

# QUARTERLY REPORT

PERIOD ENDING 30 SEPTEMBER 2024 [ASX:HZN]

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## HIGHLIGHTS

### PAYMENT OF FINAL DIVIDEND

- Final dividend for FY24 of AUD 1.5 cents per share paid subsequent to quarter end on 25 October 2024.
- Following payment of the FY24 Final Dividend, cumulative distributions paid over the past 4 years now stands in excess of A\$200 million.

### PRODUCTION GROWTH & CASH BUILD

- Production and sales growth achieved across all assets during the quarter, with overall Horizon Group production increasing 35% to 437,460 boe. Production increases across the Group were driven by the first full quarter of Mereenie production, incremental production from four new infill wells at Block 22/12, and workover activity at Maari.
- Revenue from production for the quarter was US\$29.4 million (inclusive of hedge settlements), a 78% increase on the prior quarter, aided by a 127,000 bbl Maari lifting which occurred during July 2024, and the first full quarter of Mereenie oil and gas sales.
- Net operating cash flow<sup>1</sup> for the quarter was US\$19.8 million.
- Cash reserves continued to grow during the quarter by US\$8.2 million to US\$60.7 million, despite paying a Mereenie acquisition contingent milestone payment of ~US\$3.3 million and a substantial portion of the Block 22/12 infill well costs during the quarter.
- Net cash at 30 September increased to US\$33.1 million.

### MATERIAL PROGRESS ON GROWTH OPPORTUNITIES IN ALL ASSETS

- **Block 22/12** – Four-well infill drilling program successfully completed under budget and ahead of schedule, with planning underway for a water handling capacity upgrade and potential 2025 drilling campaign.
- **Maari** – Licence extension application lodged with the regulator in September with the expectation to extend out Maari production beyond the end of the decade.
- **Mereenie**
  - Two well infill drilling program approved by Mereenie JV, with drilling planned to commence in December or early January.
  - Strategic gas sales agreement (GSA) executed with the Northern Territory government for the firm supply of gas for the 6-year period from 1 January 2025 to 31 December 2030. Together with existing GSAs, Mereenie JV has now substantially contracted all existing firm production from the field until the end of the decade.

<sup>1</sup> Net operating cashflow represents total revenue less direct production operating expenditure (including workover costs).

## CHIEF EXECUTIVE OFFICER'S COMMENTARY

This was a strong quarter for the Company with total Group production increasing by 35% owing largely to the addition of Mereenie production and sales. Production was also ~4% higher at Block 22/12 despite a typhoon interruption, and over 19% higher at Maari owing to successful infill drilling at Block 22/12 and workover operations at Maari. A significant milestone was achieved during the quarter with the lodgement of the Maari life extension application. The intention of the joint venture is to take Maari production out beyond the end of the decade and comes at a time when energy security in NZ is in sharp focus. Further production growth continues to be targeted across the portfolio with a two well infill drilling program approved at Mereenie and expected to commence in the next few months. A water handling capacity upgrade project at Block 22/12 is underway with increased water processing capacity and hence oil production expected by the end of CY2025. Further infill drilling at Block 22/12 continues to be a priority with plans maturing for a potential 2025 drilling campaign.

