

14 February 2024

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

ACQUISITION OF 25% NON-OPERATED INTEREST IN THE PRODUCING MEREENIE OIL AND GAS FIELD

Following the announcement this morning of Horizon's acquisition of a 25% non-operated interest in the producing Mereenie oil and gas field, please find attached a presentation further summarising the transaction and its strategic fit.

Below is a link to Richard Beament, Horizon's CEO, providing commentary on the acquisition presentation.

<https://youtu.be/6-0TABxZg-s>

Authorisation

This ASX announcement is approved and authorised for release by the Board of Directors.



ACQUISITION OF 25% NON-OPERATED INTEREST IN THE PRODUCING MEREENIE OIL AND GAS FIELD, NORTHERN TERRITORY, AUSTRALIA

FEBRUARY 2024



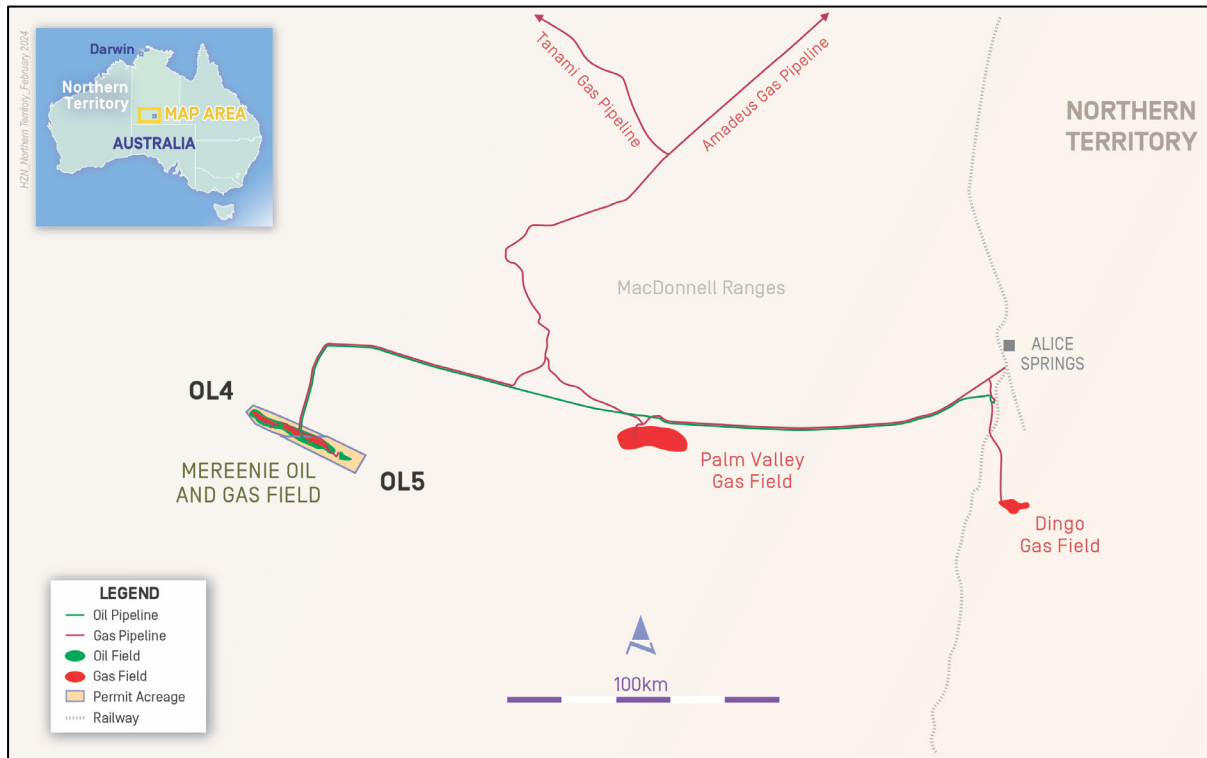
COMPLIANCE STATEMENT & IMPORTANT INFORMATION



