issued in connection with the subordinated secured debt facility. Refer to Note 20 for further details.

EFFECTIVE ALLOCATION 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 2020 SHARE APPRECIATION RIGHTS ISSUED								
01/07/2014	01/07/2019	A$0.37[2]	7,402,177	-	-	7,402,177	-	-
01/07/2015	01/07/2020	A$0.09[2]	17,629,840	-	10,171,063	-	7,458,777	7,458,777
01/07/2016	01/07/2021	A$0.09[2]	16,617,522	-	-	-	16,617,522	16,617,522
01/07/2016	01/07/2021	A$0.05[2]	24,372,395	-	12,186,198	-	12,186,197	12,186,197
01/07/2017	01/07/2022	A$0.05[2]	55,691,714	-	-	-	55,691,714	-
01/07/2018	01/07/2023	A$0.07[2]	8,680,899	-	-	-	8,680,899	-
01/07/2019	01/07/2024	A$0.11[2]	-	12,859,747	-	-	12,859,747	-
TOTAL			**130,394,547**	**12,859,747**	**22,357,261**	**7,402,177**	**113,494,856**	**36,262,496**
Weighted average exercise price			**A$0.08**	**A$0.011**	**A$0.07**	**A$0.37**	**A$0.07**	**A$0.08**
OPTIONS ISSUED								
02/11/2015	02/11/2020	A$0.20[1]	1,000,000	-	-	-	1,000,000	-
15/09/2016	15/09/2021	A$0.06[3]	300,000,000	-	-	-	300,000,000	300,000,000
TOTAL			**301,000,000**	**-**	**-**	**-**	**301,000,000**	**300,000,000**
Weighted average exercise price			**A$0.06**	**-**	**-**	**-**	**A$0.06**	**-**

[1] Relates to options issued under the Employee Option Scheme.
[2] No price is payable by a participant in the Long-Term Incentive Plan on the exercise of a SAR.
[3] Relates to general options issued in connection with the subordinated secured debt facility. Refer to Note 19 for further details.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.31 years (2020: 1.89 years).

Long Term Incentive Plan

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.

Under the LTI Plan, the board has the discretion, subject to the ASX Listing Rule requirements, to grant share appreciation rights ('**SARs**') to executives as long-term incentives. The board has determined that up to 25% of senior executive's total remuneration would be long-term incentives in the form of SARs, with the number of SARs granted based on the value of a SAR.

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.

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

Employee Option Scheme

The issue of securities under the Employee Option Scheme was approved by shareholders for the purposes of the ASX Listing Rules at the 2014 Annual General Meeting. The scheme is open to permanent full time or part time employees of the Company. Executive directors and the Company's senior executives were eligible to participate until April 2010, when the board resolved to modify the remuneration arrangements for the Company's senior executives.

The maximum number of ordinary shares in respect of which options may be issued pursuant to the Employee Option Scheme, together with the number of partly paid ordinary shares on issue pursuant to any other employee share scheme of the Company, must not exceed 5% of the number of ordinary shares in the Company on issue from time to time.

Each option entitles the employee to subscribe for one share in the Company and each option expires 5 years from the date of issue. Options granted are progressively exercisable in three equal tranches from dates which are 12, 24 and 36 months after grant date. Upon exercise of the option, only one cent of the exercise price will be payable, with the balance being paid at the expiration of the period which is 5 years from the date of the issue of the options.

The exercise price will be the greater of:

(a) the price determined by directors but will not be less than the weighted average sale price per share of all sale prices at which fully paid ordinary shares are sold on the ASX during the period of 5 business days ending on the business day prior to the date of the directors' meeting at which the directors resolved to grant the option; and

(b) 20 cents per option.

The option exercise prices are subject to adjustment in certain circumstances in line with the ASX Listing Rule 6.22.2.

During the 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 24(C) for details.

General options issued

On 15 September 2016 the Group issued 300 million general options over unissued shares in Horizon Oil Limited in connection with the drawdown of a subordinated secured non-amortising loan during the period. On 31 May 2021, the 300 million general options were exercised with the Group receiving cash consideration of A$18.3 million for the issuance of 300,000,000 Ordinary shares of Horizon Oil Limited. Upon exercise, the options were revalued through the profit and loss at an amount equal to their fair value resulting in a non-cash finance cost of US$2.9 million. Following the issuance of the Ordinary shares the options liability of US$6.7 million was transferred to equity within common stock. Refer to Note 20 for further details.