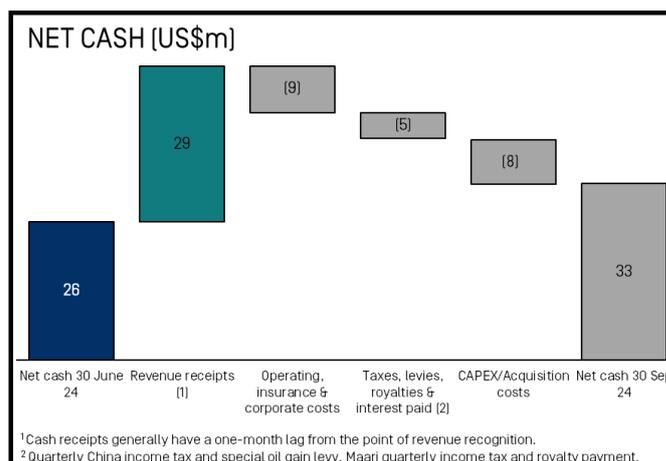
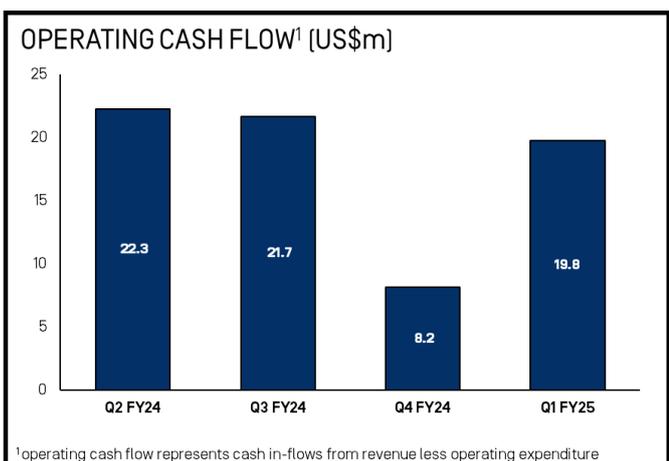
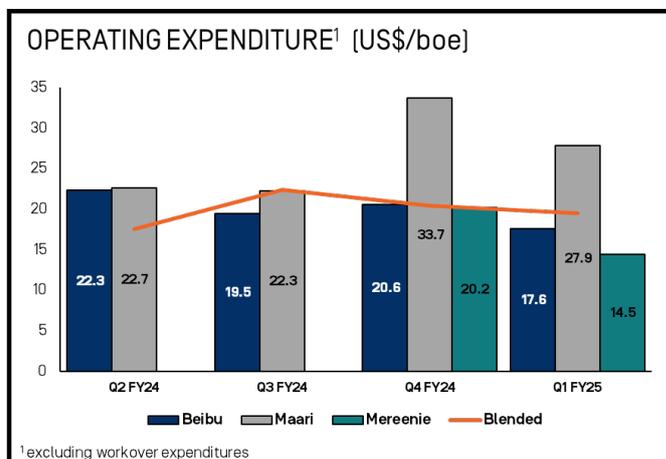
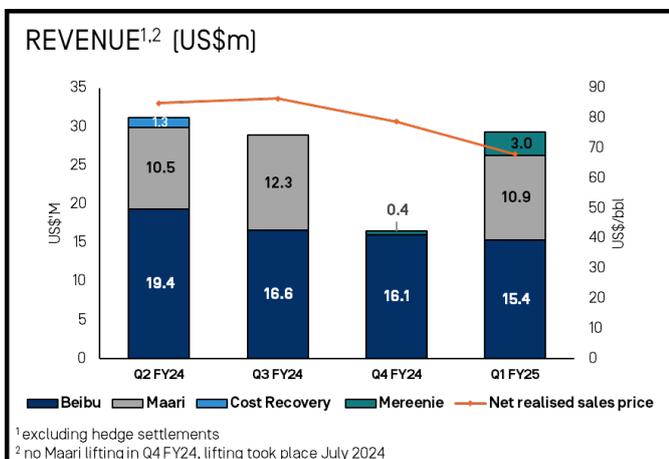
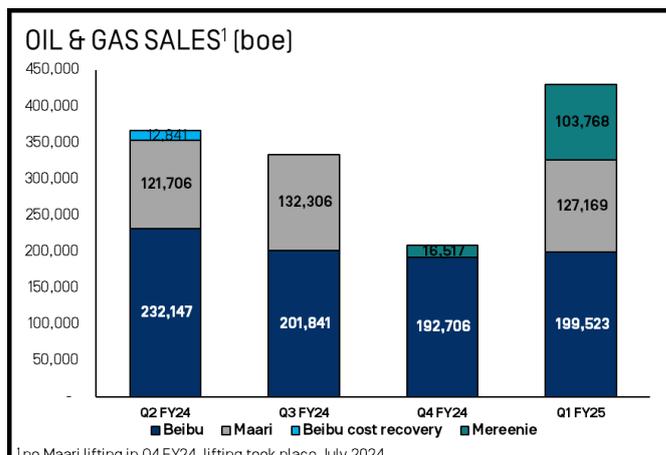
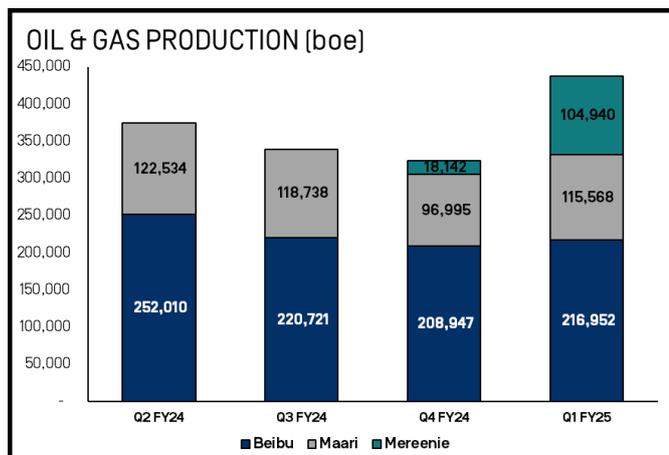
The Company remains in a strong financial position with cash reserves increasing during the quarter ahead of the payment of the AUD 1.5 cents per share final FY 24 dividend in October.

