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

INTEREST ACQUISITION OF 7.5% OF SINPHUHORM AND 60% OF NAM PHONG PRODUCING GAS FIELDS, ONSHORE THAILAND

A COMPELLING OPPORTUNITY WHICH REQUIRES MINIMAL CAPITAL IN ORDER TO GAIN ACCESS TO A LOW-RISK SUITE OF GAS PRODUCING ASSETS, OFFERING ATTRACTIVE RETURNS AND RAPID PAYBACK WITH UPSIDE

Horizon Oil Limited ("Horizon") is pleased to announce the execution of a share sale and purchase agreement (the "Agreement") through one of its wholly owned subsidiaries (Horizon Thailand Investments Pty Limited) with Exxon Mobil Corporation ("Exxon" or "Seller") which results in the acquisition of a 7.5% working interest in the E5N and EU1 development licences, onshore Thailand, which contain the producing Sinphuhorm conventional gas and condensate field, and a 60% interest in the E5 development licence, onshore Thailand, which contains the producing Nam Phong conventional gas field. The acquisition is proposed through a consortium, with Horizon to acquire 75% of the shares in Exxon Mobil Exploration and Production Khorat Inc. (EMEPKI) with Matahio Energy ("Matahio") acquiring the residual 25% and agreeing to manage EMEPKI employees and operatorship of the Nam Phong field on behalf of the consortium.

Horizon's headline cash consideration for the 75% holding in EMEPKI is US\$30 million, with an effective date of 1 January 2025, plus up to US\$7.5 million in contingent payments over the next six years which are subject to certain conditions being met. The upfront cash consideration will be substantially funded from a credit approved amendment to our existing Macquarie Bank debt facility which will provide additional debt capacity for the acquisition of up to approximately US\$22 million, with up to a further US\$10 million of finance made available following completion of the acquisition.

The funding structure, together with the expected free cashflow generation from Sinphuhorm and Nam Phong allows for the continuation of Horizon's distribution strategy. The transaction remains subject to customary completion conditions.

HIGHLIGHTS

This a compelling opportunity which requires minimal capital to gain access to a relatively low risk suite of gas producing assets, which offer attractive returns and rapid payback with upside. The proposed transaction offers Horizon the following:

- Acquisition of 3.9 MMboe of 2P Reserves as at an effective date of 1 January 2025 associated with the acquisition of a 7.5% working interest in Sinphuhorm, and 60% working interest in Nam Phong gas fields. Based on the headline consideration of US\$30 million (net to HZN), this represents an acquisition cost of ~US\$7.7/boe.
- Positive cash flow generation from a well-understood reservoir; stable and predictable gas production of approximately 2,000 boe/d net to Horizon, based on current rates [approximately comparable with current net Block 22/12 boe/d production rates], with the asset running at close to 100% uptime in 2024
- It is anticipated that, due to the effective date of 1 January 2025 and proposed debt funding, the impact on Horizon's existing cash reserves on completion will be less than US\$10 million.
- Gas is contracted under a long-term gas sales agreement with PTT as the buyer for ultimate use in a regional power station for electricity generation.

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- Represents a Thailand country re-entry and establishes a low-cost platform for growth in Thailand and South-East Asia, partnering with both PTTEP and Matahio as operators, at the same time providing further diversification of the Company's production base.
- The acquired assets are exposed to limited abandonment obligations (currently estimated at c.US\$5 million net to HZN).
- Potential to enhance value through life extension at both fields, infill drilling, facility upgrades and optimisations, together with additional opportunities in both assets.

Horizon CEO, Richard Beament commented:

These assets are excellent additions to our portfolio - complementing, diversifying and expanding our production base. With combined net daily boe production similar to our current Block 22/12 fields, and with existing concessions running into the next decade, these assets have the potential to allow Horizon to sustain production at current pre-acquisition levels through into the 2030's. In partnering with Matahio, we have structured the transaction to play to Horizon's strengths as a non-operator, being also right sized, requiring minimal capital and with upside. We are delighted to have identified another inorganic growth opportunity which meets our strict investment criteria of acquiring assets which allow for the continuation of our capital distribution strategy.

