

The background image shows a large-scale industrial construction site under a clear blue sky. Several tall, lattice-structured cranes in yellow and red are positioned across the scene. In the foreground, numerous large, dark, cylindrical pipes are stacked horizontally. The ground is a mix of concrete and dirt, with some yellow and red safety bollards. In the distance, other industrial structures and cranes are visible, suggesting a busy construction environment.

HORIZON OIL LIMITED

ABN 51 009 799 455

HY 2012 Financial Results 28 February 2012

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

Financial

- Net production from Maari field of 245,173 barrels of oil
- Net sales volume 241,747 barrels of oil, generating revenue of US\$28.0 million
- EBITDAX of US\$21.6 million
- Exploration and development capital program of US\$30.1 million executed
- Profit after tax of US\$8.5 million
- Cash on hand at 31 December 2011 of US\$34.8 million
- Financiers mandated and commitments received for reserves based debt facility of up to US\$160 million to finance development and corporate expenditure

Operational

- Maari & Manaia fields, offshore New Zealand, water injection enhancements underway; pump and scaling issues being addressed; planning for additional development underway
- New 2D seismic recorded over block PEP 51313, offshore New Zealand, with interpretation underway
- Development for WZ6-12 and WZ12-8W fields, Beibu Gulf offshore China, commenced with facilities 24% built at end of period; 60% of the total development cost committed by contract; final environmental approvals received from State Oceanic Administration in February 2012 for commencement of offshore facilities installation
- 30% upgrade to Stanley gas condensate field reserves and resources; FEED completed for Stanley field in PRL 4, Papua New Guinea; FID approved by Horizon board subsequent to the period end
- Elevala-2 well in PRL 21, Papua New Guinea, drilled with results at high end of expected range
- Farm-in to PPL 259, PNG as part of strategy to “bulk-up” acreage position in Papuan foreland liquid-rich/gas “sweet-spot”

Profit and Loss



	6 Months to Dec 2011 (US\$ million)	6 Months to Dec 2010 (US\$ million)
Sales Revenue	28.0	24.8
Gross Profit on Oil Sales	18.8	15.5
Impairment of exploration phase expenditure (PRL 5)	-	(7.3)
EBITDAX*	21.6	18.0
EBIT*	17.0	5.3
Profit before Tax	11.7	4.1
Net Profit / (Loss) after Tax	8.5	(1.6)

*Note - EBITDAX and EBIT are financial measures which are not prescribed by Australian Accounting Standards and represent the profit under Australian Accounting Standards adjusted for interest expense, taxation expense, depreciation, amortisation, and exploration expenditure. The Directors consider EBITDAX and EBIT to be useful measures of performance as they are widely used by the oil and gas industry. EBITDAX and EBIT information have not been subject to any specific review procedures by the Group's auditor but have been extracted from the half-year financial report for the half-year ended 31 December 2011, which have been subject to review by the Group's auditors.

Cash Flow



	6 Months to Dec 2011 (US\$ million)	6 Months to Dec 2010 (US\$ million)
Opening Cash	64.6	26.5
Net Cash from Operating Activities (excl G&A)	7.6	19.4
General & Administrative Expenditure	(3.7)	(3.5)
Repayment of Bank Loans	-	(7.3)
Repayment of Finance Lease on FPSO <i>Rarua</i>	(2.9)	(2.7)
Other	(0.4)	0.5
Investment Activities		
Development Expenditure	(5.8)	(0.3)
Exploration Expenditure	(24.3)	(9.9)
Drawdown of Carry from PNG Sale	-	0.6
Other	(0.3)	0.2
Closing Cash	34.8	23.1

Outlook for 2012



Corporate

- Finalisation in Q1 2012 of reserves based debt facility of up to US\$160 million to finance Block 22/12 and Stanley project development and corporate expenditure

Maari, offshore NZ

- Optimisation of oil production and water injection at Maari field
- Processing of new seismic data over PEP 51313, offshore New Zealand and integration with existing coverage
- Acquisition of new 3D seismic over Maari and Manaia to dovetail with existing seismic over the Matariki trend; design of development program to produce Greater Maari Area accumulations
- Selection of exploration/appraisal drilling locations for targets for drilling in 2012

Block 22/12, offshore China

- Continue construction on WZ6-12 and WZ12-8W oil fields, Beibu Gulf and complete feasibility study for development of WZ12-8E oil field; CNOOC schedule for first oil – end 2012
- 4 well in-field/near field exploration/appraisal program prior to development drilling campaign to accelerate development of commercial discoveries

Stanley/Elevala/Ketu, onshore Papuan basin foreland, PNG

- Finalise petroleum development licence application and commence development work on PRL 4 (Stanley); commence Ketu field appraisal drilling campaign in PRL 21, Papua New Guinea
- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers and Talisman/Mitsubishi aggregation scheme