

29 September 2014

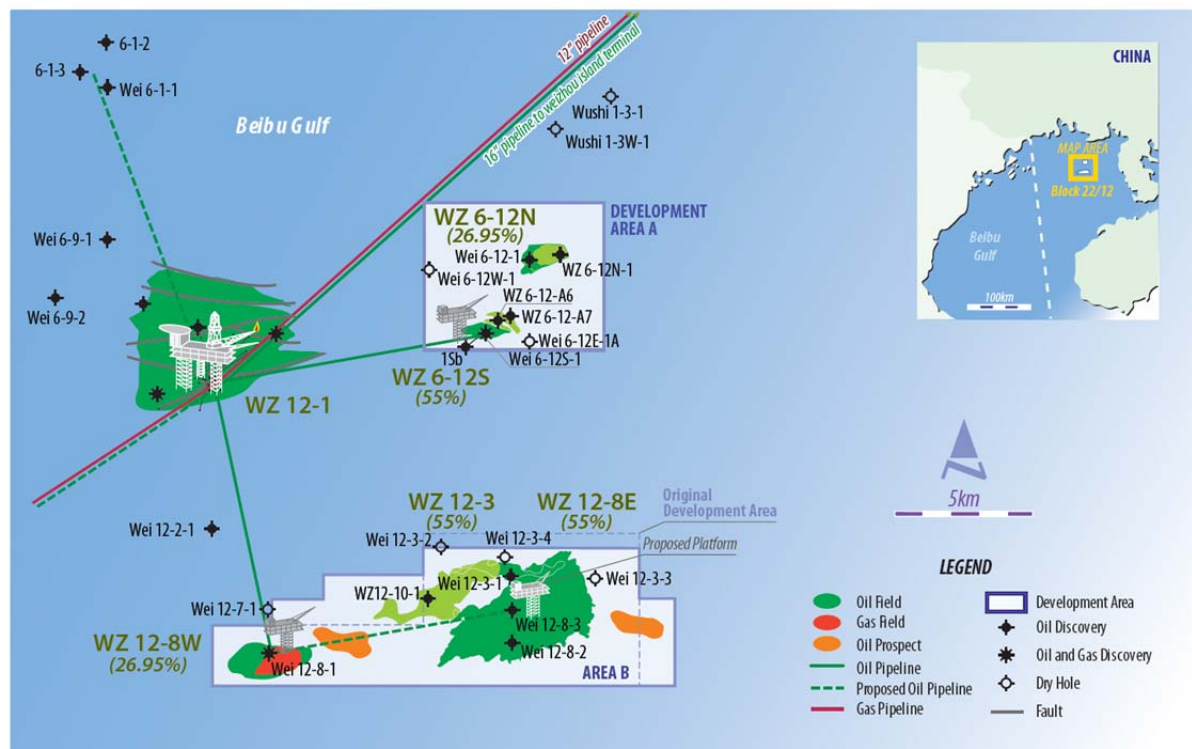
The Manager, Company Announcements
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Sydney NSW 2000

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

Horizon Oil advises that drilling was completed on the first of two exploration wells in the Beibu Gulf Block 22/12. 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. The well is located 4.7 km northeast of the existing WZ 12-8W platform and approximately 2.7 km west of the WZ 12-8E discovery wells (see map).

The WZ 12-10-1 well has discovered oil in the top of the Jiaowei T42 formation over an interval of 5.5 m, with high porosity net oil pay of 4.2 m.

The well was drilled to a total measured depth of 1,406 m (1,373 m TVDSS), where granite basement was intersected. No oil pay was interpreted in the deeper Weizhou formation.



A sidetrack (WZ 12-10-1Sa) was then drilled to a bottom hole location 340 m east northeast of the first well to a total measured depth of 1,265 m (1,105 m TVDSS) to investigate the T42 reservoir updip, which confirmed oil in the top of the T42 formation with a (thicker) net oil pay of 5.5 m.

A wireline evaluation logging program, including MDT pressure measurements and formation fluid sampling, has been run, which confirmed the oil pay in the T42 reservoir. The well was plugged and abandoned, as planned, on 27 September 2014.

The discovery will now be evaluated to assess how it may be integrated into the Beibu project. Rig *HYSY 935* will move to the WZ 12-10-2 exploration location to drill the second and last well in this program.

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 oil discovery adds potentially valuable incremental oil volume to the future WZ 12-8E development project, for which planning is well underway. The discovery is timely and will allow the joint venture to evaluate alternatives for development of the WZ 12-8E oil field."

Yours faithfully,



B D Emmett
Chief Executive Officer

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