We are pleased to re-enter Thailand, a jurisdiction we know reasonably well from our time as offshore explorers between 2006 and 2008. Whilst financial pressures during this period, primarily driven by Maari development capex commitments, led Horizon to divest its Thai interests, we have always viewed Thailand as an attractive jurisdiction for oil and gas investment.

The consideration payable for the acquisition is well supported by the contracted gas offtake from the assets, which has enabled Macquarie Bank to provide a substantial debt funding package on attractive terms.

We are delighted to be able to partner with Matahio, an independent energy company focused on Southeast Asia and Australasia which operate onshore and offshore oil and gas fields in New Zealand and the Philippines. Our teams are like minded and have collaborated extremely well over many months to bring this deal to a close. We look forward to working with them closely as we move forward to complete this transaction. We are also delighted to partner with PTTEP, as both operator of the Sinphuhorm gas field and JV partner in Nam Phong. We have been extremely impressed with the work they have done at Sinphuhorm over recent years, in particular, the multi-well drilling campaign and the immensely successful booster compression project which was commissioned in 2024.

Upon completion, the acquisition will increase Horizon's net daily production by ~2,000 boe/d, and Proved and Probable (2P) reserves by 3.9 million barrels of oil equivalent as at 1 January 2025. This compares with Horizon net Proved plus Probable reserves of 9.9 MMboe reported as of 30 June 2024 (nb not adjusted for production to 1 January 2025).

The acquisition is expected to meaningfully increase net operating cash flow over the next 5+ years and provide a substantial production base beyond the end of the decade. The assets provide the Company with further diversification into gas production in a country with growing gas demand. The power station using the gas from these fields has a key role in providing essential energy for domestic consumption in north-east Thailand and aiding the country to achieve its energy transition objectives.

We look forward to finalising the transaction over the coming months as we finalise debt facility documentation, transition matters and customary approvals.

The Fields

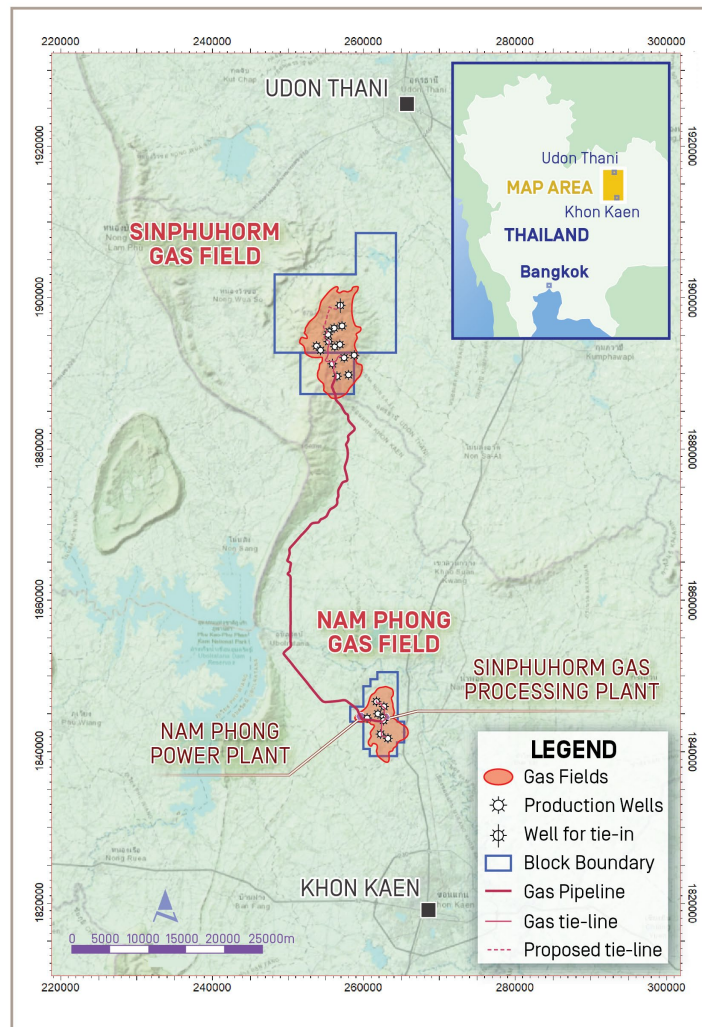


Figure 1 - Location of E5, E5N & EU1 development licences, onshore Thailand, which contain the producing Nam Phong & Sinphuhorm conventional gas fields

Blocks E5N & EU1: Sinphuhorm gas field (Horizon net 7.5%)

The onshore Sinphuhorm gas and condensate field is located 500 km NNE of Bangkok and was discovered in 1983 and commenced production in 2006. The field is an N-S trending inversion related anticline, and the reservoir is the Permian age fractured carbonate Pha Nok Khao (PNK) formation, which contains dry gas with a low gas condensate ratio currently c.2 bbl/MMcf.

