Horizon Oil Limited ABN 51 009 799 455
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31 August 2010

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

Dear Sir,

HORIZON OIL (HZN) LODGES JUNE 2010 PRELIMINARY FINAL REPORT

In accordance with Listing Rule 4.3A, Horizon Oil Limited lodges the Company's report for the year to 30 June 2010.

The financial results for the period are set out in the attached results announcement and preliminary final report.

Financial Results

- The Group's overall profit for the full year was US$52.3 million, driven by gross profit from operations of US$33.0 million and profit of US$32.6 million on the sale of part of the Group's PNG interests.

- Cash on hand at 30 June 2010 of US$26.5 million (2009: US$10.0 million).

- US$23.79 million of the Maari project debt facility was repaid from project cashflows during the year resulting in Maari project debt at 30 June 2010 of US$21.96 million (30 June 2009 – US$45.75 million).

Operational highlights
New Zealand

- The eight well Maari project development drilling program was completed and an additional two successful appraisal/development wells were drilled and completed in the Maari M2A zone and on the Manaia field. Development of the Maari Moki zone is now complete, with a cumulative 9.7 million barrels of oil produced to date.

- The Maari Petroleum Mining Permit was extended to include the Manaia field and allow commercialisation of the Greater Maari Area oil accumulations.

- Horizon Oil's New Zealand exploration position was enhanced with the farm-in to a 30% interest in PEP 51313 adjacent to Maari and Manaia fields. A 3D and 2D seismic survey over PEP 51313, has been completed and is currently in for processing.

Papua New Guinea

- The Group sold a half interest in PRL 4, Papua New Guinea, to Talisman Energy Inc. for US$60 million, comprising US$30 million in cash and deferred consideration of US$30 million in the form of a work carry commitment, resulting in a net gain on sale of US$32.6 million and a contingent asset in respect of the US$22 million undrawn work carry commitment.

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- Preparations for appraisal of the Stanley field, onshore Papua New Guinea, are at an advanced stage with spud of Stanley-2 well scheduled for October 2010.

China

- The plan for an integrated development of Block 22/12, offshore China, was completed in the period with commercial negotiations with CNOOC for development of WZ6-12 and WZ12-8 fields in Block 22/12 now concluded. The joint venture entered into a Supplemental Development Agreement (SDA) with CNOOC on 24 August 2010 which outlines the commercial terms that were agreed with CNOOC in May, as well as arrangements regarding facility integration and the sharing of services and personnel. The SDA confirms that CNOOC will take a 51% participating interest in the project, resulting in Horizon Oil's share being 14.7%. The final stages of the CNOOC approval process are underway with the Overall Development Plan documentation having been submitted to CNOOC for expert review and approval. Following final CNOOC approval, the JV will proceed to its Final Investment Decision and the ODP will be submitted to the Chinese Government. Start of development is then expected to commence, leading to first oil in H2 2012.

Significant Changes in the State of Affairs

- The Group initially recorded a gain on sale of US$54.1 million during the period to 31 December 2009 for the part sale of its PNG interests. The gain on sale included US$21.5 million[1] in deferred consideration which remains subject to PNG ministerial consent to the relevant working interest transfers. At 31 December 2009, the Group had every expectation those transfers would be approved and as a result the deferred consideration was recognised in accordance with accounting standards.

  Given the current circumstances surrounding the status of PNG ministerial consent (discussed in more detail in note 2 of the preliminary final report), the Group has subsequently adjusted the gain on sale by reversing the deferred consideration of US$21.5 million during the six months to 30 June 2010. Accordingly, the net gain on sale has decreased by US$21.5 million to US$32.6 million, and the deferred consideration has been reclassified as a contingent asset.

Yours faithfully,

Michael Sheridan
Chief Financial Officer / Company Secretary

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[1] US$21.5 million of revenue represents US$22 million consideration discounted due to the deferred nature of its receipt

Horizon Oil Limited

Preliminary Final Report
For the year ended 30 June 2010

ABN 51 009 799 455

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current reporting period:	Financial Year ended 30 June 2010
Previous corresponding period:	Financial Year ended 30 June 2009

Contents

Note: Reports are based on audited accounts.
All figures are presented in United States dollars unless otherwise stated.