- ▶ Statements contained in this material, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Horizon Oil Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results, actions and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.
- ▶ The transaction remains subject to customary completion conditions including regulatory, landowner and joint venture approvals, and documentation of the committed debt facility. Accordingly, completion cannot be guaranteed.
- ▶ 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 presentation.
- ▶ All references to dollars in the presentation are United States dollars unless otherwise noted. Australian to United States dollar conversion assumes an AUD:USD exchange rate of 1:0.65
- ▶ Some totals in tables and charts may not add due to rounding.
- ▶ Unless otherwise stated, all petroleum reserves and resource estimates for China Block 22/12 and New Zealand PMP 38160 refer to those estimates as set out in Horizon's 2023 Reserves and Resources Statement contained in the 2023 Annual Report. Horizon is not aware of any new information or data that materially affects the information included in this presentation. All the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.
- ▶ 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.
- ▶ 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.
- ▶ 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 1015 joules. Petajoule reserves have been converted to oil 5.816 PJ/mmboe
- ▶ Unless otherwise stated, reported estimates of petroleum reserves and contingent resources have been prepared using the deterministic method and aggregated by arithmetic summation. 1P reserves and 1C contingent resources 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.
- ▶ Estimates are reported according to Horizon Oil's economic interest, this being Horizon Oil'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. Reference points for Horizon's petroleum Reserves and Contingent Resources and production are defined points where normal operations cease, and petroleum products are measured under defined conditions prior to custody transfer.
- ▶ 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, the Chief Operating Officer 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 Heriot Watt University, UK and more than 25 years of relevant experience. Mr Douglas consents to the use of the petroleum reserves and resources estimates in the form and context in which it appears.
- ▶ This presentation should be read in conjunction with Horizon's 2023 Reserves and Resources Statement, the Annual Financial Report for the year ended 30 June 2023, Mereenie acquisition market release dated 14 February 2024, and other ASX announcements.

ACQUISITION DELIVERS EXPOSURE TO ATTRACTIVE DOMESTIC GAS MARKETS AND ENHANCES HORIZON'S CAPITAL MANAGEMENT POTENTIAL

- ▶ Initial purchase price of US\$27.6 million¹ [A\$42.5 million] funded from debt, with deferred and contingent milestone payments of up to US\$5.8 million¹ [A\$9 million] funded from cashflows over the next 24 months. Represents an acquisition cost of US\$5.3/boe [2P].
- ▶ Transaction enables the Company to maintain its current distribution strategy, while enhancing cashflows and diversifying and growing the production base.



- ▶ Entry into a Tier 1 oil and gas jurisdiction with strong market demand
- ▶ Cash accretive producing asset, with 2P reserves forecast generating over 20% IRR at modest gas prices
- ▶ Substantially debt funded - financing structure ensures the ability to continue the distribution strategy
- ▶ Diversifies and grows Horizon's production base by adding a third producing asset
- ▶ Diversifies product mix with the addition of gas, key to the energy transition
- ▶ Several significant infrastructure-led opportunities provide running room

¹ Assumed AUD:USD exchange rate of 1:0.65

MEREENIE IS A HIGH MARGIN AND LOW-COST CONVENTIONAL OIL & GAS PROJECT WHICH IS LINKED TO THE EAST COAST GAS MARKETS VIA THE NORTHERN GAS PIPELINE (NGP). THE PROJECT HAS A TRACK RECORD OF STABLE PRODUCTION AND CASH FLOWS

CONVENTIONAL PRODUCING ONSHORE GAS ASSET WITH STABLE, LONG-TERM PRODUCTION

- ▶ 25% non-operated interest in Mereenie
- ▶ 1,150 boepd net production ~7.5TJ/d, 60 bopd
- ▶ Stable high-margin operating cashflows from sustained production
- ▶ Production licence to 2044, forecast to be economic to 2048+

STRATEGIC ASSET POSITION IN AUSTRALIAN NT & ACCESS TO EAST COAST

- ▶ Mereenie is linked to both the high demand Northern Territory and East Coast gas markets via the AGP and NGP
- ▶ Recent offtake agreement with Arafura Rare Earths Ltd demonstrates Mereenie's strategic value in supporting the energy transition

HIGH QUALITY CONTRACT COUNTERPARTIES

- ▶ Significant near-term contracted offtake which underpins purchase price and debt facility
- ▶ Substantial long-term uncontracted capacity to take advantage of market conditions

