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The Manager, Company Announcements  
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20 Bridge Street  
Sydney NSW 2000

### **HORIZON OIL (HZN) – RESULTS OF SHARE PURCHASE PLAN OFFER**

Horizon Oil Limited advises that the Share Purchase Plan (SPP) offer sent to shareholders on 27 April 2009 closed on the extended date of 28 May 2009. A total of 2,517 applications for shares to the value of A\$20.9 million was received, representing a take-up of 47.6% by shareholders.

The pleasingly high take-up, together with the anticipated receipt of US\$30.0 million from the recently announced sale of a half interest in its Papua New Guinea assets (subject to satisfaction of certain conditions precedent), have provided the opportunity for Horizon Oil to achieve a high level of financial stability and certainty. Accordingly, the Board has decided not to proceed with the recently announced restructuring of the Company's debt facilities with Bank of Scotland International, which involved deferral of payment of half the US\$19.3 million corporate facility from 30 June 2009 until 31 December 2009. The restructuring involved more onerous terms, payment of fees, inclusion of the PNG assets in the security base and obligated Horizon Oil to refinance the facility by 31 December 2009. The intention now is to repay the entire corporate facility as scheduled on 30 June 2009, with the Maari project loan remaining in place with unchanged terms.

The overall result for the Company from the above factors is financing efficiency, certainty around its funding arrangements and a stronger balance sheet. This leaves Horizon Oil well-placed to fund its share of capital expenditure on new field developments in Block 22/12 (China) and PRL 4 (PNG), for which investment decisions are anticipated in the second half of 2009. It also makes the Company better able to withstand future fluctuations in the commodity and capital markets and provides funding for new investment opportunities, should these present themselves.

Taking into account the anticipated funding requirements for debt repayment, new field development and exploration, the decision has been taken to scale-back the total applications under the SPP to an amount of A\$14.1 million. This equates to the issue of approximately 141 million new shares, bringing the total number of shares outstanding in Horizon Oil to approximately 1,125 million. As advised in the SPP offer documentation, a scale-back would be applied in the event of an over subscription of funds, applying criteria determined to be appropriate by the Board of the Company.

Those applicants who acquired an initial shareholding in Horizon Oil on or after the date of the announcement of the SPP on 14 April 2009 **and** who held less than 5,000 shares on the closing date of 28 May 2009 will be allocated 5,000 shares. Such applicants' application monies in excess of the subscription amount for the allocated shares will be refunded shortly by cheque.

All other applicants will receive their full application amount. This arrangement is seen by the Board as being in the best interests of shareholders because it strikes a balance between strengthening the Company's financial position while minimising unnecessary and inappropriate dilution.

Yours faithfully,



**Brent Emmett**  
Chief Executive Officer



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