**Richard Beament**  
**Chief Executive Officer**

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# COMPARATIVE PERFORMANCE

## PERIOD ENDING 30 SEPTEMBER 2024



### Notes:

- (a) Financial results contained in this quarterly are unaudited.
- (b) Cost recovery oil entitlement is a right under the Block 22/12 Petroleum Contract to additional oil production to compensate Horizon for historical exploration expenditure incurred in the Block. The entitlement was associated with historical WZ12-8E exploration costs.

# FINANCIAL SUMMARY

OIL PRODUCTION & SALES	Q1 FY25 BBLs	Q4 FY24 BBLs	CHANGE %	CALENDAR YTD 2024 BBLs
<b>Block 22/12 (BEIBU GULF), OFFSHORE CHINA</b>				
Crude oil production (NWI) <sup>1</sup>	216,952	208,947	3.8%	646,620
Crude oil sales	199,523	192,706	3.5%	594,070
<b>PMP 38160 (MAARI &amp; MANAIA), OFFSHORE NEW ZEALAND</b>				
Crude oil production (NWI) <sup>1</sup>	115,568	96,995	19.1%	331,300
Crude oil inventory on hand	99,788	116,501	[14.3%]	99,788
Crude oil sales	127,169	-	100%	259,475
<b>OL4 AND OL5, MEREENIE, ONSHORE AUSTRALIA<sup>3</sup></b>				
Crude oil production (NWI) <sup>1</sup>	8,015	1,435	>100%	9,450
Crude oil inventory on hand	4,230	3,063	38.1%	4,230
Crude oil sales	6,780	-	100%	6,780
<b>TOTAL OIL PRODUCTION &amp; SALES</b>				
<b>Crude oil production</b>	<b>340,535</b>	<b>307,377</b>	<b>10.8%</b>	<b>987,370</b>
<b>Crude oil sales</b>	<b>333,472</b>	<b>192,706</b>	<b>73.0%</b>	<b>860,325</b>

GAS PRODUCTION & SALES	Q1 FY25 PJ	Q4 FY24 PJ	CHANGE %	CALENDAR YTD 2024 PJ
<b>OL4 &amp; OL5, MEREENIE, ONSHORE AUSTRALIA<sup>3</sup></b>				
Gas production (NWI) <sup>1</sup>	0.6	0.1	>100%	0.7
Gas sales	0.6	0.1	>100%	0.7
<b>TOTAL GAS PRODUCTION &amp; SALES</b>				
<b>Gas production</b>	<b>0.6</b>	<b>0.1</b>	<b>&gt;100%</b>	<b>0.7</b>
<b>Gas sales</b>	<b>0.6</b>	<b>0.1</b>	<b>&gt;100%</b>	<b>0.7</b>