Share appreciation rights issued

10,004,499 share appreciation rights were issued under the Long-Term Incentive Plan. The weighted average exercise price of these SARs is A$0.063 with performance hurdles to be achieved prior to exercise. The independently assessed weighted average fair value at effective allocation date of these share appreciation rights was A$0.0264 per SAR.

The Group engages external, independent and qualified valuers to determine the fair value at effective allocation date. The fair value of the share appreciation rights is determined based on a risk neutral framework using the Black-Scholes Model.

The Black-Scholes Model used to calculate the theoretical value of the share appreciation rights uses current stock prices, expected dividend yield, expected interest rates, time to expiration and expected volatility. A calculated share price volatility of 55.0% 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 model inputs for the grant of share appreciation rights during the financial year ended 30 June 2021 included:

Effective allocation date	1 July 2020
Estimated expiry date	1 July 2025
Exercise price	N/A
10 Day VWAP of Horizon shares at effective allocation date	A$0.063
Expected price volatility	55% p.a.
Risk free rate	0.40% p.a.
Expected dividend yield	0.00% p.a.

No options were issued under the Employee Option Scheme during the year.

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	
	2021 US$'000	2020 US$'000
SHARE APPRECIATION RIGHTS ISSUED UNDER:		
Long Term Incentive Plan	364	611
OPTIONS ISSUED UNDER:		
Employee Option Scheme	-	-
Total employee share-based payments expense	**364**	**611**

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

Options/SARs exercised during the financial year
During the financial year 10,500,000 SARs were exercised and settled with cash payments of US$250,185 and 1,556,119 Ordinary shares transferred from the Horizon Oil Employee Incentive Trust.

On 31 May 2021, the 300 million general options were exercised with the Group receiving cash consideration of A$18.3 million for the issuance of 300,000,000 Ordinary shares of Horizon Oil Limited.

Options/SARs lapsing or cancelled during the financial year
During the financial year 10,315,868 options and SARs lapsed.

Options/SARs exercised and options/SARs issued subsequent to 30 June 2021
Subsequent to year end and in accordance with contract entitlement, 9,194,811 SARs were issued to Horizon employees. 5,808,411 SARs issued to C Hodge remain subject to shareholder approval at the 2021 Annual General Meeting.

No options or SARs have been exercised subsequent to financial year end.

Options/SARs lapsed subsequent to 30 June 2021
No options or SARs have lapsed subsequent to financial year end.

Note 34 Employee entitlements

	CONSOLIDATED	
	2021 US$'000	**2020 US$'000**
EMPLOYEE ENTITLEMENT LIABILITIES ARE INCLUDED WITHIN:		
Current – other creditors	**427**	396
Non-current - other creditors (Note 17)	**122**	123
	NUMBER 2021	**NUMBER 2020**
EMPLOYEE NUMBERS		
Average number of employees during financial year	**16**	23

Note 35 Contingent asset

The Group had no contingent assets as at 30 June 2021.

Note 36 Contingent liabilities

The Group had contingent liabilities as at 30 June 2021 and 30 June 2020 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 37 Events after balance sheet date

Subsequent to the period end, on 10 August 2021 the Company held an Extraordinary General Meeting of shareholders to consider the proposed capital return of AUD 3 cents per share. The resolution was passed at the meeting, with the subsequent payment and reduction in the Group's cash balance of AUD 47.4 million (US$35.1 million) occurring during August 2021.

Other than the matters disclosed in this report, there has not been any matter or circumstance which has arisen since 30 June 2021 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 26 August 2021. The Board of Directors has the power to amend and reissue the financial statements.

Note 38 Commitments for expenditure

Non-cancellable operating leases

On 1 July 2019, the Group adopted AASB 16 '*Leases*' [issued during January 2016], the new standard for lease accounting which eliminates the classification of leases as either 'operating' or 'finance' and requires a lessee to recognise on statements of financial position assets and liabilities. Accordingly, there were no commitments for minimum leases payments in relation to non-cancellable operating leases as at 30 June 2021 and 30 June 2020 as the financial obligations are recognised on the balance sheet at that date.

Note 39 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.

