

OTC Markets Group

Joining us today is Richard Beament, the CFO & Company Secretary of Horizon Oil that trades on our OTCQB Venture market under the ticker HZIFF. Based in Australia, Horizon Oil is an upstream oil and gas company focused on conventional production, development and exploration of assets in the Asia-Pacific region.

Richard Beament

Thanks Cecilia for that kind introduction and lovely to join you today.

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So Richard, to start you have over a decade of experience in the oil and gas sector. How does this help support your role in mission at Horizon Oil.

Richard Beament

Will look as the company's CFO. I've obviously managed the finances of the group for quite an extensive period and through that period you know this this sector experiences significant volatility which so I've seen you know oil price. Cycles you know the highs and lows from geopolitical and other events over that period, and that that that really you know has given me the experience and the resilience to help manage the business as we continue to go through extreme volatility it's. Quite ironic to think that only you know and the only twelve or eighteen months ago were seeing oil prices at \$20 a barrel and now they now they're up over 100 so it's, it's that that experience over that over that decade of cycles that that really helps me to, help support and drive the business. Certainly from a financial perspective.

OTC Markets Group:

So Richard tell us about your portfolio of assets in the Asia-pacific region.

Richard Beament

So we have 2 main assets the first one and really the jewel in the crown is is an asset in in China we have just under 27% interest in an oil field offshore China and is down in the southwest of China that that field produces roughly around ten thousand barrels of oil per day and probably the real the real key driver or in in this being such a fantastic asset is it's low cost of production. So we produce a barrel of oil there for around about \$10 a barrel so you can imagine it. Current oil prices that that that that means that asset throws off the tremendous amount of cash flow and the pleasing other thing here is this field came online in 2013 and

through a process of continuing to optimize production. Drill some infill wells or some additional wells targeting near field opportunities around those fields. We've been able to maintain production at around that 10000 barrel level for you know for? What's now coming up to close to a decade and normally oil fields decline quite rapidly after you after you bring them on so that's really allowed us to continue to drive production and it's quite exciting at the moment we're actually developing another field and satellite field there in our in our China portfolio which is going to be progressively drilled over then over the over the next sort of three months which will which will further enhance production there in in China, our other asset is again about a quarter or 26% interest in in an oil field offshore New Zealand and there we've got the maori field where we produce around about five Thousand barrels a day through those fields they came on in 2009, a very favorable fiscal regime there in New Zealand and we've had good stable production for for some time so that these assets combined you know we produce roughly three and a half to four thousand barrels a day you know net to net to the company generating revenue at current oil prices of you know in excess of ten million us dollars per month and with sort of a blended operating cost of you know, roughly around 20 to twenty five twenty dollars a barrel you can you can you can imagine. We throw off significant cash flow.

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So excellent. So talk about Horizon's strategic advantages you have in the regions you operate in.

Richard Beament

Sure so look our core strategy is around maximizing value and cash flow from these 2 producing assets and we've really got a focus on. On returning a lot of that cash to through to shareholders. We. We recently did did a large capital return to shareholders of around about 35000000 usdollars and given the size of the company the time that that represented a substantial portion probably about 30% of the company's market cap and you know we, we and we look we are looking at opportunities within the region potentially to you know to find niche assets which could enhance our portfolio I'd say our strategic advantage in the region is our is our nimbleness we can we can and our low our low sort of corporate cost structure. So we can we can. We can be very you know proactive and going out there and. Seeking other assets where we're used to operating in what can be more challenging environments out through Asia you know, but we've operated in China for well over. Well over a decade or two and we've worked in other jurisdictions in the in the Asia region Thailand Papua new guinea and other places.

OTC Markets Group

So you mentioned oil prices. How are you capitalizing on higher oil prices and do you have any comments on the current state of geopolitics and how this is affecting the industry.

Richard Beament

, look. obviously the higher or price. Environment's very favorable it's unfortunate sort of the circumstances which have which are which have led to that and we do hope situation resolves itself. But I think it's important that investors understand oil prices were naturally heading higher really due to you know that lack of investment into the oil and gas sector or fossil fuel sector over the past few years particularly you know, due to covid but also the mounting sort of ESG pressures. So you know we? we see this as an opportunity you know we we're a very responsible company from an ESG perspective and we take our ESG commitments very seriously but we also see we have a huge role to play in the energy transition and ensuring that there is you know constant supply of and energy whilst, whilst the globe looks to looks to transition probably something quite unique with our company was that you know we sort of invested in. In additional production and this this this additional development in China that that I alluded to we invested in that and sanctioned that project when oil prices were forty or fifty dollars a barrel and you know that's allowed us to sort of capitalize as the as the oil prices has risen.

OTC Markets Group

So tell us more about ESG. What is the company's position on ESG and what commitments have you made.

Richard Beament

, well as I mentioned you know we take es she very seriously primarily you know our initial focus is on the environment having a good safety record ensuring we have no. Oil spills and and keep all of our people safe but increasingly you know there's a focus on, our emissions and the impact that you know our sector has on climate change and we've fairly recently made the or made the commitment to target. Net zero by 2050 in line with the Paris climate agreement. and the company. The company we're part of in New Zealand we're part of New Zealand has an emission trading scheme and so we purchase carbon credits to offset all of our scope one emissions and in China. Fairly recently we purchased some voluntary carbon offsets there to further sort of offset our scope one emissions in China and we work with both of our operators to look at ways that we can. reduce our impact and reduce and reduce emissions but, we see it as very important that we continue to invest and make sure that we have the right impact whilst at

the same time ensuring that we can continue to support the energy transition.

OTC Markets Group

What is in the pipeline for Horizon for 2022?

Richard Beament

2022 is a pretty exciting year for us as I mentioned we've got this this this new development in in China, where we're drilling a total of 7 development wells as part of that and we you know we expect once that. One of these that development's all up and running that that field will you know, average production rates four to five Thousand Barrels a day of incremental production. on a gross basis. So about but 1200 to twelve hundred barrels a day additional to Horizon. And then in in addition to that you know when we're maturing and another number of further infill wells in and in and around those China fields, which we expect will further boost production so look. 2022 potentially could be one of the higher years of production for the company and if oil prices stay elevated which we which we expect and we expect to have material lift in cash flows and revenues throughout the year

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Very exciting, Horizon Oil has been trading on the OTCQB Venture Market for over three years and is also traded on the ASX. How does this dual listing continue to help support your IR strategy in the U.S.?

Richard Beament

We're very excited with the OTCQB Market as you say we came on a few years ago and look at really we really just see it as an opportunity to tap into a wider and broader investor base Australia, is a very good market and a very well-regulated market which gives investors a lot of confidence but equally you know to get to get the depth of investor base to support to support the growth in the company and its strategy. We think it's wonderful that we can tap into the OTCQB

OTC Markets Group

So well Richard it's been a pleasure speaking with you. Thank you so much for your time today.

Richard Beament

Many thanks and thank you so much for for your time I would just give perhaps a bit of a plug for our website if anybody's interested in the company you can look at <http://www.Horizonoil.com.au> and we also have a have a Horizon Oil Limited LinkedIn account where we post a lot of our releases but look I'd say we're a

Podcast

company. We're a real company making real money and we certainly have a very strong shareholder focus to make sure people get the value that they're after.

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Absolutely happy to have you trade here with us. Horizon Oil trades under the symbol HZNFF on our OTCQB Venture Market.

**This is an autogenerated transcript and may contain typos.*