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18 June 2014

The Manager, Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Shareholder update

Horizon Oil is pleased to provide a summary update of the following key matters.

1. Proposed at-market merger with Roc Oil

Horizon Oil announced the proposed merger with Roc Oil on 29 April 2014. A draft Scheme Booklet and accompanying independent expert's report (also in draft form) has been lodged with ASIC for review and Court approval ahead of issue to Horizon Oil's shareholders, expected in early July 2014.

The Scheme Booklet will include further details of the merger, the finalised independent expert's report (including the expert's view as to whether the scheme is in the best interest of Horizon Oil shareholders), the reasons for Horizon Oil directors' recommendation and other matters relevant to shareholders' vote on the merger.

2. Completion of sale of PNG gas/condensate interests to Osaka Gas

As indicated in the Company's announcement of 2 June 2014, following the grant of the petroleum development licence and pipeline licence for the Stanley gas development project on 30 May 2014, the Company received the first milestone payment of US\$74 million of the aggregate US\$204 million consideration, plus net completion adjustments of approximately US\$4 million (total US\$78 million), on 12 July 2014.

3. Stanley gas/condensate field development project, PNG

The grant of the Stanley development and pipeline licences enabled the commencement of development activities including the drilling of the Stanley-3 and -5 development wells, site preparation and facilities construction.

The Stanley -5 development well, being drilled by Horizon Oil with the *Parker 226 rig*, spudded on 15 June 2014 and at 6 am 18 June 2014, was at 660 mDRT, drilling ahead.

4. Block 22/12, offshore China: 5 million barrels cumulative oil production milestone achieved

The contract participants of Block 22/12, which incorporates the WZ6-12, WZ6-12 South and WZ12-8 West producing oil fields, offshore China, operated by CNOOC Limited (HZN interest: 26.95%), achieved the significant milestone of 5 million barrels of cumulative oil production in mid June 2014, having commenced production in March 2013.

5. Maari Development Growth program, offshore New Zealand

The Maari Development Growth Program, comprising four new production wells and reconfiguration of the water injection wells, including one new well, has progressed satisfactorily to date. The MR6a water injection well has been plugged back and a sidetrack to drill a new production well, to address the oil reserves in the deeper Maari Mangahewa formation, was spudded on 11 June 2014 and is currently drilling ahead.

Yours faithfully



Michael Sheridan

Chief Financial Officer and Company Secretary

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