The field has been developed with eleven wells drilled from three well pads in the central and southern parts of the field. Pressure depletion trends confirm reasonable connectivity across the field, with tie-in of the recently drilled PH-14 in the north planned for 2026. The field produced an average of 127 TJ/d [122 MMscf/d] gross sales gas in December 2024. A total of 637 PJ gross sales gas [611 bcf] and 2.3 MMbbls of gross condensate had been produced by the end of 2024, equating to an estimated 63% recovery factor to date. The field is a depletion drive reservoir with estimated final recovery factor of 82%.

The Sinphuhorm wells are tied back to a central gas plant with 140 MMscfd capacity and the ability to stabilise small amounts of condensate. The plant, with its simple design, enjoys high reliability, uptime and performance, with a long track record of safe operations. Operating costs are very low at approximately US\$2.2/boe [excluding tax and royalties] and decommissioning costs net to our acquisition 7.5% interest are estimated at less than US\$2 million.

Raw gas from Sinphuhorm is transported along a 64-kilometre pipeline to the PTTEP Public Company Limited (PTTEP) operated Sinphuhorm Gas Processing Plant (GPP) before being exported for use in the Electricity Generating Authority of Thailand (EGAT) operated Nam Phong power plant, the largest in north-east Thailand. Sinphuhorm gas is contracted under a long-term take-or-pay GSA with PTT Public Company Limited (PTT) as the gas buyer. Custody transfer of the gas is at the outlet of the GPP. The current GSA extends over the remaining term of the concession, which expires in March 2031. Gas demand has consistently exceeded 90 MMscf/d over the last four years and is expected to remain strong in the foreseeable future amid declining regional supplies and high import prices. The Sinphuhorm gas price is linked to high sulphur fuel oil. Sinphuhorm condensate is sold to PTT under a long-term condensate sales agreement.

A gas compression project at the field in 2024 successfully increased gas production rates. Horizon estimates that at the 1 January 2025 effective date, the field contained gross 2P Sales Gas reserves of 187.1 PJ [179.5 bcf] and 0.2 MMbbl of condensate [Horizon net 14.04 PJ Sales Gas and 0.02 MMbbls condensate].



Figure 2 – Sinphuhorm Gas Booster Compressor

Block E5: Nam Phong gas field [Horizon net 60.0%]

The onshore Nam Phong gas field is located 440 km NNE of Bangkok and 60km south of the Sinphuhorm field, was discovered in 1981 and commenced production in 1990. The field is a fault bounded, N-S trending anticline formed by inversion tectonics, overlying a reactivated and eroded fault block containing the Permian age fractured carbonate PNK reservoir, which contains dry gas.

Following the drilling of exploration and appraisal wells in 1981 and 1982, four initial development wells were drilled from 1989-1991 with first gas production in December 1990. During 1997 – 1999, an additional three infill wells were drilled to increase field capacity up to 132 TJ/d gross [130 MMscf/d] to fulfil the sales contract requirement. Nam

Phong is a depletion drive reservoir and production has declined as reservoir pressure declines and is currently producing approximately 6.6 TJ/d gross [6.5 MMscf/d] [Horizon net 4.0 TJ/d]. Of the total nine wells drilled, seven are producing today. Operating costs are low at approximately US\$11.7/boe [excluding tax and royalties] and decommissioning costs net to our acquisition 60% interest are estimated at less than US\$4 million.

