HORIZON OIL LIMITED

ABN 51 009 799 455

FY 2012 Financial Results
August 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 439,298 barrels of oil
- Net sales volume 432,080 barrels of oil, at an averaged realised price of US$117 per barrel generating revenue of US$50.4 million
- EBITDAX of US$38.0 million
- Exploration and development capital program of US$79.1 million executed
- Profit after tax of US$7.7 million
- Cash on hand at 30 June 2012 of US$19.3 million
- Executed reserves based debt facility of up to US$160 million to finance development and corporate expenditure

Operational

- Maari and Manaia fields, offshore New Zealand, water injection enhancements underway with gradual improvement in field performance observed; pump and scaling issues being addressed with improvement in pump run-times; planning for additional development underway
- New 636 km 2D seismic recorded over block PEP 51313, offshore New Zealand, with interpretation completed
- Development of WZ 6-12 and WZ 12-8W fields, Beibu Gulf offshore China, commenced with facilities 65% built at end of July 2012; 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; wellhead platforms loaded out
- FEED completed for Stanley field in PRL 4, Papua New Guinea; 30% upgrade to Stanley gas condensate field reserves and resources; FID approved by all JV partners and PDL application lodged subsequent to the year end
- Elevala-2 and Ketu-2 appraisal wells 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 strengthen acreage position in Papuan foreland liquid-rich/gas “sweet-spot”

Profit and Loss

	12 Months to June 2012 (US$million)	12 Months to June 2011 (US$million)
Sales Revenue	50.4	59.4
Gross Profit on Oil Sales	33.5	39.7
Profit from Sale of Assets	-	22.0
EBITDAX*	38.0	62.2
EBIT*	29.7	51.3
Profit before Tax	**23.7**	**48.5**
Profit after Tax	**7.7**	**34.9**

*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 audit procedures by the Group's auditor but have been extracted from the preliminary financial report for the year ended 30 June 2012.

Cash Flow

Horizon Oil

	12 Months to June 2012 (US$million)	12 Months to June 2011 (US$million)
Opening Cash	***64.6***	***26.5***
Net Cash from Operating Activities (excl G&A)	21.1	48.9
General & Administrative Expenditure	(8.1)	(7.2)
Net Proceeds from Reserves Based Debt Facility	27.7	-
Net Proceeds from Convertible Bond Issuance	(1.0)	77.6
Repayment of Bank Loans	-	(22.0)
Repayment of Finance Lease on FPSO *Raroa*	(5.9)	(5.3)
Net Proceeds from Share Issues	-	0.6
Investment Activities		
Development Expenditure	(25.4)	(41.4)
Exploration Expenditure	(53.7)	(35.1)
Proceeds from Sale of PNG Assets	-	22.0
Closing Cash	***19.3***	***64.6***

Outlook for 2013

Maari, offshore NZ

- Further optimisation of oil production and water injection at Maari field
- Design of development program to produce Greater Maari Area accumulations
- Selection of exploration/appraisal drilling locations for drilling in 2013

Block 22/12, offshore China

- Finalise installation of WZ 6-12 and WZ 12-8W oil fields, Beibu Gulf; CNOOC schedule for first oil – end calendar year 2012 / early 2013; Complete feasibility study for development of WZ 12-8E oil field
- Up to 4 well in-field/near field exploration/appraisal program prior to development drilling campaign to accelerate development of commercial discoveries

Stanley/Elevala/Ketu and PPL 259, onshore Papuan basin foreland, Papua New Guinea

- Obtain Petroleum Development Licence and commence development work on PRL 4 (Stanley); commence FEED study on PRL 21 (Elevala/Ketu)
- Progress arrangements for sales of Stanley gas to regional PNG industrial consumers and larger scale gas commercialisation/export plans
- Continued evaluation of exploration and appraisal opportunities and select targets for drilling in 2013