

# FINANCIAL REVIEW

SE Market Wrap  
HD **PNG lift for Horizon Oil**  
BY Taking stock Angela Macdonald-Smith  
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Horizon **Oil** looks set to benefit from the progress it has made in commercialising its gas resources in Papua New Guinea, having secured key government approvals for its \$US300 **million** (\$319.3 **million**) Stanley gas condensates project in the Western Province.

While the approval from the PNG government was not unexpected, Ord Minnett analyst John Young said it augured well for Horizon's efforts to develop its other, bigger gas and liquids fields nearby.

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Horizon shares gained as much as 6.1 per cent on Monday on the news, after returning from a trading halt. But the stock closed just marginally higher at 33.5¢ and it remains well off its 12-month high of 44¢ reached last May.

Mr Young, who has a 53¢ price target for Horizon shares, pointed to some selling of stock by investors last year that switched their exposure to lower-risk convertible notes in Horizon. That selling has weighed on the share price.

UBS also has a positive call on Horizon shares, although with a more modest 12-month price target of 40¢.

The **company's** other main assets are a **stake** in the producing Maari field in New Zealand and in the Beibu Gulf **oil** project in **China**. The granting of a petroleum development licence for the Stanley project will trigger payments of \$US97 **million** from Japanese utility Osaka Gas, which is buying into the venture. As Horizon has already received a \$US20.4 **million** deposit, an additional payment of \$US77 **million** will fall due within weeks.

UBS analyst Nik Burns noted clarity is still required about the timeline and budget for Stanley, in which Canada's Talisman **Energy** also has a **stake**.

He estimates the cost at \$US315 **million** and assumes production of condensates will start in mid-2016.

UBS values the Stanley project at 3¢ per share for Horizon, while Ord Minnett puts it at about 2¢ per share.

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