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Results for Announcement to the Market
For the Financial year ended 30 June 2010

		Percentage Change		Amount
				US$'000
Revenue from continuing operations	Up	489.28%	to	47,991
Profit from continuing operations (net of tax)	Up	2,727.86%	to	52,347
Loss from discontinuing operations (net of tax)	Down	99.97%	to	(2)
Profit for the period attributable to members	Up	749.20%	to	52,345

Dividends / distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Brief explanation of Revenue, Profit from ordinary activities after tax and Net Profit

Revenue

Revenue from operating activities has increased by US$39,847,000 to US$47,991,000, the result of a full year's production from the Maari oil field (Operations commenced on 25 February 2009).

Profit from continuing activities after tax
The profit from continuing activities after tax for the year amounted to US$52,347,000 (2009: US$1,992,000 loss).

The current year profit reflects the gross operating profit of the Maari oil field operation of US$32,976,000, and profit of US$32,586,000 from the sale of the PNG assets (refer to Note 2 for further details).

The prior year loss included write off of Thai exploration assets.

Loss from discontinued activities after tax
The loss from discontinued activities relates to the Group's interest in the USA, Bayou Choctaw.

The loss from discontinued operations for the prior year reflects the financial effect of the Group's divestment of Thai exploration activities which were concluded in February 2009.

Net Profit

The net profit after tax for the year increased by US$60,408,000 to US$52,345,000.

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Preliminary consolidated statement of comprehensive income
For the year ended 30 June 2010

	Note	Consolidated 2010 US$'000	2009 US$'000
Revenue from continuing operations	3	**47,991**	8,144
Cost of sales	3	**(15,015)**	(3,532)
Gross profit / (loss)		**32,976**	4,612
Profit from sale of assets		**32,586**	-
Other income	3	**157**	201
General and administrative expenses	3	**(5,448)**	(4,012)
Exploration and development expenses	3	**(158)**	(890)
Financing costs	3	**(3,202)**	(2,945)
Other expenses	3	**(218)**	(300)
Profit / (loss) before income tax expense		**56,693**	(3,334)
NZ royalty tax (expense) / benefit		**(2,519)**	(140)
Income tax benefit / (expense)		**(1,827)**	1,482
Profit / (loss) from continuing operations		**52,347**	(1,992)
Profit / (loss) from discontinued operations (net of tax)	9	**(2)**	(6,071)
Profit / (loss) for the financial year		**52,345**	(8,063)
Other comprehensive income			
Changes in the fair value of cash flow hedges		**132**	53
Total comprehensive income for the year		**52,477**	(8,010)
Profit / (loss) attributable to members of Horizon Oil Limited		**52,345**	(8,063)
Total comprehensive income attributable to members of Horizon Oil Limited		**52,477**	(8,010)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		**US Cents**	US Cents
Basic earnings per ordinary share	16	**4.64**	(0.24)
Diluted earnings per ordinary share	16	**4.63**	(0.24)
Earnings per share for loss attributable to the ordinary equity holders of the company:		**US Cents**	US Cents
Basic earnings per ordinary share	16	**4.64**	(0.95)
Diluted earnings per ordinary share	16	**4.63**	(0.95)

The above Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

Preliminary consolidated statement of financial position
As at 30 June 2010

	Note	Consolidated 2010 US$'000	2009 US$'000
Current Assets			
Cash and cash equivalents		**26,509**	10,000
Receivables		**3,520**	826
Inventories		**3,272**	86
Other		**249**	185
Total Current Assets		**33,550**	11,097
Non-Current Assets			
Deferred tax assets		**4,326**	1,777
Plant and equipment		**905**	301
Exploration phase expenditure		**44,710**	34,548
Oil and gas assets		**88,138**	92,428
Total Non-Current Assets		**138,079**	129,054
Total Assets		**171,629**	140,151
Current Liabilities			
Payables		**8,111**	6,537
Derivative financial instruments		**54**	186
Borrowings		**20,553**	34,201
Total Current Liabilities		**28,718**	40,924
Non-Current Liabilities			
Payables		**651**	531
Deferred tax liability		**3,145**	-
Borrowings		**19,940**	34,836
Provisions		**4,810**	3,255
Total Non-Current Liabilities		**28,546**	38,622
Total Liabilities		**57,264**	79,546
Net Assets		**114,365**	60,605
Equity			
Contributed equity		**125,328**	124,917
Reserves		**4,003**	2,999
Accumulated losses	12	**(14,966)**	(67,311)
Total Equity		**114,365**	60,605