FULLY FUNDED

- ▶ Headline cash consideration US\$27.6 million (A\$42.5 million), effective 1 April 2023, with deferred/contingent payments of US\$5.8 million (A\$9 million) payable over 24 months
- ▶ Headline cash consideration fully funded from new 5-year Macquarie debt facility

MATERIAL RESERVES UPGRADE & RUNNING ROOM

- ▶ 6.3 MMboe 2P reserves as at 30 June 2023 [34.1PJ gas, 0.4MMbbls oil], an increase of ~129% compared to the Company's June 30 2023 reserves position
- ▶ Several significant infrastructure-led opportunities

FITS THE STRATEGY

- ▶ Grows and diversifies production base
- ▶ Funding structure enables the continuation and potential enhancement of our distribution strategy

MEREENIE ASSET BACKGROUND

MATURE LOW RISK ASSET WITH STABLE PRODUCTION AND UPSIDE

Mereenie drilling



Example Helium recovery unit



Mereenie Facility



- ▶ Discovered in 1963 and commenced production in 1984
- ▶ Elongate four-way dip anticline, 40 km long and more than 5 km wide. Reservoirs - Pacoota Formation (which has been the development focus), and the shallower Stairway Sandstone
- ▶ Gas is sold to MacArthur River Mine, Power Water Company in the Northern Territory and South 32 and Shell in the east coast gas market, with remaining sold into the spot market. New substantial gas offtake agreement recently signed with Arafura Rare Earths Limited.
- ▶ Oil and condensate are produced from the field, processed and trucked to Port Bonython for storage prior to export by tanker, primarily to refineries in Singapore.
- ▶ JV plan to optimise existing gas production and mature development and appraisal activities in 2024.
- ▶ Appraisal of the Stairway Formation is also being evaluated, with cost-saving options to re-use existing bores being prioritised.
- ▶ Helium recovery unit also a focus

MEREENIE ASSET BACKGROUND – RECENT DEVELOPMENTS



THE MEREENIE JV HAS OVERSEEN SIGNIFICANT OPERATIONAL IMPROVEMENTS OVER THE PAST 5 YEARS – INCLUDING THE OPENING AND CONNECTION TO THE NGP



Central Processing Facility Upgrade

Increasing gas processing capacity to 58TJ/d to feed into the new Northern Gas Pipeline (NGP)

2018

Opening of the NGP

Granting Mereenie access to east coast gas markets

2019

2021 Mereenie Development Program

2 new well developments, 4 re-completions completed

2021

2023 Mereenie Development Program

5 re-completions

2023

Helium recovery unit project

Planning initiated on helium recovery unit, targeting production of up to 60,000scf/d high value compressed helium gas

