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The Manager, Company Announcements
Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL (HZN): FIRST OIL FLOWS FROM MAARI FIELD

Horizon Oil is pleased to announce that the Maari Oil Field development passed a significant milestone today, with oil flowing for the first time to the permanent production facilities.

The first oil production well, the MR3P8, which was completed for production on 22 January 2009 has now been hooked-up to the production facilities and is flowing oil to the FPSO *Raroa*.



Over the next two weeks, production testing and final commissioning will take place to ensure the FPSO is ready to process the field's output. The *Raroa's* function is to separate crude oil from gas and water in the production stream and provide temporary storage until tankers arrive to transfer the oil to refineries. The vessel is anchored 1.5 km from the wellhead platform, *Tiro Tiro Moana* (see photo of Maari field facilities, above). Full output from the producer wells as they are progressively drilled and equipped will get underway once the *Raroa* is formally commissioned. The first offtake is expected to occur in April. Horizon Oil has entered into marketing arrangements with the operator, OMV, to sell its share of the oil.

As was reported to shareholders earlier today, drilling and equipping of the second production well, the MR4P9, is complete and is planned to be connected to the FPSO in the second week of March. The forward plan is to drill and complete the third production well, followed by 3 water injector wells and then the final two oil production wells. This will utilise 8 of the 12 available drilling slots on the platform. The remaining slots will be available for development of additional reserves at Maari, above and below the primary Moki zone and the Manaia prospect, should such development be warranted by results obtained during the current development drilling program and the appraisal well on Manaia planned at the end of the development drilling phase.

The Maari Oil Field is located in PMP 38160, in the offshore Taranaki basin, New Zealand. Oil production will ramp up towards the expected initial gross rate of 35,000 barrels of oil as the development wells are progressively drilled and turned to the FPSO. The proven and probable (2P) production profile forecasts recoverable volumes of 61 million barrels of oil from the Moki reservoir over the 22 year term of the Petroleum Mining Permit.

The participants in the development are:-

Horizon Oil International Limited (a wholly owned subsidiary of Horizon Oil Limited)	10%
OMV New Zealand Limited	69%
Todd Maari Limited	16%
Cue Taranaki Pty Ltd	5%

Yours faithfully,



B D Emmett
Chief Executive Officer



For further information please contact:

Mr Brent Emmett

Telephone: (+612) 9332 5000

Facsimile: (+612) 9332 5050

Email: exploration@horizonoil.com.au

Or visit www.horizonoil.com.au