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

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Horizon Oil Limited

Preliminary consolidated statement of cash flows
For the year ended 30 June 2010

	Note	Consolidated **2010** **US$'000**	2009 US$'000
Cash flows from operating activities			
Receipts from customers		**47,877**	8,206
Payments to suppliers and employees		**(10,569)**	(2,816)
		37,308	5,390
Interest received		**43**	150
Interest paid		**(2,931)**	(2,388)
Income taxes paid		**(1,209)**	(8)
Net cash inflow from operating activities	7	**33,211**	3,144
Cash flows from investing activities			
Payments for exploration phase expenditure		**(10,551)**	(16,178)
Payments for oil and gas expenditure		**(7,762)**	(26,229)
Payments for plant and equipment		**(365)**	(60)
Net proceeds on sale of exploration phase expenditure		**29,988**	-
Net cash inflow / (outflow) from investing activities		**11,310**	(42,467)
Cash flows from financing activities			
Proceeds from share issues		**300**	25,455
Payment of share issue expenses		**(55)**	(882)
Proceeds from borrowings (net of borrowing costs)		**-**	24,850
Repayment of borrowings		**(28,773)**	(19,250)
Net cash (outflow) / inflow from financing activities		**(28,528)**	30,173
Net increase / (decrease) in cash held		**15,993**	(9,150)
Cash at the beginning of the financial year		**10,000**	19,562
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		**516**	(412)
Cash at the end of the financial year		**26,509**	10,000

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the preliminary consolidated financial statements and other information
For the year ended 30 June 2010

1. Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the 2010 annual financial report.

2. Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 14 September 2009, the Company completed a transaction with a subsidiary of Talisman Energy Inc. ('Talisman') regarding the Company's interests in PRLs 4 and 5, PNG.

The net effect of the transaction, which included the transfer of a working interest and the shares in a wholly-owned subsidiary of Horizon Oil to Talisman, is that the Group and Talisman will each hold 50% interests in PRLs 4 and 5. The consideration of US$60,000,000 to be received by the Group is to be paid as follows:-

- US$30,000,000 in cash which was received at closing on 14 September 2009.
- US$8,000,000 to be drawn down at any time and applied to Group's share of capital expenditure on the licences. During the year, US$7,371,000 had been drawn down.
- US$22,000,000[1] in deferred consideration to be drawn down and applied to the Group's share of capital expenditure on the licences after PNG ministerial consents to the working interest transfers in PRLs 4 and 5 required by the transaction have been granted. As at the date of this report, these approvals have not been received.

The Group initially recorded a gain on sale of US$54,074,000 from the above transaction during the period to 31 December 2009 which included US$21,488,000[1] in deferred consideration attributable to the transfer to Talisman of an interest in PRL 4. As noted above, receipt of the deferred consideration remains subject to PNG ministerial consent to the relevant working interest transfers. At 31 December 2009 the Group had every expectation those transfers would be approved and as a result the deferred consideration was recognised in accordance with accounting standards.

Given the circumstances surrounding the status of PNG ministerial consent (discussed in more detail below), the Group has adjusted the gain on sale by reversing deferred consideration of US$21,488,000[1] during the six months to 30 June 2010. The net gain on sale has decreased by US$21,488,000 to US$32,586,000, and the deferred consideration has been reclassified as a contingent asset.

The grant of ministerial consent to the transfer of the interest in PRL 5 has been deferred by the relevant PNG authorities until such time as the Minister of Petroleum and Energy finalises his decision in respect of the extension of PRL 5. The PRL 5 joint venture, composed of subsidiaries of Santos Limited[2], Talisman Energy Inc. and Horizon Oil Limited, received notification from the Minister advising his intent not to renew PRL 5 on the basis that the joint venture had failed to fulfil the licence conditions and failed to lodge various reports thereby attracting a substantial penalty fee and inviting the PRL 5 joint venture to provide information justifying the grant of the extension.

The PRL 5 joint venture has provided evidence to the Minister demonstrating the joint venture has satisfied the licence conditions and has submitted the relevant reports and accordingly the Group, based on independent legal advice, considers there is no basis for the imposition of any penalty. The Minister has advised he will make a decision after consideration of the joint venture's response and receipt of clarification from the Department of Petroleum and Energy and

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the Petroleum Advisory Board. At the date of preparing this report, the PRL 5 joint venture has not been notified of the Minister's decision. In accordance with relevant PNG law, PRL 5 remains in force.