TOTAL OIL & GAS PRODUCTION & SALES	Q1 FY25 boe	Q4 FY24 boe	CHANGE %	CALENDAR YTD 2024 boe
<b>Oil &amp; Gas production</b>	<b>437,460</b>	<b>324,084</b>	<b>35%</b>	<b>1,101,002</b>
<b>Oil &amp; Gas Sales</b>	<b>430,460</b>	<b>209,223</b>	<b>106%</b>	<b>973,830</b>

## Notes:

<sup>1</sup> Production amounts are shown on a net working interest basis (NWI).

<sup>2</sup> Amounts may not cast due to the rounding of balances.

<sup>3</sup> Mereenie values in the previous quarter were reported from the date of completion of the acquisition at 11 June 2024, noting that the Company had an economic entitlement to production from the effective date of the transaction of 1 April 2023.

PRODUCING OIL AND GAS PROPERTIES	Q1 FY25 US\$'000	Q4 FY24 US\$'000	CHANGE %	CALENDAR YTD 2024 US\$'000
<b>BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA</b>				
Production revenue <sup>1</sup>	15,440	16,139	[4.3%]	48,211
Operating expenditure	3,823	4,298	[11.1%]	12,427
Workovers	234	223	4.8%	672
Special oil gain levy	725	1,102	[34.2%]	2,890
<b>PMP 38160 (MAARI AND MANAIA), OFFSHORE NEW ZEALAND</b>				
Production revenue <sup>1</sup>	10,904	-	100%	23,217
Operating expenditure	3,224	3,261	[1.2%]	9,130
Workovers	815	183	>100%	1,004
Inventory adjustment <sup>2</sup>	453	[5,642]	>[100%]	[4,268]
<b>OL4 AND OL5, MEREENIE, ONSHORE AUSTRALIA<sup>3</sup></b>				
Production revenue	3,019	390	>100%	3,409
Operating expenditure	1,519	366	>100%	1,885
Inventory adjustment <sup>2</sup>	[23]	-	100%	[23]
<b>TOTAL PRODUCING OIL AND GAS PROPERTIES</b>				
<b>Production revenue<sup>1</sup></b>	<b>29,363</b>	<b>16,529</b>	<b>77.6%</b>	<b>74,837</b>
<b>Oil hedging settlements</b>	<b>35</b>	<b>[26]</b>	<b>&gt;100%</b>	<b>[93]</b>
<b>Total revenue [incl. hedging gains/(losses)]</b>	<b>29,398</b>	<b>16,503</b>	<b>78.1%</b>	<b>74,744</b>
Direct production operating expenditure	9,615	8,331	15.4%	25,118
<b>Net operating cash flow<sup>4</sup></b>	<b>19,783</b>	<b>8,172</b>	<b>&gt;100%</b>	<b>49,626</b>
<b>EXPLORATION AND DEVELOPMENT</b>				
PMP 38160 [Maari and Manaia], New Zealand	270	373		960
Block 22/12 [Beibu Gulf], offshore China	1,393	5,577		7,130
OL4 and OL5, Mereenie, Onshore Australia	213	-		213
<b>Total capital expenditure</b>	<b>1,876</b>	<b>5,950</b>		<b>8,303</b>
<b>Cash on hand</b>	<b>60,723</b>	<b>52,570</b>		<b>60,723</b>
<b>Debt Facility<sup>5</sup></b>	<b>[27,632]</b>	<b>[26,404]</b>		<b>[27,632]</b>
<b>NET CASH</b>	<b>33,091</b>	<b>26,166</b>		<b>33,091</b>

**Notes:**

<sup>1</sup> Represents gross revenue excluding hedge gains and losses.

<sup>2</sup> Represents an accounting adjustment for cost of crude oil inventory sold or produced during the period.

