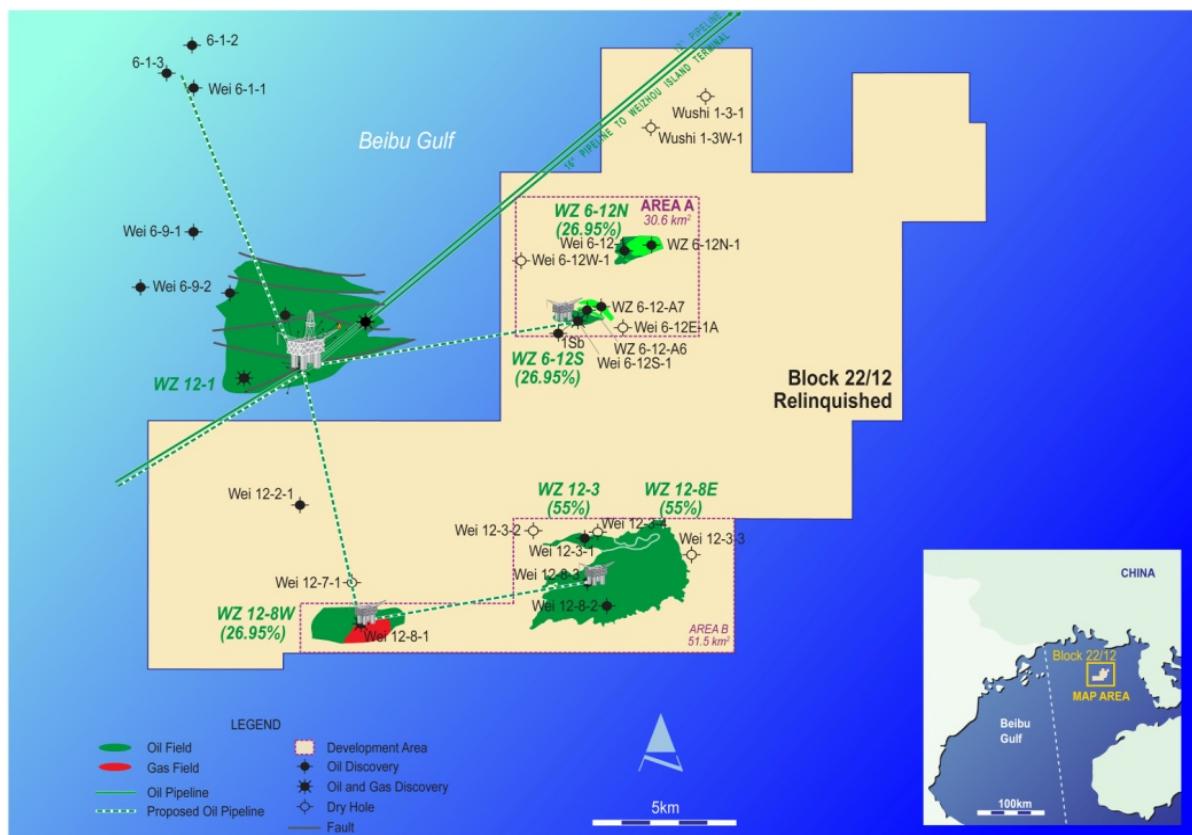


21 November 2012

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

**HORIZON OIL (HZN) ADVISES UPDATE ON
BEIBU GULF OILFIELD DEVELOPMENT PROJECT, OFFSHORE CHINA**

Horizon Oil Limited advises that the construction and installation phase of the WZ 6-12 and WZ 12-8W oilfield development is now 89% complete and, after a successful three well exploration and appraisal drilling program, the development drilling phase has commenced. Development of the project is being managed by the China National Offshore Oil Corporation (CNOOC).



With reference to the map above and the schematic in the attachment, production from WZ 6-12 and WZ 12-8W fields will be a three-phase flow via insulated pipeline to the new processing, utility and quarters "B" platform (PUQB) adjacent to CNOOC's WZ 12-1 production and pipeline hub. Oil, gas and water will be separated on the PUQB and the oil exported to shore via the existing CNOOC production and pipeline facilities. The oil will be stored at facilities on Weizhou Island prior to transport to market and the gas utilised, as required, by the Weizhou terminal facilities. Waste water will be re-injected into existing water injection wells, ensuring this offshore project has zero environmental discharge during normal operations.