Based on independent legal advice, the Group considers that there is a reasonable basis to believe that ministerial consent to the extension of PRL 5 will be forthcoming and accordingly, it therefore remains appropriate to maintain the carrying value of the Group's interest in PRL 5. However, as the relevant accounting standards require virtual certainty of receipt to recognise the deferred revenue on the abovementioned transaction during 2010, given the circumstances of the renewal of PRL 5, the Group considers it appropriate not to recognise the deferred revenue until the matter is resolved. No liability or contingent liability has been recognised in respect of the penalty fees noted above as in the Group's view there is no basis for the imposition of penalty fees.

[1] US$21,488,000 of revenue represents US$22,000,000 consideration discounted due to the deferred nature of its receipt.
[2] The Santos Limited subsidiary remains a joint venture participant until the grant of Ministerial approval to the transfer of its interest.

Debt facilities

The Group's US$45,750,000 Maari project debt facility with BOS International (Australia) Limited was progressively repaid during the year from surplus Maari cashflows. The remaining debt at 30 June 2010 was US$21,960,000.

3. Profit / (Loss) from continuing activities

	Consolidated	
	2010	2009
	US$'000	US$'000
Revenue:		
(a) From continuing operations		
Crude oil sales	**47,991**	8,144
	47,991	8,144
(b) Other income		
Interest received from unrelated corporations	**93**	150
Rental income received from unrelated corporations	**64**	28
Other income from unrelated corporations	**-**	23
	157	201
(c) Profit from sale of assets		
Consideration on sale of assets		
Cash received	**20,980**	-
Fair value of deferred consideration	**8,085**	-
	29,065	-
Net liabilities disposed	**6,360**	-
Cost of sale	**(2,839)**	-
Profit from sale of assets	**32,586**	-

On 14 September 2009, the Group entered into a sale agreement with a subsidiary of Talisman Energy Inc. to dispose of a 22.05% working interest in PRL 4 and all of the shares in a wholly-owned subsidiary, Horizon Oil (Kanau) Limited. On completion of the sale, the net effect of the transaction is that the Group will hold a 50% interest in both PRLs 4 and 5.

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Expenses:	Consolidated **2010** **US$'000**	 2009 US$'000
(d) Cost of sales		
Direct production costs	**2,786**	587
Amortisation expense	**12,096**	2,913
Royalties	**133**	32
	15,015	3,532
(e) General and administrative expenses		
Employee benefit expense (net)	**3,843**	3,062
Corporate office expenses	**1,355**	787
Depreciation expense – plant & equipment	**95**	40
Rental expense relating to operating leases	**155**	123
	5,448	4,012
(f) Exploration and development expenses		
Exploration expenditure written off / expensed	**158**	890
	158	890
(g) Financing costs		
Interest and finance charges	**2,931**	2,389
Discount unwinding on provision for restoration	**43**	115
Amortisation of prepaid financing costs	**228**	441
	3,202	2,945
(h) Other expenses		
Net foreign exchange losses / (gains)	**176**	298
Loss on sale of plant and equipment	**-**	2
Other expenses	**42**	-
	218	300

4. Commentary on results

Results

Refer to the commentary on page 2.

Key points – Finance

Cash
Cash on hand at 30 June 2010 - US$26.5 million (2009: US$10.0 million).

Debt Facilities
The Group's US$45.75 million Maari project debt facility with BOS International (Australia) Limited was progressively repaid during the year from surplus Maari cashflows. The remaining debt at 30 June 2010 was US$21.96 million.

Returns to shareholders
No distributions were made to shareholders during the financial period.

5. Fundamental errors
Nil

6. Extraordinary items
Nil

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7. Notes to cash flow statement

(a) Reconciliation of profit from ordinary activities after income tax to net cash flow from operating activities

	Consolidated	
	2010	2009
	US$'000	US$'000
Net profit / (loss) for financial year	**52,345**	(8,063)
Exploration and development expenditure written off / expensed	**-**	8,401
Depreciation expense	**95**	40
Movement in employee entitlement liabilities	**170**	(13)
Non-cash employee share option expense	**872**	757
Amortisation expense	**12,096**	2,918
Amortisation of prepaid financing costs	**228**	441
Provision for restoration	**159**	76
Loss on sale of plant and equipment	**-**	2
Profit on sale of assets	**(32,586)**	-
Net unrealised foreign currency losses/ (gains)	**(516)**	297
Change in operating assets and liabilities:		
Decrease / (increase) in trade debtors	**(166)**	9
(Increase) / decrease in other debtors and prepayments	**(207)**	(12)
(Increase) / decrease in other financial assets	**-**	-
(Increase) / decrease in inventory	**(474)**	(86)
(Increase) / decrease in deferred tax assets/liabilities	**596**	(1,777)
Increase / (decrease) in trade creditors	**30**	209
(Decrease) / increase in other creditors	**569**	(55)
Net cash inflow/ (outflow) from operating activities	**33,211**	3,144

(b) Non-cash financing and investing activities

	Consolidated	
	2010	2009
	US$'000	US$'000
Carry utilised to fund the Group's share of capital expenditure on PNG licences[1]	**7,367**	-
Acquisition of plant and equipment by means of finance leases	**-**	27,296
	7,367	27,296

1 Consideration drawn down under the sale to Talisman Energy Inc. of a 50% interest in PRL 4, PNG.

8. Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors.