<sup>3</sup> Previous quarter Mereenie values are reported from the date of completion of the acquisition on 11 June 2024, noting that the Company had an economic entitlement to production from the effective date of the transaction of 1 April 2023 with a working capital adjustment received at completion covering the period to completion. Revenue reported for the prior quarter was impacted by the timing of oil sales which occurred prior to completion.

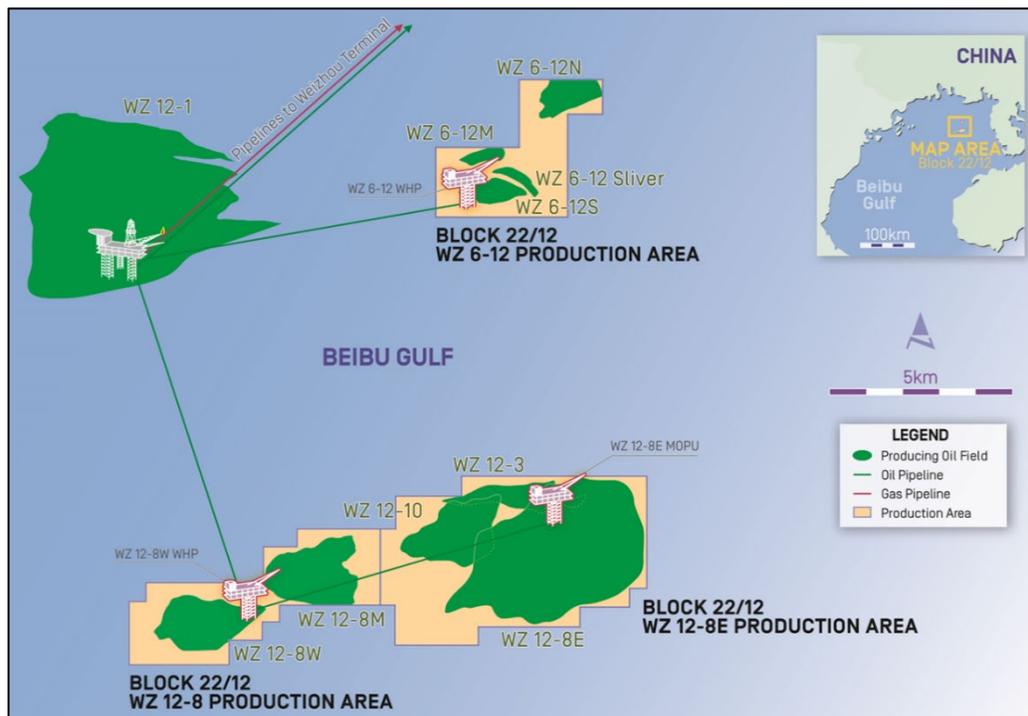
<sup>4</sup> Represents total revenue less direct production operating expenditure [including workover costs].

<sup>5</sup> Represents principal amounts drawn down at 30 September 2024, translated into USD at the period end spot exchange rate.

<sup>6</sup> Amounts may not cast due to the rounding of balances.

# PRODUCTION

## Block 22/12, Beibu Gulf, offshore China (Horizon: 26.95%)



Gross oil production for the quarter averaged 8,750 bopd (Horizon net 26.95%: 2,358 bopd), a ~4% increase on the prior quarter, with production from new infill wells offsetting anticipated natural decline across all the main producing fields as well as a six-day precautionary shut-in during September due to super-typhoon Yagi (see below).

