# **QUARTERLY REPORT**

### PERIOD ENDING 31 MARCH 2024 [ASX:HZN]

### **HIGHLIGHTS**

### AUD 1.5 cents per share interim distribution paid to shareholders

 Interim dividend of AUD 1.5 cents per share totalling ~US\$16 million (~A\$24 million) paid to shareholders on 26 April 2024.

#### Strong cashflow replenishes cash balance ahead of interim distribution payment

- Horizon's net working interest share of production and sales volumes for the quarter were 339,459 bbls and 334,147 bbls, with year to date 2024 financial year production and sales volumes of 1,102,603 bbls and 1,091,932 bbls. Overall production was modestly down on the prior quarter, impacted by workover activity and natural field decline, particularly at Block 22/12.
- Revenue from production for the quarter was US\$28.9 million (exclusive of hedge receipts), aided by a record lifting in Maari which attracted a substantial premium. Year to date 2024 financial year revenue was US\$95.1 million.
- Net operating cash flow<sup>1</sup> for the quarter was US\$21.7 million, with year to date 2024 financial year net operating cash flow<sup>1</sup> of US\$71.2 million. Cashflow remained robust through continued low capital expenditure, higher oil prices and strong Maari crude oil sales.
- Cash and net cash at 31 March 2024 was US\$52.8 million, a US\$7.7 million increase over the quarter. A further US\$12.3 million was received in April pertaining to the March Maari lifting which together with the cash generated in the March quarter was more than sufficient to cover the interim distribution.

### Commencement of infill drilling program in Block 22/12

- As advised on 15 April 2024, a four-well infill drilling program has commenced. All four wells will recover incremental oil from existing fields and are targeted as nearby offsets from existing producers.
- The four well program is forecast to recover an incremental 1.3 mmbbl gross (Horizon net 0.35 mmbbl) to the end
  of the contract period, with the total incremental oil rate from the four wells estimated at 2,400 bopd gross
  (Horizon net 600 bopd).

#### Acquisition of 25% non-operated interest in the producing Mereenie oil and gas field

- During the quarter, the Company announced it had executed a sale and purchase agreement to acquire a 25% non-operated participating interest in the 0L4 and 0L5 development licences, Northern Territory, Australia, which contain the producing Mereenie conventional oil and gas field. The transaction remains subject to customary completion conditions and regulatory approvals.
- The upfront cash consideration for the transaction is ~US\$27.6 million which is to be fully debt funded from a new five-year debt facility from Macquarie Bank. Consideration also includes deferred and contingent payments of up to US\$5.8 million payable over the next 24 months.
- During the quarter, the Company continued to progress the transaction towards completion with Horizon receiving FIRB approval and progressing other customary completion requirements. The transaction remains on track for completion by the end of the financial year.

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



### CHIEF EXECUTIVE OFFICER'S COMMENTARY

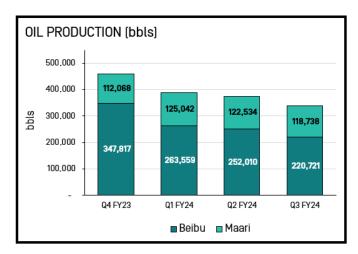
This was another solid quarter with the continued strong free cashflow generated in the quarter, together with the cash received in April from the March Maari lifting more than covering the ~US\$16 million (AUD 1.5 cents per share) distribution paid to shareholders in recent days. With our strong balance sheet we can continue to prioritise development of our organic growth pipeline. To this end we were delighted to recently announce the commencement of the four well Block 22/12 infill program which we expect will boost Block 22/12 production rates to help offset natural field decline. Restoring production from the currently shut-in MR6a well at Maari also remains a priority, with the workover expected to recommence towards the end of this current quarter. We also look forward to closing the Mereenie transaction over the coming months and integrating the asset into our portfolio. The Company remains in a strong financial position with sustained high oil prices and production ensuring we can continue to act on our strategy of realising value for shareholders.