2023

Flare gas reduction project

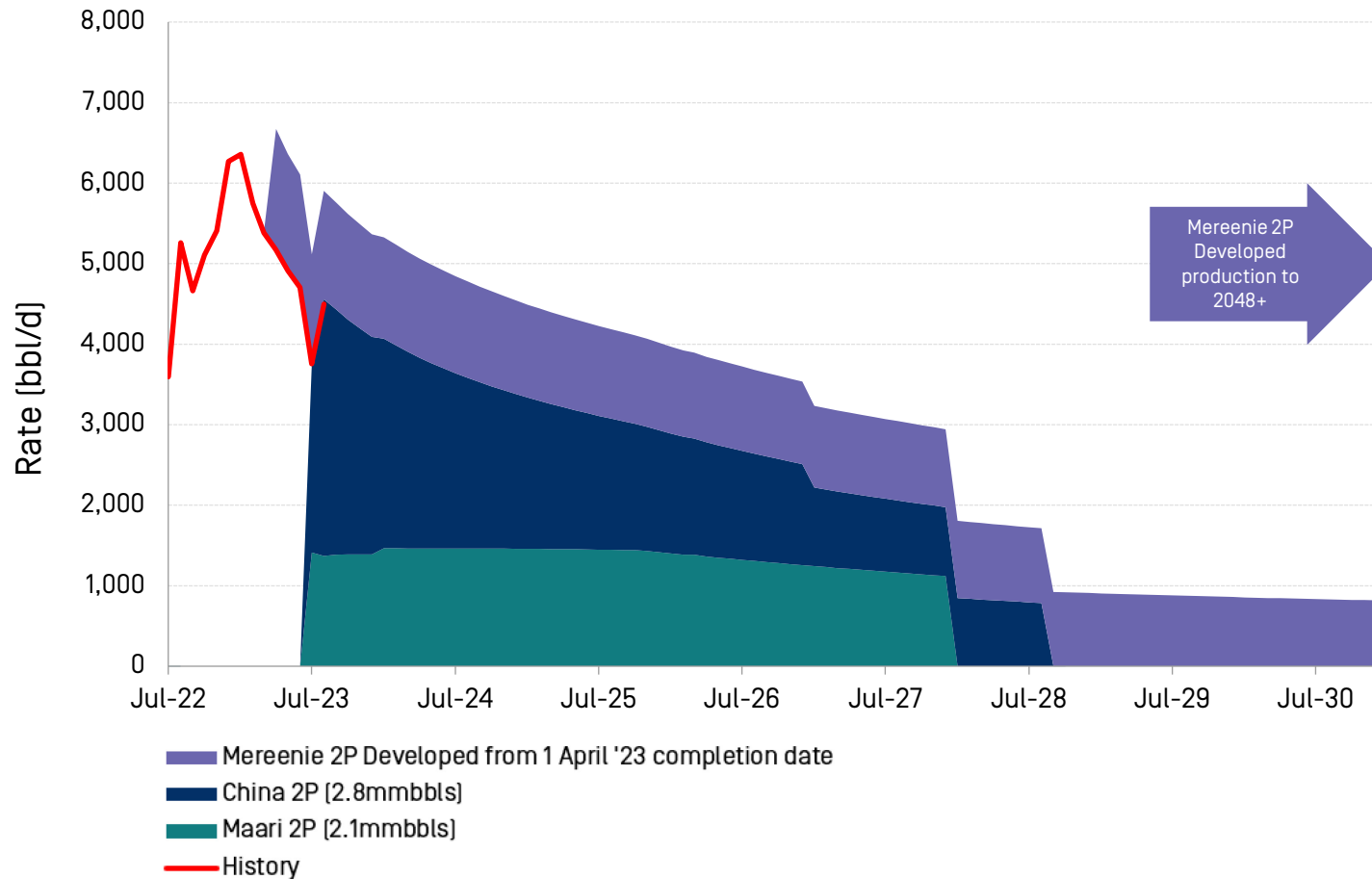
Flare gas reduction project anticipated to reduce total Mereenie emissions by ~30%

2024

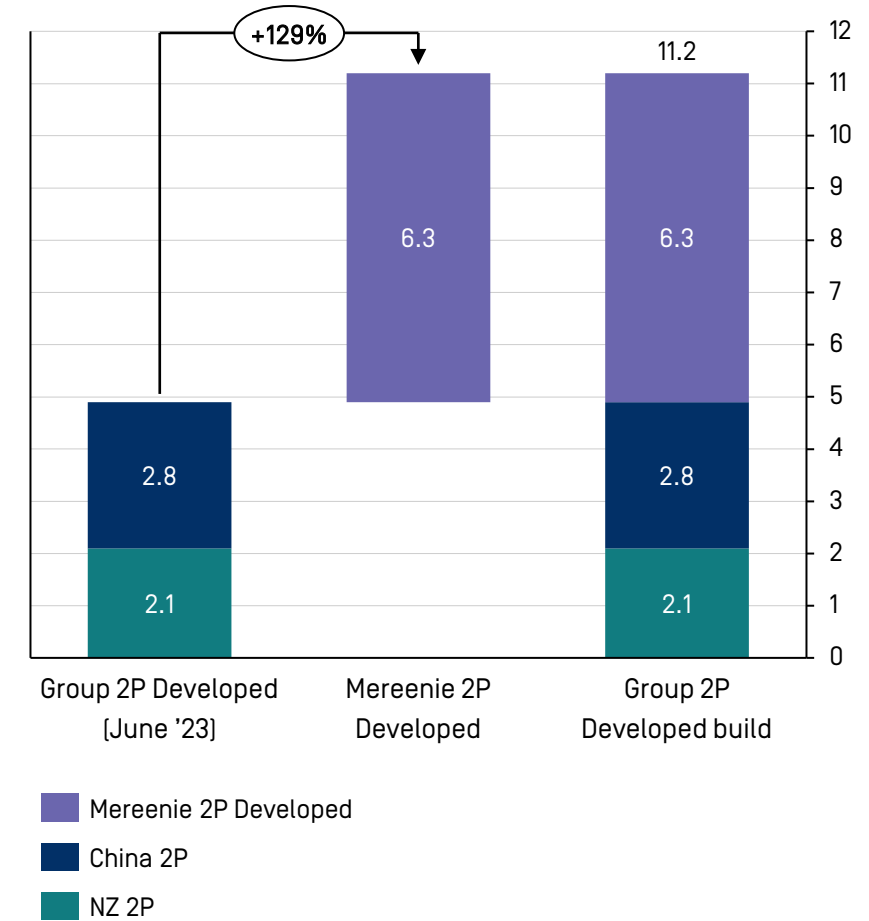
TWO NEW DEVELOPMENT WELLS ARE PLANNED IN THE NEXT 12 MONTHS TO FURTHER INCREASE PRODUCTION