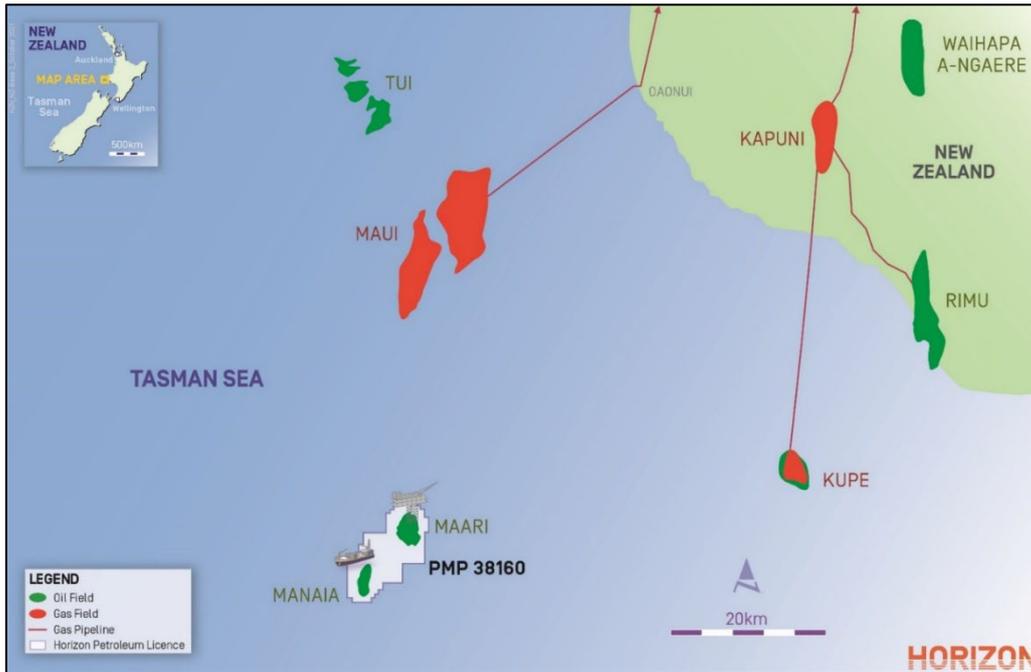
Net sales for the quarter were 199,523 bbls, generating revenue of US\$15.4 million. Cash operating costs for the quarter were US\$17.62/bbl (produced), excluding the costs of workovers.

During the quarter, a four well infill drilling campaign was successfully completed. All four wells were drilled and completed ahead of schedule and under budget, with total Block 22/12 production restored back above the long-term field average at the beginning of the quarter (10,312 bopd gross [2,779 bopd net] on 1 July 2024).

There was a 6-day precautionary field shutdown from 4 to 9 September for the super-typhoon Yagi evacuation, followed by a progressive restart over three days from 10 September. There was no injury to personnel or damage to facilities during this major weather event. The Operator is to be commended for the immediate and safe evacuation of personnel, followed by the prompt, incident-free resumption of production.

The joint venture also continues to mature 2025 work program activities, including liquid handling capacity upgrade initiatives and further infill drilling opportunities across the Project area.

## PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand [Horizon: 26%]



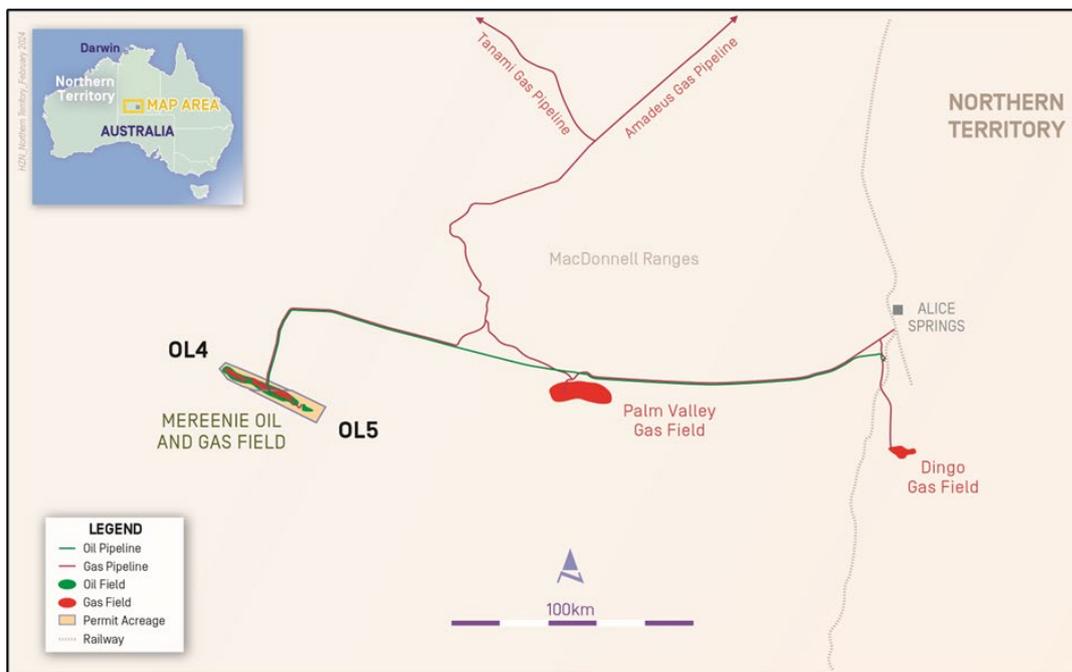
Gross oil production for the quarter averaged 4,831 bopd (Horizon net 26%: 1,256 bopd), a 19% increase on the prior quarter following reinstatement of production from the MR8A and MR10 production wells in addition to steady production from the other Maari wells. Cash operating costs averaged US\$27.90/bbl produced for the quarter, excluding the costs of workovers. Net sales for the quarter were 127,169 bbls, generating revenue of US\$10.9 million. Net crude oil inventory at 30 September 2024 was 99,788 bbls, with a further lifting of over 120,000 bbls (net to HZN) scheduled in the coming days.