The operating segments identified are broadly based on the Group's working interest in each individual oil and gas permit, arranged by developmental phase. Discrete pre-tax financial information (including pre-tax operating profit and capital expenditure on exploration and evaluation assets and oil and gas assets) for each oil and gas permit is prepared and provided to the chief operating decision maker on a regular basis. In certain circumstances, individual oil and gas permits are aggregated into a single operating segment where the economic characteristics and long term planning and operational considerations of the individual oil and gas permits are such they are considered interdependent. The Group has identified six operating segments:

- New Zealand development – the Group is currently producing crude oil from the Maari field, located offshore New Zealand;

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- New Zealand exploration – the Group is currently involved in the exploration and evaluation of hydrocarbons in two offshore permit areas, PEP 38413 (note PEP 38413 incorporated in PMP 38160 on 1 July 2010) and PEP 51313;
- China exploration – the Group is currently involved in the exploration and evaluation of hydrocarbons in one permit area, Block 22/12;
- PNG exploration - the Group is currently involved in the exploration and evaluation of hydrocarbons in two onshore permit areas, PRL 4 and PRL 5; and
- Thailand exploration – in the prior reporting period the Group was involved in the exploration of hydrocarbons in five permit areas which were disposed of during February 2009.

'All other segments' include amounts of a corporate nature not specifically attributable to an operating segment.

(b) Segment information provided to the chief operating decision maker

2010	New Zealand Development US$'000	New Zealand Exploration US$'000	China Exploration US$'000	Papua New Guinea Exploration US$'000	All other segments US$'000	Total US$'000
Segment revenue:						
Revenue from external customers	**47,991**	**-**	**-**	**-**	**-**	**47,991**
Profit / (loss) before tax	**18,624**	**(15)**	**(31)**	**(28)**	**5,576**	**24,126**
Depreciation and amortisation	12,096	-	-	16	79	12,191
Total segment assets at 30 June 2010	**99,607**	**9,448**	**19,440**	**23,780**	**19,354**	**171,629**
Additions to non-current assets other than financial assets and deferred tax during the half-year ended:						
Exploration and evaluation phase expenditure:	-	8,297	1,789	5,037	-	15,123
Development and production phase expenditure:	7,806	-	-	-	-	7,806
Plant and equipment:	-	-	-	508	191	699
Total segment liabilities at 30 June 2010	**52,851**	**388**	**1,482**	**1,058**	**1,485**	**57,264**

2009	New Zealand Development US$'000	New Zealand Exploration US$'000	China Exploration US$'000	Papua New Guinea Exploration US$'000	Thailand Exploration US$'000	All other segments US$'000	Total US$'000
Segment revenue:							
Revenue from external customers	**8,144**	**-**	**-**	**-**	**-**	**12**	**8,156**
Profit / (loss) before tax	**2,497**	**-**	**(28)**	**(159)**	**(6,028)**	**(5,560)**	**(9,278)**
Depreciation and amortisation	2,914	-	-	-	-	44	2,958
Total segment assets at 30 June 2009	**99,627**	**105**	**17,473**	**17,158**	**-**	**5,788**	**140,151**
Additions to non-current assets other than financial assets and deferred tax during the year ended:							
Exploration and evaluation phase expenditure:	-	105	1,735	4,844	2,205	-	8,889
Development and production phase expenditure:	55,640	-	-	-	-	-	55,640
Plant and equipment:	-	-	-	-	-	61	61
Total segment liabilities at 30 June 2010	**76,950**	**105**	**906**	**207**	**-**	**1,378**	**79,546**

(c) Other segment information

(i) Segment revenue

Revenue from external customers is derived from the sale of crude oil.