MEREENIE - MATERIAL INCREASE IN GROUP RESOURCES AND PRODUCTION, OFFSETING DECLINE IN OTHER ASSETS

GROUP PRODUCTION FORECAST TO 2030, BOEPD

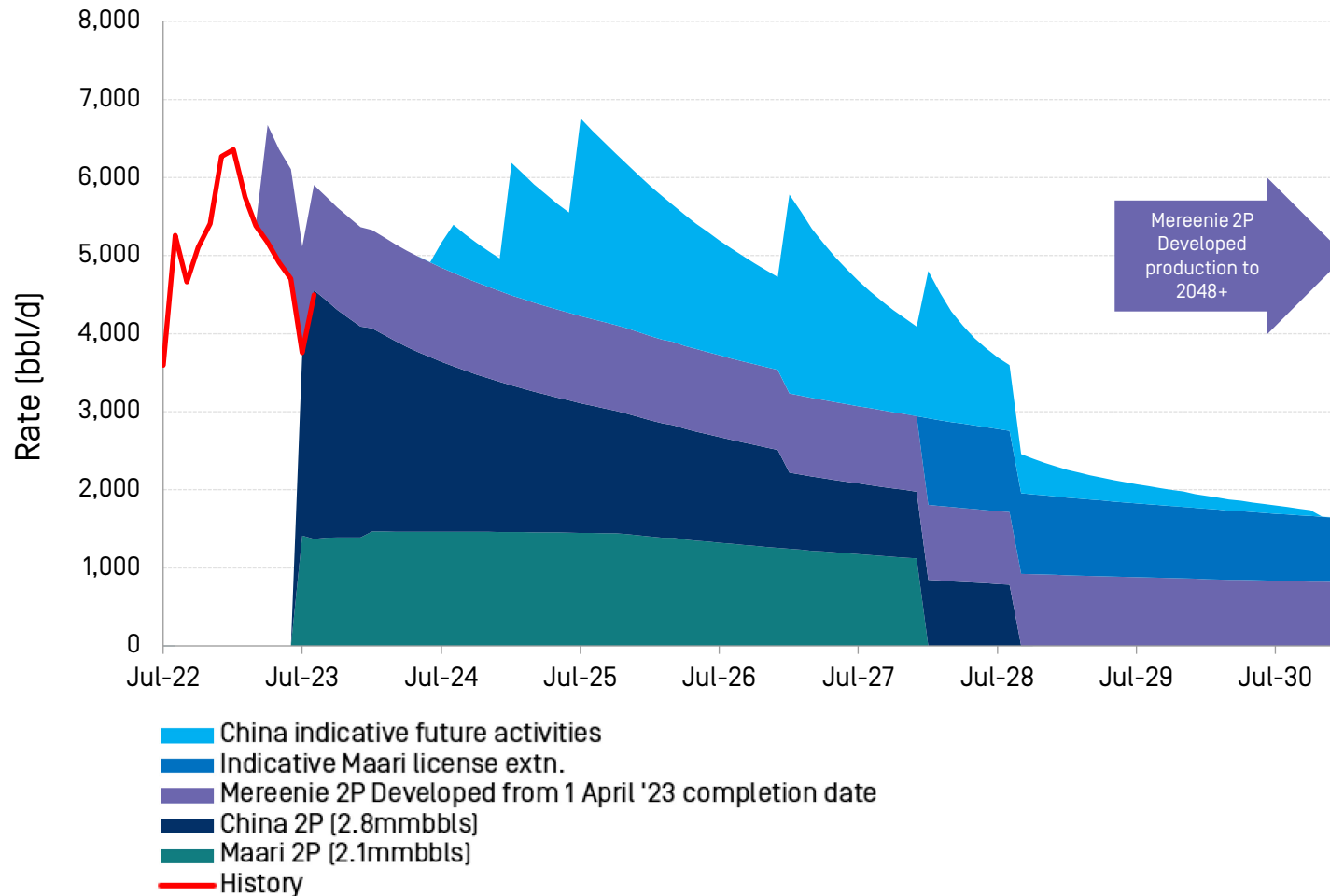


GROUP 2P DEVELOPED BUILD, MMBOE

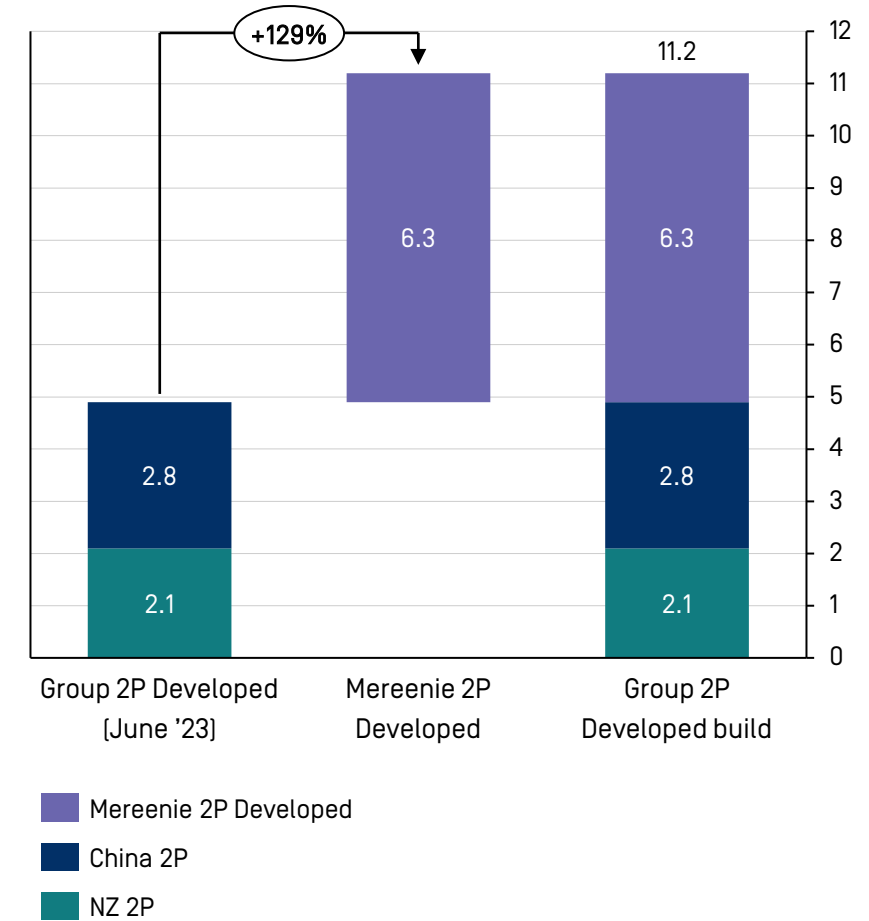


MEREENIE - MATERIAL INCREASE IN GROUP RESOURCES AND PRODUCTION, OFFSETING DECLINE IN OTHER ASSETS

GROUP PRODUCTION FORECAST TO 2030, BOEPD



GROUP 2P DEVELOPED BUILD, MMBOE



MEREENIE RUNNING ROOM



Gas development wells targeting Pacoota 1 and Pacoota 3 reservoirs

- ▶ Two wells contemplated for 2024 targeting Pacoota 1 and Pacoota 3 sands, generally in an under-exploited crestal location, with upside potential of shallower sands considered