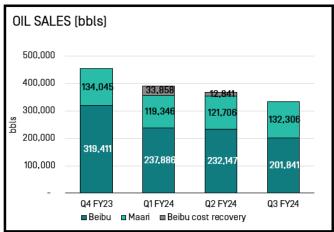
Richard Beament
Chief Executive Officer

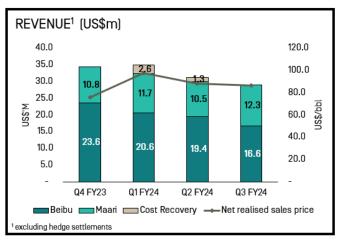


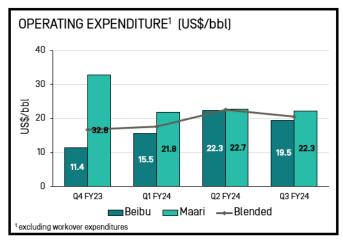
# **COMPARATIVE PERFORMANCE**

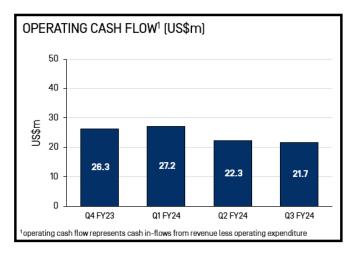
### **PERIOD ENDING 31 MARCH 2024**

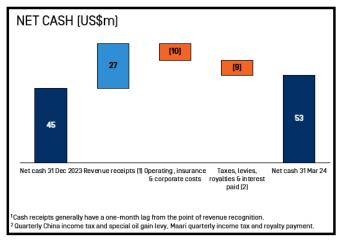












#### Notes:

- [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 current entitlement is associated with historical WZ12-8E exploration costs.



# **FINANCIAL SUMMARY**

Production	Q3 FY2024 bbls	Q2 FY2024 bbls	CHANGE %	FINANCIAL YTD 2024 bbls
BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA				
Crude oil production [NWI] <sup>1</sup>	220,721	252,010	[12.4%]	736,289
Crude oil sales	201,841	244,988	[17.6%]	718,574
PMP 38160 [MAARI AND MANAIA], OFFSHORE NEW ZEALAND				
Crude oil production [NWI] <sup>1</sup>	118,738	122,534	[3.1%]	366,314
Crude oil inventory on hand	21,990	39,805	[44.8%]	21,990
Crude oil sales	132,306	121,706	8.7%	373,358
TOTAL PRODUCTION				
Crude oil production	339,459	374,544	[9.4%]	1,102,603
Crude oil sales	334,147	366,694	[8.9%]	1,091,932
PRODUCING OIL AND GAS PROPERTIES BLOCK 22/12 (BEIBU GULF), OFFSHORE CHINA	US\$'000	US\$'000		US\$'000
Production revenue <sup>2</sup>	16,631	20,742	[19.8%]	60,568
Operating expenditure	4,307	5,629	[23.5%]	14,026
Workovers	215	143	49.9%	620
Special oil gain levy	1,063	1,527	[30.4%]	4,324
PMP 38160 [MAARI AND MANAIA], OFFSHORE NEW ZEALAND				
Production revenue <sup>2</sup>	12,313	10,516	17.1%	34,507
Operating expenditure	2,644	2,782	[4.9%]	8,152
Workovers	6	967	[99.3%]	990
Inventory adjustment <sup>3</sup>	920	[80]	>100%	970
Total Producing Oil and Gas Properties				
Production revenue <sup>2</sup>	28,944	31,258	[7.4%]	95,075
Oil hedging settlements	(102)	584	[>100%]	(113)
Total revenue (incl. hedging gains/(losses))	28,842	31,842	9.4%	94,962
Direct production operating expenditure	7,172	9,522	[24.7%]	23,788
Net operating cash flow <sup>4</sup>	21,670	22,319	[2.9%]	71,174
EXPLORATION AND DEVELOPMENT				
PMP 38160 [Maari and Manaia], New Zealand	318	117		1,205
Block 22/12 (Beibu Gulf), offshore China	161	354		919
Total capital expenditure	479	471		2,124
Cash on hand / Net Cash	52,783	45,066		52,783

Production amounts are shown on a net working interest basis [NWI].

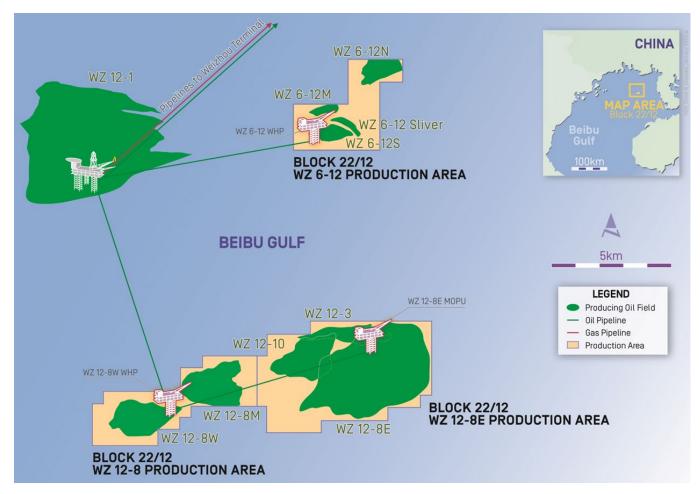
Represents gross revenue excluding hedge gains and losses.
Represents an accounting adjustment for cost of crude oil inventory sold or produced during the period.