During 2012 the project's two unmanned wellhead platforms (WHP) WZ 6-12 and WZ 12-8W and PUQB jacket and topsides have been constructed in COOEC's (a CNOOC subsidiary and construction contractor) Tanggu fabrication yard in northern China (photo of wellhead platforms loadout attached). Following sea transport by barge from Tanggu 3,300 km to the development area in Beibu Gulf waters of the South China Sea, the three jacket structures and the WHP topsides were separately and successfully lifted into place by COOEC's heavy lift vessels *Nantianlong* and *Lanjiang* and the jackets piled to the seabed without incident (see PUQB jacket lift photo attached). Offshore commissioning of the WZ 12-8W platform has finished and WZ 6-12 hook-up and commissioning will be completed within the month.

The intrafield pipeline system, consisting of two 9.6 km lengths of 12"x 18" pipe-in-pipe insulated oil pipelines, has been installed, hydro-tested and tied-in and this component is now complete with the exception of one final PUQB topside tie-in.

In all, the onshore and offshore construction phase has been carried out safely with approximately 2.7 million man hours without a Lost Time Injury.

The *Lanjing* heavy lift vessel is currently on location at the PUQB site and made the first PUQB platform topsides lift on 18 November. This involved placing the module support frame on the previously installed PUQB platform jacket structure adjacent to the CNOOC WZ 12-1 platforms complex. There are a total seven module lifts required to conclude the final construction/installation phase of the WZ PUQB processing platform. This platform is the last major component of the project and will be a shared processing, utility and quarters platform with other CNOOC owned and operated projects, also located nearby in the Beibu Gulf. Following these lifts the hook-up and commissioning of the PUQB will commence, after which first production is anticipated to commence.

Following the successful Roc Oil operated exploration program, CNOOC as development operator has commenced drilling development wells, also using COSL's (a CNOOC subsidiary and drilling contractor) *HYSY 931* jack-up drilling rig, located over the WZ 6-12 platform (see photo attached). The base program is ten development wells. In addition it is planned to complete and tie-in the successful WZ 6-12-A6 well that was drilled through the WZ 6-12 platform in the exploration campaign and the economics of the WZ 6-12-A7 well are currently under evaluation. Planning for further development drilling from the WZ 6-12 platform is underway following the successful discovery in the WZ 6-12N-1 vertical exploration well.

Participating interests in the Beibu Gulf development project, assuming CNOOC elects to participate with an interest of 51% in the new discoveries made, are:

CNOOC	51.0%
Horizon Oil (Beibu) Ltd/ Horizon Oil (Nanhai) LLC	26.95%
Roc Oil (China) Company	19.6%
Oil Australia Pty Ltd (Majuko Corp)	2.45%

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

"We are very pleased with the excellent progress made to date on the Beibu Gulf development project, in which Horizon Oil holds a material 26.95% interest. CNOOC, as operator, and its subsidiary companies have performed a commendable job managing the project to an advanced level of completion, while maintaining a strong safety record and keeping costs within the US\$300 million project budget.

The three well exploration drilling program, which was led by Roc Oil in association with CNOOC and COSL, was executed efficiently (and this augurs well for development drilling operations) and we expect it to result in a meaningful increase in reserves and field production potential, requiring only modest incremental development expenditure.

The target for first oil remains early 2013 and this is expected to ramp up to peak production by mid-year, of which Horizon Oil's share should be 3,500 - 4,000 bopd."