After successfully completing the workovers on the MR8A and MR10 production wells, which involved replacing failed electric submersible pumps (ESPs), both wells were brought back online and returned to their pre-workover production rates.

A workover was carried out on the MR6A production well, with the aim of reinstating oil production from the Maari Mangahewa reservoir and to exploit a previously unproduced Matapo Sandstone behind pipe opportunity. While initial results from the well were encouraging, the well was shut-in again in recent days due to an unexpected change in the ESP performance. The Operator is investigating the issue.

As foreshadowed, an application was submitted in September to the New Zealand government for an extension of the PMP 38160 (Maari) license beyond 2030. Whilst the regulatory approval process can take greater than 12 months, this is a significant milestone for the joint venture and comes at a time when energy security in NZ is in sharp focus.

## OL4 and OL5, Mereenie, NT, Australia (Horizon: 25%)



Gross production for the quarter averaged 24.5TJ/d (Horizon net 25%: 6.1TJ/d) of gas and 348 bopd (Horizon net 25%: 87 bopd) of oil, generating revenues of US\$3.0 million at an average realised gas price of ~AUD6.58/GJ. Realised gas prices are forecast to increase in future quarters as legacy Gas Sales Agreements (GSA) roll off and are replaced with newer GSAs signed at current market prices. Gas production and sales from Mereenie were impacted early in the quarter by the effects of the ongoing Northern Gas Pipeline (NGP) shutdown, however increased to near field capacity later in the quarter. With continued strong gas demand in the NT as temperatures increase into the hotter months, and with decreased output from the Blacktip field, gas deliveries from Mereenie to the NT Power and Water Corporation are expected to remain elevated.

During the quarter, the Mereenie Joint Venture executed a six-year Gas Sales Agreement (GSA) with the Northern Territory Government, covering the 2025-2030 period, while adjusting the start date for the Arafura GSA to 2028. These agreements ensure that nearly all the Mereenie gas production will be sold at market rates until the end of 2030.

The Mereenie Joint Venture also sanctioned the drilling of two new development wells during the quarter, WM29 and WM30. Preparatory work is already underway at both sites, with drilling set to begin in either December or January. These new wells have the potential to materially increase Mereenie production rates, with the NT government agreeing to take up to an additional 6TJ/d (gross) of gas from these new wells under the recently executed GSA.

The JV continues to focus on additional 2025 work program activities, including helium recovery initiatives and further infill drilling opportunities.

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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, 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. 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 they appear in this statement.

### **Authorisation**

This ASX announcement is approved and authorised for release by the Company Secretary on 30 October 2024.

For more information please contact:

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