



4 April 2019

The Manager, Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL (HZN)
Elevala and Ketu fields (PRL 21) in Papua New Guinea

Horizon Oil operates the Elevala and Ketu fields (PRL 21) in Papua New Guinea, holding a 30.15% interest. Horizon Oil and its joint venture partners submitted a petroleum development licence application in respect of the Elevala and Ketu fields in March 2014 (**APDL 12**) in accordance with the conditions of the licence.

The development plan, as submitted with APDL 12, envisages a phased development, initially with condensate recovery and re-injection of dry gas, to be followed by gas sales at a later date once a gas commercialisation pathway has been established.

The PRL 21 licensees have received correspondence from the PNG Petroleum Minister in respect of the development plan for the fields. The Minister has invited the PRL 21 licensees to propose a new or varied development plan indicating that his Department will not be able to approve the current form of the development plan submitted with APDL 12.

Since APDL 12 was submitted, Horizon Oil has evaluated various potential gas commercialisation pathways and new pathways have emerged including:

- Western LNG, a standalone greenfield development that would aggregate approximately 2.2 tcf of undeveloped gas in the foreland of the Western Province for export via a 490 km onshore gas and condensate pipeline and a 1.5 to 2.0 MTPA liquefaction facility offshore Daru¹; and
- Third party access to the proposed P'nyang pipeline to be constructed as part of ExxonMobil's PNG LNG expansion project in accordance with the State's proposed Natural Gas Policy².

Given the change in the petroleum investment climate since 2014 and the progress of gas commercialisation opportunities, Horizon Oil, together with the PRL 21 licensees, welcomes the opportunity to engage with the Minister on development of the Elevala and Ketu fields.

We anticipate further discussion with the Minister and his Department regarding our proposed development plans. Horizon Oil's objective is to realise a commercialisation pathway for the Elevala and Ketu fields that is mutually acceptable to the State and the PRL 21 licensees including facilitating an open dialogue with the State and the proponents of the PNG LNG expansion project on a commercialisation pathway for the fields by way of third-party access to key infrastructure.

For more information please contact:

Horizon Oil Limited
Michael Sheridan Chief Executive Officer

T: +61 2 9332 5000
F: +61 2 9332 5050
E: info@horizonoil.com.au

Level 6, 134 William St
Woolloomooloo NSW 2011
horizonoil.com.au

¹ Refer Horizon Oil's Annual Report 2017 and later ASX announcements discussing Western LNG.

² Refer Horizon Oil's Quarterly Report for the period ended 30 September 2018 and later ASX announcements discussing the State's Natural Gas Policy including third party access to key infrastructure.