Segment revenue reconciles to total consolidated revenue as follows:

	Consolidated 2010 US$'000	Consolidated 2009 US$'000
Total segment revenue	**47,991**	8,156
Rental income	**64**	28
Interest income	**93**	150
Profit from sale of assets	**32,586**	-
Other income	**-**	23
Total revenue	**80,734**	8,357

(ii) Segment profit before tax

The chief operating decision maker assesses the performance of operating segments based on a measure of profit before tax.

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Segment profit before tax reconciles to consolidated profit before tax as follows:

	Consolidated 2010 US$'000	2009 US$'000
Total segment profit / (loss) before tax	**24,126**	(9,278)
Rental income	**64**	28
Interest income	**93**	150
Profit from sale of assets	**32,586**	-
Foreign exchange (loss)/gain (net)	**(176)**	(297)
Profit / (loss) before tax	**56,693**	(9,397)

(iii) Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements.

Reportable segment assets are equal to consolidated total assets.

(iv) Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements.

Reportable segment liabilities are equal to consolidated total liabilities.

9. Discontinued operations

(i) Description

After a significant period without production, and given the Company's intention not to incur further capital expenditure on the Bayou Choctaw fields in the US, the Company withdrew from the Bayou Choctaw fields during March 2010.

Financial information relating to the discontinued operation for the period to the date of cessation is set out below.

Note that the prior year also includes the discontinued Thai exploration interests which were disposed on 12 February 2009 for a consideration of US $824,000, being the assumption of the Group's liabilities as at the date of the transaction.

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(ii) *Financial performance and cash flow information*
The financial performance and cash flow information presented are for the period ended 31 March 2010 and the year ended 30 June 2009.

	Consolidated	
	2010	2009
	US$'000	US$'000
Revenue	**1**	12
Expenses	**(1)**	(6,075)
(Loss) / profit before income tax	**-**	(6,063)
Income tax expense	**(2)**	(8)
(Loss) / profit after income tax expense	**(2)**	(6,071)
(Loss) / profit on sale of the operation before income tax	**-**	-
Income tax expense	**-**	-
(Loss) / profit on sale of the operation after income tax	**-**	-
(Loss) / profit from discontinued operation	**(2)**	(6,071)
Net cash (outflow) from operating activities	**-**	(48)
Net cash (outflow) from investing activities	**-**	(2,204)
Net cash (outflow) / inflow from financing activities	**(2)**	2,199
Net (decrease) in cash generated by the segment	**(2)**	(53)
(iii) ***Details of the sale of the operation***		
Consideration– assumption of liabilities by acquirer	**-**	824
Carrying amount of net assets sold	**-**	(824)
(Loss) / profit on sale before income tax	**-**	-
Income tax expense	**-**	-
(Loss) / profit on sale after income tax	**-**	-

10. Events occurring after reporting date

Other than the matters disclosed in this report, there has not been any matter or circumstance which has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- The Group's operations in future financial years; or
- The results of those operations in future financial years; or
- The Group's state of affairs in future financial years.

11. Additional dividend/distribution information

No dividends / distributions were declared or paid during or subsequent to the year ended 30 June 2010. There are no dividend / distribution reinvestment plans.

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12. Accumulated losses

	Consolidated 2010 US$'000	Consolidated 2009 US$'000
Accumulated losses at beginning of financial year	**(67,311)**	(59,248)
Net Profit/ (loss) for financial year	**52,345**	(8,063)
Retained profits/ (Accumulated losses) at end of financial year	**(14,966)**	(67,311)

13. NTA backing

	2010	2009
Net tangible asset backing per ordinary share	**15.2 cents**	12.4 cents

14. Controlled entities acquired or disposed of

No controlled entities were acquired during the year.

The controlled entities disposed of during the year were:

Horizon Oil (Kanau) Limited

Loss of control of this company was effective on 15 September 2009.

15. Associates and joint venture entities

Nil

16 Earnings per share

	Consolidated 2010 US cents	Consolidated 2009 US cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**4.64**	(0.24)
From discontinued operation	**-**	(0.71)
Total basic earnings per share attributable to the ordinary equity holders of the company	**4.64**	(0.95)
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**4.63**	(0.24)
From discontinued operation	**-**	(0.71)
Total diluted earnings per share attributable to the ordinary equity holders of the company	**4.63**	(0.95)

Note: In the prior financial year, diluted earnings per share equates to basic earnings per share because a loss per share is not considered dilutive for the purposes of calculating earnings per share pursuant to AASB 133 *Earnings per Share*.

	2010 Number	2009 Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,127,654,392**	847,372,775
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,130,031,199**	847,980,834

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