



Horizon Oil Limited ABN 51 009 799 455

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

MAARI PROJECT FACILITY – TECHNICAL AND FINANCIAL COMPLETION TESTS SATISFIED

Horizon Oil is pleased to announce that it has satisfied all technical and financial completion tests (“Completion Tests”) in respect of the Maari project debt facility.

The Completion Tests required Horizon Oil to demonstrate to the satisfaction of BOS International (Australia) Limited and their independent engineering consultant (RISC Pty Limited) that the Maari project:-

- has achieved practical completion of all construction and installation activities;
- is operating in accordance with its basis of design; and
- has current P90 reserves which at least conform to the P90 reserve and production forecasts developed prior to financial close on the debt facility in 2006.

Under the terms of the project facility agreement, the debt repayment profile was revised at 30 September 2009, extending the period over which the project facility is to be repaid by six months, to 31 December 2011, and reducing by US\$5 million the amount repayable in the 2010 financial year.

Horizon Oil’s initial scheduled repayment of US\$9.2 million of project debt principal was made on 30 September 2009 from surplus Maari project cash flows. The Company’s residual debt of US\$36.6 million currently is subject to interest rates of approximately 2% per annum, with recourse limited to the Maari project. At 30 September 2009, Horizon Oil held US\$33.6 million in cash and had a net debt position of US\$3.0 million.

Horizon Oil’s Chief Executive Officer Brent Emmett’s comments:-

“This is a significant milestone in Horizon Oil’s financing plans. We have the ability to let the Maari project loan, which is on favourable interest and amortisation terms and non-recourse to the rest of the Company’s assets, run its course and utilise available cash reserves and cash flow for capital expenditure related to field development. Horizon Oil has net proven and probable reserves and resources of 94 million barrels of oil equivalent and, on current planning, these can be developed without the need to raise further debt or equity. Based on a reasonable expectation of oil prices over the next two years, the development of our fields in

Block 22/12 in China, Stanley field in Papua New Guinea plus other exploration, development, overhead and debt service costs, ought to be able to be funded from a combination of:-

- *current cash in hand;*
- *cashflow from Maari;*
- *work carry proceeds from the recent sale of a part interest in our PNG assets (US\$30 million)."*

Yours faithfully,



Michael Sheridan
Chief Financial Officer / Company Secretary



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