2021	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	684	3,332	4,016
Later than one financial year but not later than 5 financial years	482	14,230	14,712
After 5 financial years	-	-	-
Total	**1,166**	**17,562**	**18,728**

2020	NEW ZEALAND DEVELOPMENT	CHINA EXPLORATION & DEVELOPMENT	PAPUA NEW GUINEA EXPLORATION & DEVELOPMENT	TOTAL
Within one financial year	2,810	8,319	1,098	12,227
Later than one financial year but not later than 5 financial years	-	12,537	-	12,537
After 5 financial years	-	-	-	-
Total	**2,810**	**20,856**	**1,098**	**24,764**

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

	CONSOLIDATED	
	2021 US$'000	**2020 US$'000**
PROFIT/(LOSS) FOR FINANCIAL YEAR	**8,009**	**(55,139)**
Impairment expense	**-**	67,285
Exploration and development expenditure written off/expensed	**-**	4,218
Depreciation expense	**332**	358
Profit on sale of fixed assets	**-**	(24)
Movement in employee entitlement liabilities	**(263)**	51
Non-cash employee share-based payments expense	**364**	611
Amortisation expense	**23,861**	26,354
Amortisation of prepaid financing costs	**511**	511
Provision for restoration	**301**	885
Profit/loss from discontinued operations	**(3,147)**	
Unrealised fair value movements on derivatives	**(1,413)**	-
Unrealised movement in in fair value of other financial liabilities	**2,930**	(8,047)
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
(Increase) in trade debtors	**(6,215)**	(154)
(Increase)/Decrease in other debtors and prepayments	**(317)**	426
Decrease in inventory	**955**	2,243
Decrease in net deferred tax liabilities	**(1,255)**	(181)
Decrease in tax payable	**(2,173)**	(1,247)
Increase in trade creditors	**2,205**	77
Decrease in other creditors	**(1,524)**	(1,496)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**23,161**	**36,731**

Note 41 Earnings per share

	CONSOLIDATED	
	2021 US CENTS	**2020 US CENTS**
(a) Basic earnings per share attributable to the ordinary equity holders of the Company	0.61	(4.23)
(b) Diluted earnings per share attributable to the ordinary equity holders of the Company	0.49	(4.23)
(c) Basic earnings per share from **continuing operations** attributable to the ordinary equity holders of the Company	0.37	1.26
(d) Diluted earnings per share from **continuing operations** attributable to the ordinary equity holders of the Company	0.30	1.01
	2021 NUMBER	**2020 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	1,322,129,812	1,303,481,265
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,634,485,232	1,303,481,265
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share from **continuing operations**	1,322,129,812	1,303,481,265
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share from **continuing operations**	1,634,485,232	1,622,104,389
	2021 US$'000	**2020 US$'000**
RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	8,009	(55,139)
(Profit)/loss from **discontinued operations**	(3,147)	71,535
Profit from **continuing operations** attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	4,862	16,396

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 23.

B. Options and share appreciation rights granted as compensation

Options and share appreciation rights (SARs) granted to employees under the Long-Term Incentive Plan or Employee Option Scheme and general options issued (including the 300 million options issued in connection with the drawdown of the subordinated secured non-amortising loan facility in a prior period), 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. Options 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 33.

Note 42 Parent Entity financial information

[i] Summary financial information

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

	PARENT ENTITY	
	2021 US$'000	2020 US$'000
STATEMENT OF FINANCIAL POSITION		
Current assets	24,041	4,697
Non-current assets	109,993	120,518
Total assets	**134,034**	**125,215**
Current liabilities	2,011	2,524
Non-current liabilities	180	3,891
Total liabilities	**2,191**	**6,415**
Net assets	**131,843**	**118,800**
Contributed equity	194,114	174,801
Share-based payments reserve	12,697	13,592
Accumulated losses	(74,968)	(69,593)
Total equity	**131,843**	**118,800**
Loss for the financial year	**(5,375)**	**(28,753)**
Total comprehensive loss for the financial year	**(5,375)**	**(28,753)**

[ii] Guarantees entered into by the parent entity

The parent entity has provided guarantees in respect of bank loans and hedge derivatives of its subsidiaries amounting to US$12,740,000 (2020: US$26,775,165) 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 2021 or 30 June 2020. 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 2021, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2020 – US$Nil).