Production from the Nam Phong field is sent to the nearby EMEPKI operated Gas Stabilisation Unit (GSU) which consists mainly of a produced water knock-out system and a dehydration unit. From the GSU the dehydrated gas is exported to the adjoining PTT operated gas metering station. Custody transfer of the gas is at the outlet of the GSU. PTT on-sells the gas to EGAT which operates the Nam Phong power plant situated approximately 3 km west of the GSU. There is no condensate currently being produced at Nam Phong.

Horizon estimates that at 1 January 2025, the field contains gross 2P Sales Gas reserves of 13.9 PJ [13.3 bcf] [Horizon net 8.3 PJ]).



Figure 3 – Nam Phong Gas Processing Plant

Consideration and debt funding

The gross headline cash consideration for 100% of the shares in EMEPKI is US\$40 million, with an effective date of 1 January 2025, plus up to US\$10 million in contingent payments which may become payable over the next six years, subject to certain conditions being met. Horizon will purchase 75% of EMEPKI (net headline cash consideration of US\$30 million plus up to US\$7.5 million in contingent payments), with Matahio paying the balance. The headline consideration will be substantially funded from a credit approved amendment to our existing Macquarie Bank debt facility which will provide additional debt capacity for the acquisition of up to approximately US\$22 million, with up to a further US\$10 million of finance made available following completion of the acquisition. It is anticipated that, due to the effective date of 1 January 2025 and proposed debt funding, the impact on Horizon's existing cash reserves on completion will be less than US\$10 million. To help simplify the security structure, as part of the

transaction funding Horizon will extend a loan to Matahio covering US\$5 million of the purchase price secured against their 25% shareholding in EMEPKI. This loan attracts interest payable to Horizon at SOFR + 9% together with a 3% establishment fee, with the facility amortising to maturity at 31 December 2027.

The credit approved amendment to our existing Macquarie debt facility comprises the following:

- Tranche A - an increase in the Mereneie available debt from approximately AU\$40 million to AU\$50 million. The additional AU\$10 million of debt capacity is supported by the recent infill well results and recently signed strategic gas sales agreements (GSA), including the 6-year GSA signed with the NT Government. This tranche amortises through to maturity at 30 June 2029 and continues to attract interest payable at BBSW + 5%.
- Tranche B1 - an additional US\$15 million of finance to be drawn to initially fund the acquisition which is supported by cashflows from Block 22/12. The USD 15 million tranche is secured against Horizon's existing Block 22/12 and Maari security package which remained on foot following maturity of Horizon's Syndicated Revolving Cash Advance Facility in July 2023. This tranche amortises to maturity at 31 December 2027 and attracts interest payable at SOFR + 5%.
- Tranche B2 - an additional US\$10 million of finance to be made available following completion of the acquisition to fund any further development of the secured assets and for general corporate purposes. This additional tranche is supported by cashflows from the acquired interest in Sinphuhorm and remains subject to security being provided over Horizon's 75% shareholding in EMEPKI and updated technical diligence on Sinphuhorm prior to drawdown. This tranche amortises to maturity at 31 December 2027 and attracts interest payable at SOFR + 6%.

The amendments outlined above to our existing Macquarie debt facility are credit approved but remain subject to documentation.

The incremental gearing associated with this acquisition is modest, amounting to an initial additional ~US\$22 million which represents a little over Horizon's historical 6-month free cashflow generation. With the addition of the Thai assets and subject to the maintenance of current oil prices and production, cashflow generation is forecast to increase leading to rapid degearing whilst also allowing for the continuation of the Company's distribution strategy. The additional US\$10 million Tranche B2 facility provides the Group with further liquidity and financial flexibility if required.

Reserves and production

Horizon's Thailand gas and condensate reserves at the 1 January 2025 effective date, subject to completion of the transaction, are shown in the tables below:

1P – Proved Reserves (Horizon net)

	Horizon interest [%]	Sales gas [PJ]	Condensate [MMbbl]	Oil equivalent [MMboe]
Thailand				
Blocks E5N & EU1: Sinphuhorm	7.5%	9.36	0.01	1.62
Block E5: Nam Phong	60%	6.84	-	1.18
Total		16.20	0.01	2.80

2P – Proved + Probable Reserves (Horizon net)

	Horizon interest [%]	Sales gas [PJ]	Condensate [MMbbl]	Oil equivalent [MMboe]
Thailand				
Blocks E5N & EU1: Sinphuhorm	7.5%	14.04	0.02	2.43
Block E5: Nam Phong	60%	8.31	-	1.43
Total		21.45	0.02	3.86

Figure 4 – Thailand 1P, 2P reserves at 1 January 2025 effective date subject to completion of the transaction; (refer note 6 below for conversion factors)

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Reserves are assessed at point of sale and have been estimated using deterministic reservoir analysis methods including pressure and gas decline curves for these depletion drive reservoirs. The bulk of Sinphuhorm reserves will be produced from existing wells and facilities, although some additional recovery might be realised from future development of the existing PH-14 well in the north.