Stairway and Pacoota 4 resource potential through completion of existing and/or new wells

- ▶ Stairway - 2C Contingent Resource of 91PJ gross. Option to appraise by accessing from existing wells or target a standalone well. Historical production from Stairway of 2.9PJ.
- ▶ Pacoota 4 - Significant potential - 2C Contingent Resource of 74PJ gross. Production to date - 3.5PJ & 0.4mmbbl
- ▶ JV currently assessing the behind pipe potential in existing wells and standalone target wells

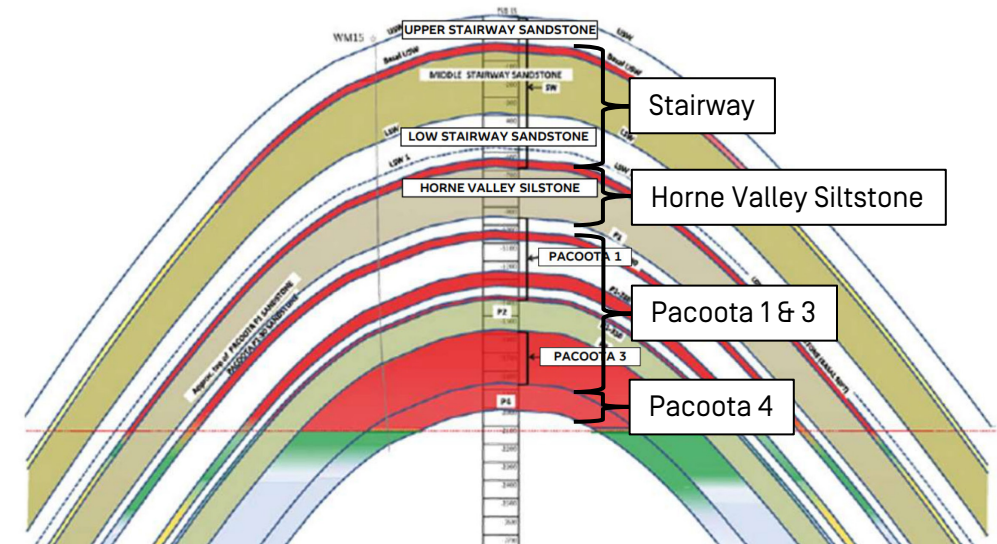
Numerous tight gas and shale intervals

- ▶ A large number of tight gas and shale intervals are present in the Mereenie Field
- ▶ Potentially significant resources

Helium

- ▶ Planning initiated on helium recovery unit, targeting production of up to 60,000scf/d high value compressed helium gas

Mereenie geological cross-section



WHY AUSTRALIAN DOMESTIC GAS?

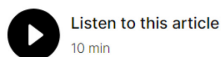
Growing shift by Federal Government to become overtly supportive of the gas industry, recognising the crucial role it will play in the energy transition

Gas critical to renewables transition, says Bowen

Jacob Greber Senior correspondent



Updated Nov 30, 2023 - 5.36pm, first published at 12.29pm

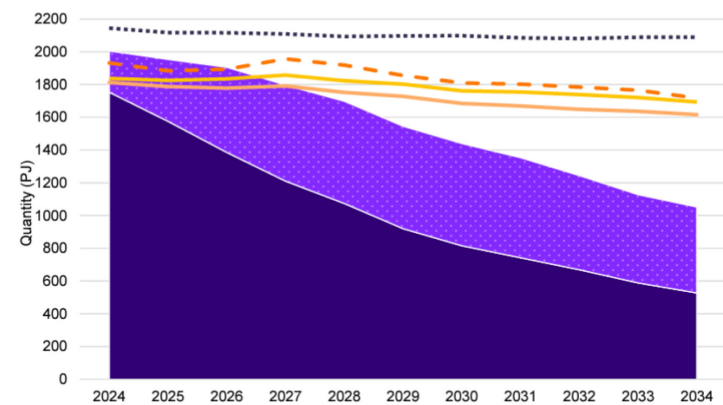


[Gas will be a critical part of power generation](https://www.afr.com/politics/federal/gas-key-to-renewables-transition-allies-energy-security-says-bowen-20231130-p5enyg) well into the second half of the 2030s and it will also underpin efforts by export partners like Japan to decarbonise, according to Labor projections that support industry calls for ongoing exploration and extraction.

