HORIZON OIL LIMITED

ABN 51 009 799 455

HY 2011 Financial Results
24 February 2011

This presentation contains some references to forward looking assumptions, representations, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Horizon Oil Limited that its expectations, estimates and forecast outcomes will be achieved. Actual results may vary materially from those expressed herein.

Key Results

Operational

- Stanley-2 appraisal well in PRL 4, Papua New Guinea drilled with favourable preliminary results. Multi-well drilling program planned to continue throughout the remainder of the year.
- Overall Development Plan for WZ6-12 and WZ12-8W fields, Beibu Gulf offshore China, approved by CNOOC; Financial Investment Decision approved.
- Maari field, offshore New Zealand, successful workover of 2 shut-in wells; Manaia well tied into platform; upside zones being appraised.
- New 3D and 2D seismic recorded over block PEP 51313, offshore New Zealand, with encouraging, preliminary results.

Financial

- Net production from Maari field of 303,322 barrels of oil.
- Net sales volume 294,950 barrels of oil, generating revenue of US$24.8 million.
- Net cash from operating activities (excl G&A) of US$19.4 million.
- Exploration and development capital program of US$10.0 million executed.
- Loss after tax of US$1.6 million; profit after tax, adjusted for PRL 5 impairment, of US$5.7 million.
- Bank debt reduced from US$22.0 million to US$14.6 million in half year period.
- Cash on hand at 31 December 2010 of US$23.1 million.

Profit and Loss

	6 Months to Dec 2010 (US$million)	6 Months to Dec 2009 (US$million)
Sales Revenue	24.8	24.4
Gross Profit on Oil Sales	15.5	17.1
Impairment of exploration phase expenditure (PRL 5)	(7.3)	-
Profit from Sale of Assets	-	54.1
EBITDAX	18.0	22.0
EBIT	5.3	68.9
Profit before Tax	**4.1**	**67.0**
Net Profit / (Loss) after Tax	**(1.6)**	**56.6**
Adjusted for significant items including impairment and profit from sale of assets :-		
Adjusted EBITDAX	**18.0**	**22.0**
Adjusted Profit before Tax	**11.4**	**12.9**
Adjusted Net Profit after Tax	**5.7**	**2.5**

Cash Flow

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	6 Months to Dec 2010 (US$million)	6 Months to Dec 2009 (US$million)
Opening Cash	***26.5***	***10.0***
Net Cash from Operating Activities (excl G&A)	19.4	20.0
General & Administrative Expenditure	(3.5)	(2.5)
Repayment of Bank Loans	(7.3)	(14.6)
Repayment of Finance Lease on FPSO *Raroa*	(2.7)	(2.5)
Net Proceeds from Share Issues	0.5	0.3
Investment Activities		
Development Expenditure	(0.3)	(8.0)
Exploration Expenditure	(9.9)	(4.8)
Proceeds from Sale of PNG Assets	-	30.0
Drawdown of Carry from PNG Sale	**0.6**	**-**
Other	0.2	(0.3)
Closing Cash	***23.1***	***27.6***

Outlook for remainder of 2011

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- Optimisation of water injection and oil production at Maari field; design of development program to produce Greater Maari Area accumulations.

- Processing of new seismic data over PEP 51313, offshore New Zealand and integration with existing coverage; acquisition of further new seismic over western area of permit; selection of target for drilling in 2011 / 2012.

- Begin detailed design, materials procurement and construction on WZ6-12 and WZ12-8W oil fields, Beibu Gulf and complete feasibility study for development of WZ12-8E oil field; evaluate exploration prospects for drilling during field development drilling campaign.

- Continue appraisal / development drilling campaign in PRL 4, Papua New Guinea; finalise Stanley FEED study and begin development work; secure permit renewal on PRL 5 and commence Elevala / Ketu fields appraisal / development drilling campaign.