

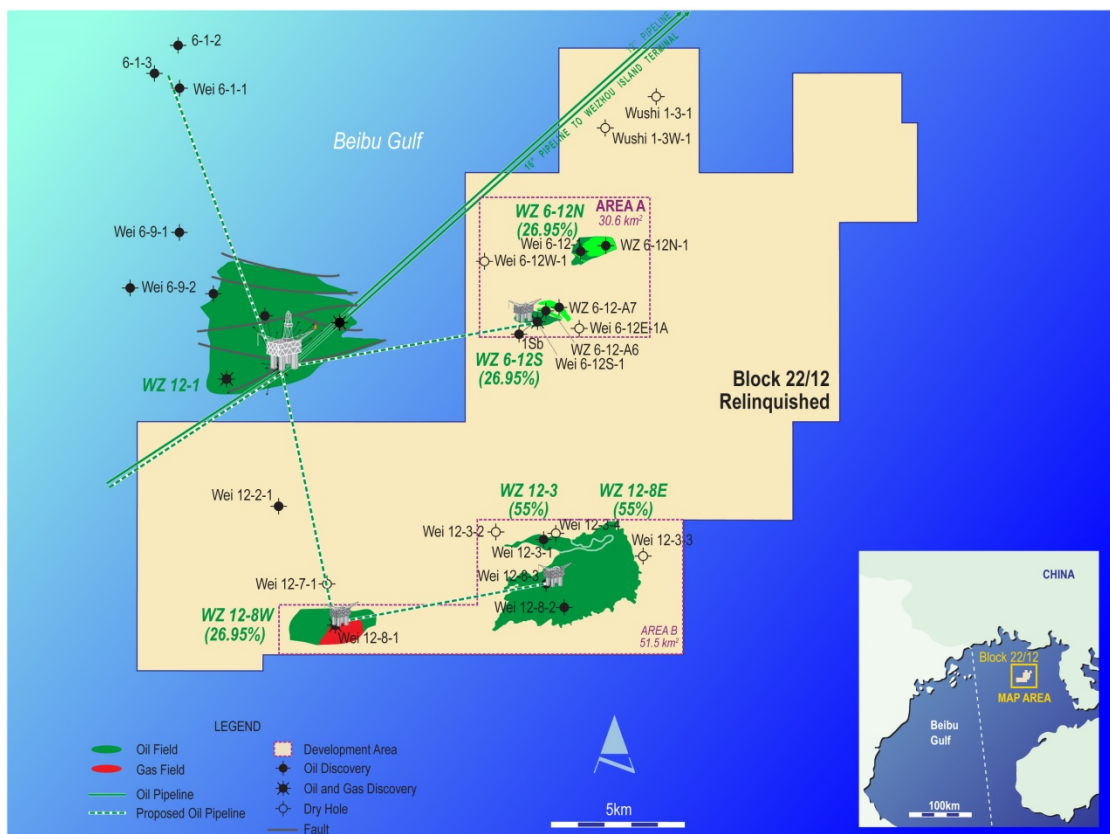
11 September 2014

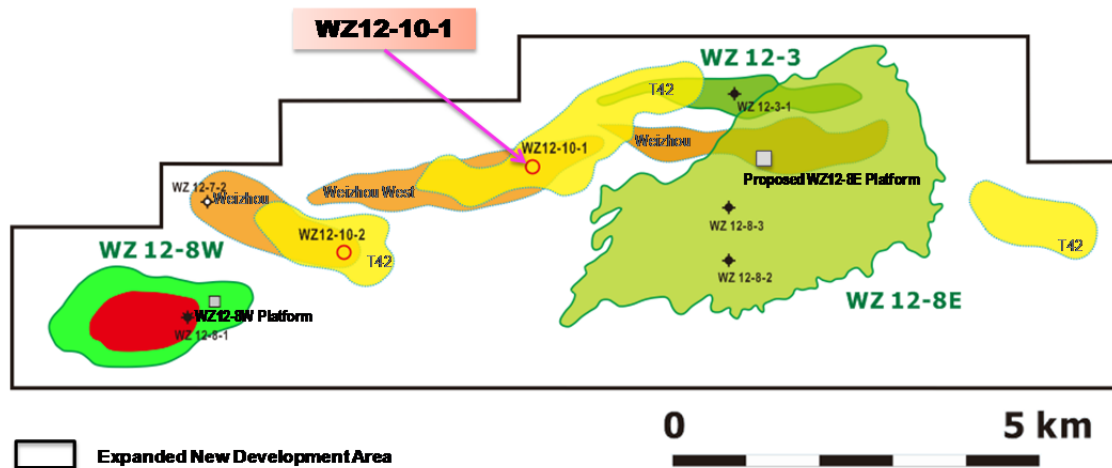
The Manager, Company Announcements
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HORIZON OIL (HZN) COMMENCES EXPLORATION DRILLING ON BEIBU GULF PROJECT, OFFSHORE CHINA

Horizon Oil advises that drilling has commenced on the first of two exploration wells in Beibu Gulf Block 22/12. The first well, WZ 12-10-1, is targeting the T42 and Weizhou West formations, adjacent to the WZ 12-8E field of the WZ 12-8 Development Area. The second planned well in the sequence is the WZ 12-10-2 well, located adjacent to the WZ 12-8W field (see prospect map below). Concurrently, the Development Area has been expanded to fully include the prospect, increasing the WZ 12-8 Development Area by 8.8 sq km to 66.6 sq km.

Drilling from the jackup rig *HYSY 935* commenced at 10.30 pm China Standard Time on 10 September 2014 and the current operation is cementing 20" conductor casing at a depth of 120 m. Total depth planned for this vertical well is 1,539 m. The well is located 4.7 km east northeast of the existing WZ 12-8W platform and is in water depth of approximately 35 m.





Participating interests in the Beibu Gulf Development Project are:

	Exploration	Production and Development
Horizon Oil (Beibu) Ltd and Petsec Petroleum LLC (wholly owned by Horizon Oil Limited)	55%	26.95%
CNOOC Limited	0%	51.0%
Roc Oil (China) Company	40%	19.6%
Oil Australia Pty Ltd (Majuko Corp)	5%	2.45%

Horizon Oil's Chief Executive Officer, Brent Emmett, commented:-

"This exploration drilling program follows up on earlier exploration discoveries and the subsequent successful development of the WZ 6-12 and WZ 12-8W fields carried out in 2012 and 2013, which have already produced over six million barrels of oil. It targets incremental volumes to the WZ 12-8W field, which is on production, and the future WZ 12-8E development project, for which planning is well underway. In particular, if the WZ 12-10-1 well is successful, the WZ 12-8E development plan will be able to be modified to include the discovery. The expanded development block will provide the opportunity for further exploration and development activities."

Yours faithfully,

B D Emmett
Chief Executive Officer

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