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The Manager
Company Announcements
ASX Limited
Exchange Centre

20 Bridge Street
Sydney NSW 2000

FID OF WZ12-8 EAST PROJECT IN BLOCK 22/12, BEIBU GULF, CHINA

Horizon is pleased to announce that Horizon, together with its joint venture partners in the Block 22/12 permit - China National Offshore Oil Company Limited [**CNOOC**], Roc Oil and Majuko Corp - have made a final investment decision (**FID**) for the WZ12-8 East Project.

Additionally, earlier this year Horizon and its joint venture partners approved a two well (WZ6-12-A3S2 and WZ6-12-A11) infill drilling programme from the existing WZ6-12 platform in the Beibu Gulf, China [**Infill Drilling Programme**].

Horizon has a 26.95% non-operated interest in the projects.

Horizon CEO, Chris Hodge added:

"As foreshadowed in our annual report, the WZ12-8 East Project and Infill Drilling Programme materially increases Horizon's reserve position, strengthens its overall joint working relationship with CNOOC and Roc Oil and further builds on the successful development of Horizon's Beibu Gulf project.

The current low oil price environment has further demonstrated the resilience of Block 22/12 which has remained strongly cash flow positive throughout 2020, with cash operating costs maintained below US\$10/bbl.

This activity confirms the intent of the CNOOC-led joint venture to pursue the considerable growth potential in the block."

About the WZ12-8 East Project

The WZ12-8 East Project represents the first phase of a possible multi-phase development, depending on the production performance of this first phase. The initial development will recover 0.6 mmbbl net to Horizon and includes five wells in the large shallower Jiaowei reservoir and one well from the smaller nearby Weizhou reservoir. Further development of the Jiaowei reservoir will be considered by the joint venture following the results of this first phase of the project.

The WZ12-8 East Project utilises the HYSY163 self-elevating wellhead platform which will be leased by the joint venture from EDC. The HYSY163 platform will be linked to the existing WZ12-8 West platform via a new pipeline and subsea power cable, with oil then exported via existing CNOOC facilities to CNOOC's Weizhou Terminal. Horizon's share of production will be sold directly to the Chinese domestic market.

All necessary pre-FID environmental approvals are in place for the WZ12-8 East development. Fabrication of the WZ12-8 East Project facilities has commenced, and production is forecast to commence in Q1 2022. Roc Oil will operate the development of the WZ12-8 East Project, with CNOOC assuming operatorship approximately six months following the commencement of production. Horizon's share of development costs are estimated to be ~US\$15 million, which will be internally funded using Horizon's existing cash reserves and field production revenue.

Gross oil production from this first phase is expected to average a first-year oil rate of at least 4,000 bopd adding to existing production from the WZ6-12 and WZ12-8 fields which are currently producing ~9,200 bopd.

About the Infill Drilling Programme

The Infill Drilling Programme is a two well infill drilling programme to commence in late calendar 2020 targeting undeveloped reserves in the WZ6-12 area, including the WZ6-12-A11 well into the producing WZ6-12 North field, and the WZ6-12-A3S2 well into last year's WZ6-12 M1 discovery. Horizon 2P NEI reserves for these two wells are 0.3 MMbbl and 0.2 MMbbl respectively.

Both wells will be drilled from the existing WZ6-12 platform, with one well side-tracked from an existing wellbore, and the other drilled from a rig slot extension due to be completed by early Q4 2020. The two wells will tie into existing facilities and are expected to commence production in early 2021 at a combined total rate of ~1,900 bopd gross, consistent with nearby producers. CNOOC will operate the Infill Drilling Programme.

Authorisation

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