Subject to completion occurring, the acquisition will increase the Horizon 2P reserves by 3.9 MMboe (million barrels of oil equivalent) as at an effective date of 1 January 2025. This compares with Horizon net Proved plus Probable reserves of 9.9 MMboe reported as of 30 June 2024 (nb not adjusted for production to 1 January 2025). Following completion of the transaction, the Company's daily production rate is expected to increase by ~2,000 boe/d.

Participating interest and operator

The Sinphuhorm and Nam Phong participating interests before and after completion of the Agreement are outlined below:

Sinphuhorm

	PTTEP (Operator)	Jadestone	Exxon	Horizon Oil	Matahio
Prior to transaction	80.48%	9.52%	10.00%	-	-
After transaction ¹	80.48%	9.52%	-	7.50%	2.50%

Nam Phong

	Exxon (Operator)	PTTEP	Horizon Oil	Matahio ²
Prior to transaction	80.00%	20.00%	-	-
After transaction ¹	-	20.00%	60.00%	20.00%

¹ Subject to completion of the transaction

² After completion, Matahio will manage operatorship of Nam Phong on behalf of EMEPKI, with EMEPKI remaining operator

Figure 5 – Sinphuhorm and Nam Phong gas fields effective participating interest through holding companies, prior to and after transaction

About our EMEPKI partner – Matahio

Matahio Energy is a leading upstream energy company dedicated to delivering sustainable and innovative energy solutions across Asia and Australasia. With a 78.8% operated stake in the Galoc field in the Philippines and full ownership of three onshore permits in New Zealand, it produces over 2,000 boe/d of net output. Committed to operational excellence, environmental responsibility, and strategic growth, Matahio combines responsible resource development with cutting-edge technology to create lasting value for its stakeholders. Guided by its ethos of progressive energy, the company embeds sustainability at every stage of its operations, driving positive impact for communities, the environment, and key markets. For more details, including their operational capability, see <https://www.matahio.com>

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Notes:

- 1 The transaction remains subject to customary completion conditions and documentation of the committed debt facility. Accordingly, completion cannot be guaranteed.
- 2 All estimates are prepared in accordance with the Society of Petroleum Engineers (SPE) Petroleum Resources Management System (PRMS) revised 2018.
- 3 Relevant terms used in this statement, capitalised or otherwise, have the same meaning given to those terms in the SPE PRMS.
- 4 Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
- 5 Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
- 6 Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.
- 7 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.
- 8 Sales Gas is gas of a composition sold to the gas buyer at the point of sale and excludes fuel, flare and shrinkage
- 9 Sales Gas in petajoules (PJ) has been calculated using 1.043 PJ per bcf for Sinphuhorm and 1.017 PJ per bcf for Nam Phong. 1PJ is 1015 joules. Gas rates in TJ/d have been converted using the same factors (ie 1.043 TJ/d per MMscfd and 1.017 TJ/d per MMscfd for Sinphuhorm and Nam Phong respectively). Oil equivalent volumes have been calculated using 5.816 PJ per MMboe for both fields.
- 10 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.
- 11 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.
- 12 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.
- 13 Horizon Oil employs a Reserves Management System to ensure the veracity of data used in the estimation process. This process includes review by senior staff where data is endorsed for inclusion in the estimating process. Estimates are reviewed annually, at a minimum, with interim reviews as required, to respond to any material changes. Horizon Oil undertakes semi-regular external reviews to complement its own internal process.
- 14 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 and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Masters of Reservoir Evaluation and Management from the 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.
- 15 Some totals in the tables may not add due to rounding.

Authorisation: This ASX announcement is approved and authorised for release by the Board.