Represents total revenue less direct production operating expenditure (including workover costs).

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 9,000 bopd (Horizon net 26.95%: 2,426 bopd). Production declined naturally as anticipated across all of the main producing fields.

Net sales for the quarter were 201,841 bbls, generating revenue of US\$16.6 million. Sales declined during the quarter due to the reduced production levels together with WZ12-8E cost recovery oil volumes having been fully recovered in the prior quarter. Net sales for the year to date 2024 financial year were 718,574 bbls, generating revenue of US\$60.6 million. Cash operating costs for the quarter were US\$19.51/bbl [produced], with the year to date 2024 financial year averaging US\$19.04/bbl [produced], excluding the costs of workovers.

A four well drilling campaign commenced subsequent to the end of the quarter, with a COSL owned drilling rig mobilised to the WZ6-12 platform for a one well campaign, with a second COSL owned drilling rig to be mobilised to the WZ12-8E platform for a three well campaign. The whole drilling program is expected to run for approximately 3 months.

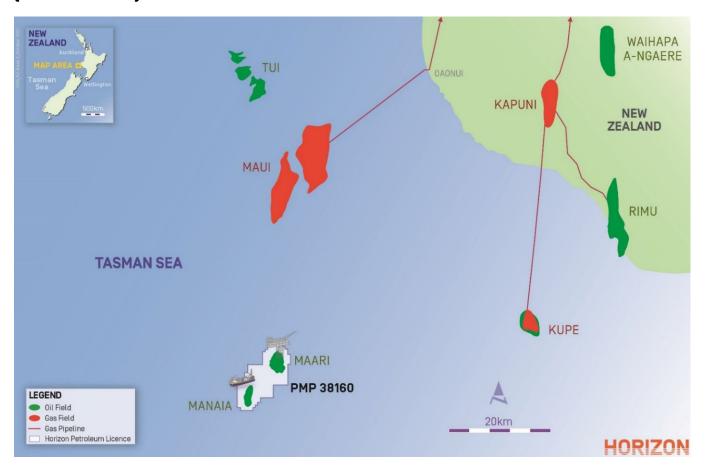
Recovery from these four wells is currently carried as contingent resources but will be reclassified as reserves in Horizon's 30 June 2024 reserves report. All four wells will recover incremental oil from existing fields and are targeted as nearby offsets from existing producers.

The four well program is forecast to recover an incremental 1.3 mmbbl gross [Horizon net 0.35 mmbbl] to the end of the contract period, with the total incremental oil rate from the four wells estimated at 2,400 bopd gross [Horizon net 600 bopd]. Horizon's share of the forecast drilling costs will be funded from existing cash reserves.

The joint venture also continues to focus on liquid handling capacity upgrade initiatives and additional infill drilling opportunities across the Project area with the aim of reducing overall oil production decline.



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



Gross oil production for the quarter averaged 5,019 bopd (Horizon net 26%: 1,305 bopd). Quarterly production was broadly in line with the prior quarter, with natural field decline substantially offset by a combination of ongoing water injection support in the Maari Moki and the maintenance of high facility uptime.

Cash operating costs averaged US\$22.26/bbl produced for the quarter, with the year-to-date 2024 financial year averaging US\$22.25/bbl [produced], excluding the costs of workovers.

Net sales for the quarter were 132,306 bbls resulting from a record Maari lifting completed in March, an 8.7% increase on the prior quarter and generating revenue of US\$12.3 million. Maari crude attracted a high premium during the quarter aiding in the 17% increase in sales revenue compared to the prior quarter. Net sales for the year-to-date 2024 financial year were 373,358 bbls, generating revenue of US\$34.5 million. Net crude oil inventory at 31 March 2024 was 21,990 bbls, with the next Maari lifting scheduled for late June or early July.

The Maari Joint Venture commenced a workover on the currently shut-in MR6A well during the prior quarter, with the aim of reinstating oil production from the Maari Mangahewa and to exploit a previously unproduced Matapo Sandstone behind pipe opportunity. Unexpected workover unit repairs in December resulted in the temporary suspension of the workover. Those unit repairs are anticipated to be complete, and the well workover is expected to recommence, towards the end of the current quarter.

Works to extend field life beyond the current December 2027 permit expiry continued during the quarter, including the preparation of licence extension documentation which is planned to be lodged with the regulator later this calendar year.

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 April 2024.

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