

14 June 2022

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

Participants:

CNOOC (Operator)	51.00%
Horizon Oil (Beibu) Ltd.	26.95%
Roc Oil	19.60%
Oil Australia Pty Ltd.	2.45%

Total **100.00%**

HORIZON – PRODUCTION AND DRILLING UPDATE – WZ12-8E, CHINA

Horizon [ASX:HZN] provides the following update:

WZ12-8E Production and Operations Update

- Production from the WZ12-8E field in the Beibu Gulf has been temporarily suspended following a power outage on the 10th June. Production restart operations identified an issue with the flexible hose connecting the WZ12-8E field to the WZ12-8W production platform. Whilst there has been no spill to the environment, the WZ12-8E field will remain shut-in until the section of flexible hose is replaced – currently expected to take 1 – 2 months. The Company will keep the market updated as this work progresses.
- Production from the WZ6-12 and WZ12-8W fields in the Beibu Gulf will continue whilst the WZ12-8E repair work is completed. These fields are currently producing ~7,200 bopd [gross].
- Prior to the WZ12-8E field shut-in, production from all the 22/12 Beibu fields (including WZ12-8E) was averaging ~12,800 bopd gross, following the commencement of production from the WZ12-8E A4 well, with production from the first three WZ12-8E wells (WZ12-8E A1, A2 and A4) at ~5,600 bopd gross, with production from these wells consistent with Horizon's pre-drill expectations.
- Development well WZ12-8E A3 was recently drilled and completed and will re-commence clean-up flow once production from the WZ12-8E field is resumed. The well is expected to contribute at least 2,000 bopd of initial gross production once it is brought online.
- Drilling operations are continuing at the WZ12-8E field, with current operations involving setting casing in the WZ12-8E A5 12¼" hole prior to drilling the reservoir section. This well is expected to contribute a further ~2,000 bopd of initial gross production once it is brought online.
- Following completion operations at WZ12-8E A5, the final development well in this first phase project, WZ12-8E A6, will be drilled. The joint venture will then review overall field performance before considering additional development drilling.
- An exploration well (WZ12-8E A8) is expected to follow the A5 and the A6 wells. Further details will be provided once final JV approvals have been achieved.

With respect to operations activities in the wider Block 22/12 permit, a number of infill targets, appraisal and exploration wells and well workovers continue to be in the final planning phase.

FY22 Guidance

- Notwithstanding the above interruption to production at WZ12-8E, revenue, EBITDAX and sales volumes guidance for FY22 remain unchanged with current expectations that production volumes will likely be just below the lower end of the guidance range (revised to 1.30 – 1.35mmbbls from 1.35 – 1.45 mmbbls).

Disclaimer

Forward looking statements: The updated guidance included in this release contains forward looking statements. Such statements are subject to risks associated with the oil and gas industry and relate to future events, such as oil price movements, and as such involve known and unknown risks and uncertainties. The Company believes the expectations in this statement are reasonable. Actual results, actions and development may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors. These variables or changes include but are not limited to price, demand, currency, geotechnical factors, drilling and production results, development progress, operating results, engineering estimates, reserve estimates, environmental risks, physical risks, regulatory developments, approvals and cost estimates.

While every effort is made to provide accurate and complete information, Horizon accepts no responsibility for any loss, damage, cost or expense incurred by you as a result of any error, omission or misrepresentation in information in this release.

Financial Information: In this release, reference is made to EBITDAX which is a financial measure not prescribed by Australian Accounting Standards. EBITDAX represents the profit under Australian Accounting Standards adjusted for interest expense, gains on remeasurement of derivative financial instruments, taxation expense, depreciation, amortisation, exploration expenditure, non-cash impairments 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.

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