Source: <https://www.afr.com/politics/federal/gas-key-to-renewables-transition-allies-energy-security-says-bowen-20231130-p5enyg>

Forecast supply shortfall in NT/East Coast without new investment – current supply issue in NT due to Blacktip challenges

Chart O.4: Forecast supply from 2P reserves and demand in the east coast, 2024–34



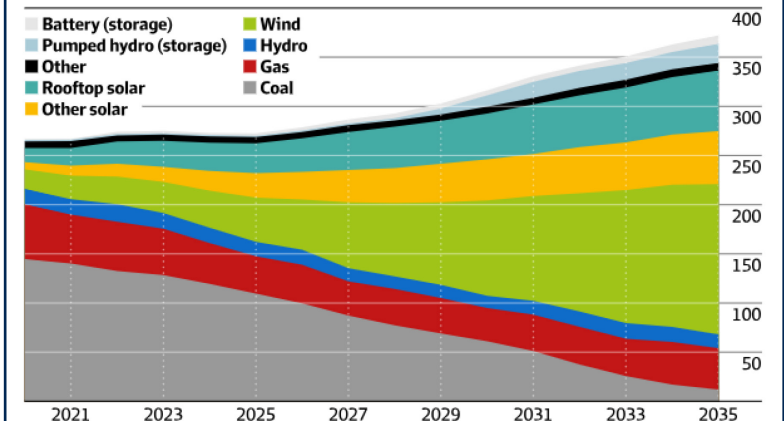
- Forecast production from undeveloped 2P reserves
- Forecast production from developed 2P reserves (including NT flows & Imports)
- Demand (domestic & LNG SPAs, Progressive Change scenario)
- Demand (domestic & LNG SPAs, Step Change scenario)
- Demand (domestic, LNG SPAs & forecast spot & additional sales, Progressive Change scenario)
- Demand (domestic & maximum sustained LNG output capacity, Progressive Change scenario)

Source: ACCC analysis of data obtained from gas producers as at August 2022 and domestic demand from AEMO's March 2022 GSOO.

Notes: Export demand includes feed gas requirements (such as fuel) required to produce LNG. Forecast spot and additional LNG sales represent flexible quantities that, if produced, could be exported, placed into storage, or sold to the domestic market. The maximum sustained LNG output capacity is based on the present point in time and does not account for potential unplanned maintenance, aging of facilities, changes in CSG feedstock or other factors that may affect capacity over the period.

Gas to continue to provide a critical part of power generation well into the future

Australia's electricity generation mix in the baseline scenario, by fuel (TWh)



SOURCE: CLIMATE CHANGE AUTHORITY

Source: <https://www.afr.com/politics/federal/gas-key-to-renewables-transition-allies-energy-security-says-bowen-20231130-p5enyg>, after <https://www.climatechangeauthority.gov.au/sites/default/files/documents/2023-11/2023%20AnnualProgressReport.pdf>

HORIZON TO ACQUIRE A MATERIAL NON-OPERATED ASSET IN A LOW-RISK STRATEGIC DOMESTIC ONSHORE GAS ASSET, WITH A FUNDING STRUCTURE WHICH ALLOWS THE COMPANY TO CONTINUE ITS DISTRIBUTION STRATEGY

- ▶ Entry into a Tier 1 oil and gas jurisdiction with strong market demand
- ▶ Cash accretive producing asset, with 2P reserves forecast generating over 20% IRR at modest gas prices
- ▶ Substantially debt funded - financing structure ensures the ability to continue the distribution strategy
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THE TRANSACTION REMAINS SUBJECT TO FINALISATION OF DEBT FACILITY DOCUMENTATION AND CUSTOMARY CONDITIONS, INCLUDING REGULATORY APPROVALS, JV AND LANDOWNER CONSENTS.
EXPECT COMPLETION 1H CY2024

HORIZON

CONTACTS

RICHARD BEAMENT, CEO
+61 2 9332 5000
info@horizonoil.com.au

Horizon Oil Limited
Level 4, 360 Kent Street
Sydney NSW 2000 Australia
horizonoil.com.au

