

FINANCIAL REVIEW

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If the best form of defence is attack, Horizon **Oil** might have been stretching the point recently.

The explorer's share price has been under pressure for months, falling from 38.5¢ in July to 23¢ on Wednesday as doubts creep into the market about its ability to fund major projects in **China**, New Zealand and Papua New Guinea.

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Horizon's debts (including a \$160 **million** facility and \$80 **million** in convertible **bonds** maturing in 2016) now equate to almost 80 per cent of its market cap. And at the AGM last week, Horizon signalled it will need to borrow more next year. The 30 per cent fall in the **oil** price and subsequent drop in production from Horizon's **China** and NZ **operations** won't be helping and the shortfall will have to be milked from PNG.

But the **company** has been unusually silent on the status of its Stanley project recently. Is it on track to meet its promise of commencing production in 2017? Or is that target now under a cloud? A very black one.

There's a lot of talk going around the industry that Stanley's operator, Canada's Talisman **Energy**, has briefed its partners – Horizon, but also Japan's Mitsubishi and Osaka Gas – on major cost overruns and a delayed production start date. When will Horizon decide it's the right time to disclose that information to shareholders?

Meanwhile Horizon chief Brett Emmett was awarded more than 3 **million** shares for his superb performance overseeing the share price fall of almost 50 per cent. Cue applause.

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