HORIZON

SHAREHOLDER INFORMATION

Horizon Oil Limited and Controlled Entities
Securities Exchange Information as at 10 August 2021

DISTRIBUTION OF EQUITY SECURITIES

The distribution of equity security holders ranked according to size at 10 August 2021 was as follows:

	ORDINARY SHARES		
SIZE OF HOLDING	SHARES	UNLISTED OPTIONS	SHARE APPRECIATION RIGHTS
1 to 1,000	290	-	-
1,001 to 5,000	129	-	-
5,001 to 10,000	654	-	-
10,001 to 100,000	1,969	-	-
100,001 and over	861	-	6
Total	**3,903**	**-**	**6**

A total of 382 holders held less than a marketable parcel of 4,348 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 ORDINARY SHARES
1	IMC Investments Limited	400,574,175	25.34
2	J P Morgan Nominees Australia Limited	389,927,967	24.67
3	Citicorp Nominees Pty Limited	118,362,841	7.49
4	HSBC Custody Nominees (Australia) Limited	47,687,668	3.02
5	BNP Paribas Nominees Pty Ltd	22,701,215	1.44
6	Carrington Land Pty Ltd	20,000,000	1.27
7	Mr Geoffrey Victor Day & Mrs Anne Margaret Day	20,000,000	1.27
8	CPU Share Plans Pty Limited BNP Paribas Nominees Pty Limited	16,409,819	1.04
9	National Nominees Limited	12,454,268	0.79
10	Global Mosaic Pty Limited	11,052,100	0.70
11	Finot Pty Ltd	8,857,143	0.56
12	Grizzley Holdings Pty Limited	8,511,941	0.54
13	Mr Michael Francis Sheridan	7,968,201	0.50
14	Neweconomy Com Au Nominees Pty Limited	7,623,768	0.48
15	Mr John Bernard Porteous	7,558,716	0.48
16	Berne No 132 Nominees Pty Ltd	7,002,058	0.44
17	Mr Christian James Hausted	6,930,000	0.44
18	Grandway Holdings Pty Ltd	6,693,612	0.42
19	Mr David Harvey Peek	6,361,827	0.40
20	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	6,000,000	0.38
	TOTAL	**1,132,677,319**	**71.67**

ISSUED SECURITIES

Issued securities as at 10 August 2021:

SECURITY	NUMBER ON ISSUE	NUMBER OF HOLDER
Ordinary fully paid shares[1]	1,578,942,962	3,902
Ordinary partly paid shares	1,500,000	1
Unlisted share appreciation rights	103,683,488	6

[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 SHARES	NO. OF ORDINARY SHARES	% OF ISSUED ORDINARY SHARES
IMC Investments Ltd (an associate of Austral-Asia Energy Pty Ltd)	400,574,175	25.34
Samuel Terry Asset Management Pty Limited	314,232,423	19.90
Spheria Asset Management Pty Limited	142,661,910	9.03
TOTAL	**857,468,508**	**54.27**

VOTING RIGHTS

a) 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.

b) 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.

c) Share appreciation 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
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
DEC	Department of Environment and Conservation (PNG)
DPE	Department of Petroleum and Energy (PNG)
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
mmbbl/mmbo	Million barrels of oil
mmboe	Million barrels of oil equivalent
mmcfb	Millions cubic feet barrels
NDRC	National Development and Reform Commission
NGL(s)	Natural gas liquid(s)
ODP	Overall Development Plan
PL	Pipeline licence
PDL	Petroleum development licence
PEP	Petroleum exploration permit

PMP	Petroleum mining permit
PRL	Petroleum retention licence
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
PNG	Papua New Guinea
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

HORIZON OIL LIMITED
ABN 51 009 799 455

Board of Directors	Michael Harding (Chairman) Chris Hodge (Chief Executive Officer) Gerrit de Nys Sandra Birkensleigh Gregory Bittar (Alternate: Bruno Lorenzon) Bruce Clement Nigel Burgess
General Counsel/Company Secretary	Kylie Quinlivan
Assistant Company Secretary	Kyle Keen
Australian Registered Office (Principal place of business)	Level 6, 134 William Street, SYDNEY NSW 2011 Telephone: +(612) 9332 5000 Facsimile: +(612) 9332 5050 E-mail: info@horizonoil.com.au Web site: 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 Exchanges	Horizon Oil Limited shares are listed on the ASX (ASX code: HZN)
Notice of annual general meeting	The Annual General Meeting of Horizon Oil Limited will be held as a virtual meeting. Time: 10.00am Date: 19 November 2021

HORIZON