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The Manager, Company Announcements
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HORIZON OIL (HZN) ADVISES SECOND OIL DISCOVERY IN WZ 12-10-1 EXPLORATION WELL, BEIBU GULF, OFFSHORE CHINA

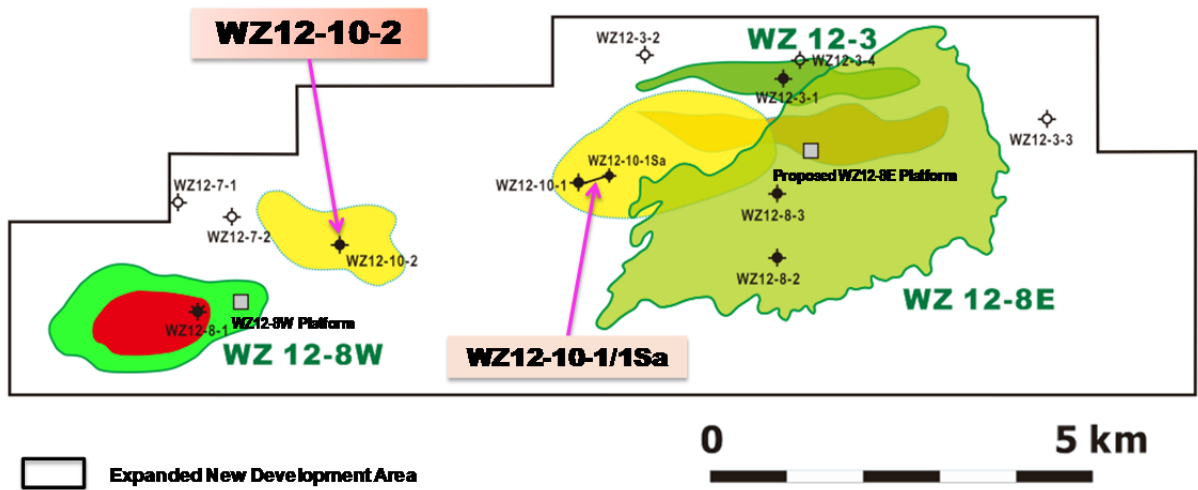
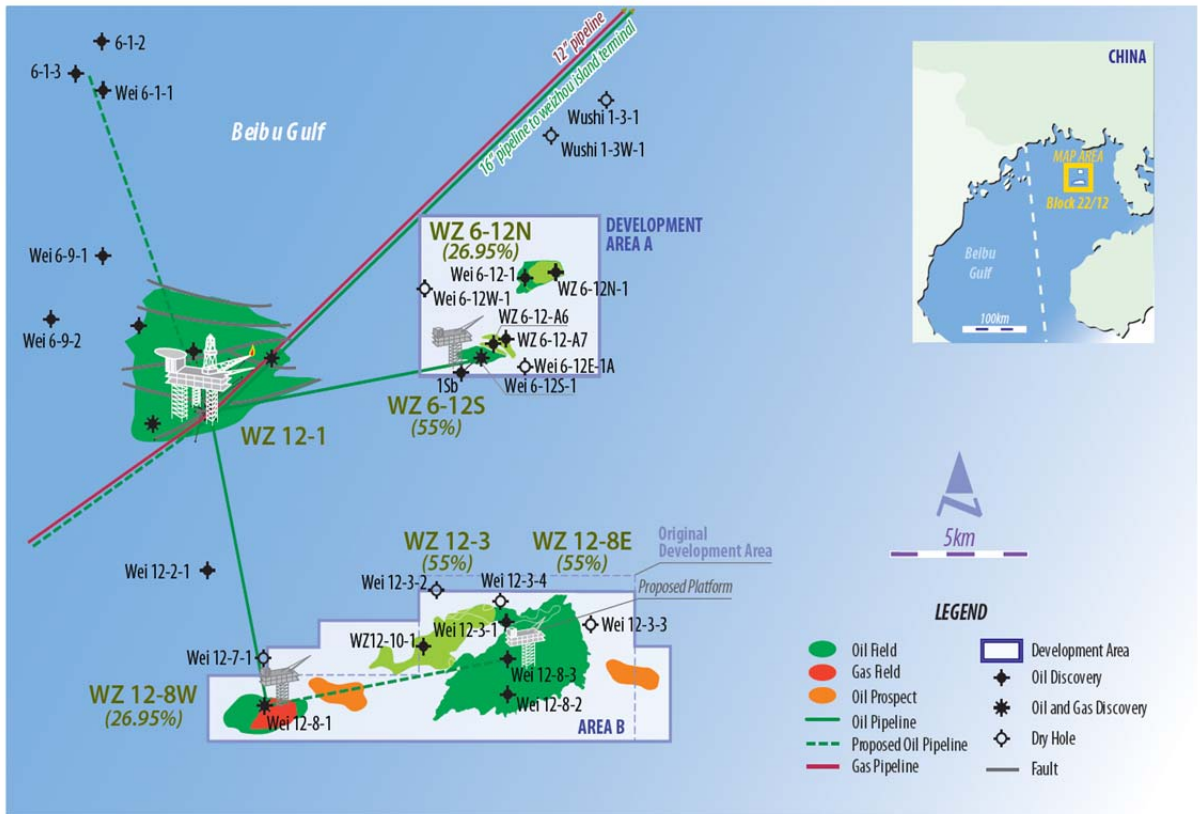
Horizon Oil advises that drilling of the second of a two exploration well program in the Beibu Gulf Block 22/12 has been completed. The WZ 12-10-2 well is located is located in 36 m of water 1.6 km east northeast of the existing WZ 12-8W platform and about 3.2 km west southwest of the recently drilled WZ 12-10-1 oil discovery (see map below). The well spudded at 2300 hrs China Standard Time on 3 October 2014 with the COSL Rig *HYSY 935*.

The current exploration well, WZ 12-10-2, discovered high porosity net oil pay of ~11 m true vertical depth in the Jiaowei T42 formation. The well was drilled to a total measured depth of 1,590 m (1,382 m TVDSS), where granite basement was intersected, as prognosed.

Wireline evaluation logging programs, including pressure measurements, fluid sampling, formation imaging and sidewall coring, have been run and confirmed the oil pay in the Jiaowei T42 reservoir has favourable reservoir porosities of about 31% and oil gravity of approximately 29 deg API.

The well has been plugged and abandoned and the rig will be released shortly. The 2014 Beibu exploration drilling program has been successfully completed with no safety or environmental incidents.

Further work will now be undertaken to evaluate both the extent of the structure and reserves, and assess the most effective route for integrating these additional oil resources into the existing Beibu project.



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 is a very pleasing result, being the second discovery in a two well exploration campaign. Horizon Oil's view is that it is likely that the WZ 12-10-2 oil accumulation will be able to be developed from the WZ 12-8W platform development facilities, thereby taking advantage of the existing development facilities. In the same way, the WZ 12-10-1 discovery will support the future integration of the proposed WZ 12-8-E development. As a result, we expect the new discoveries to deliver favourable economics and to extend the life of the Beibu Gulf project.

Horizon Oil would like to acknowledge that these discoveries are the result of very productive collaboration and cooperation between our joint venture and CNOOC-Zhanjiang (CLZ). The positive results we have been able to report during this program are a direct result of that successful team work."

Yours faithfully,



B D Emmett
Chief Executive Officer

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