Yours faithfully



Michael Sheridan

Chief Financial Officer/Company Secretary



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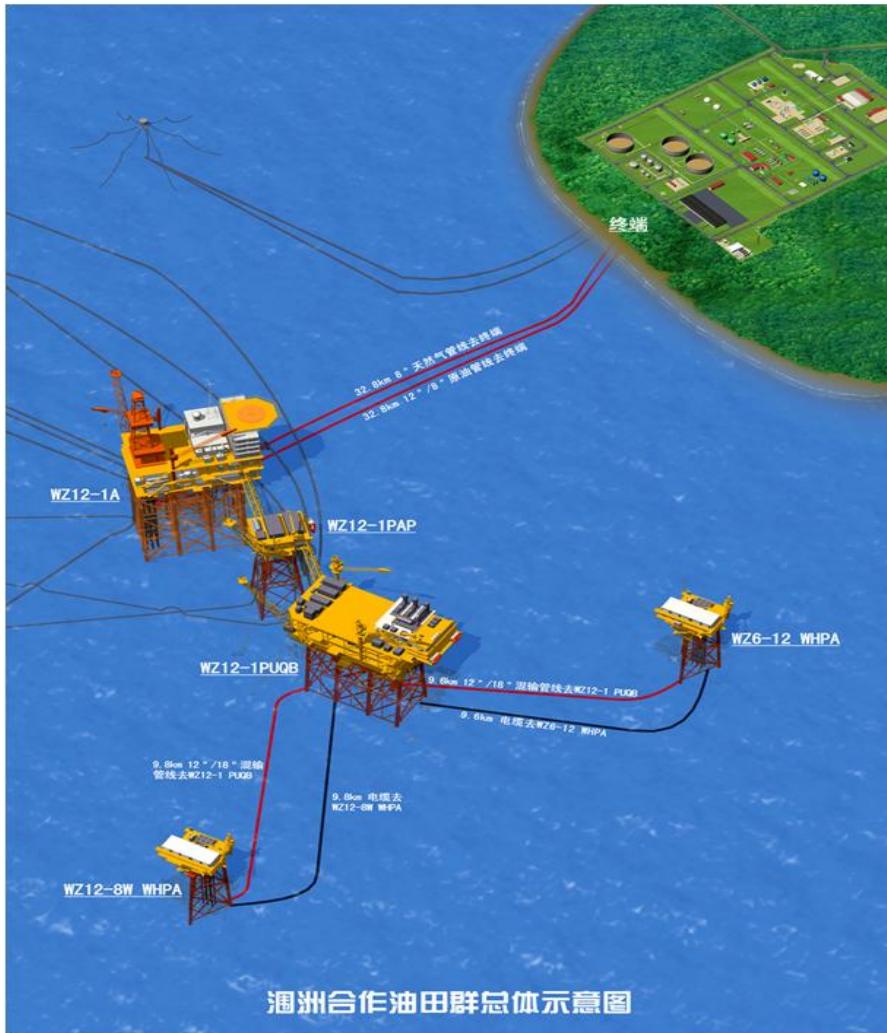
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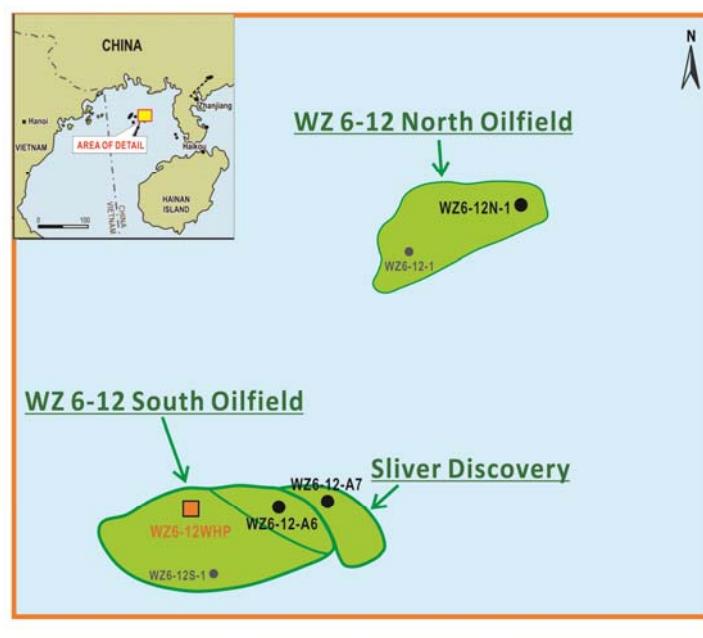
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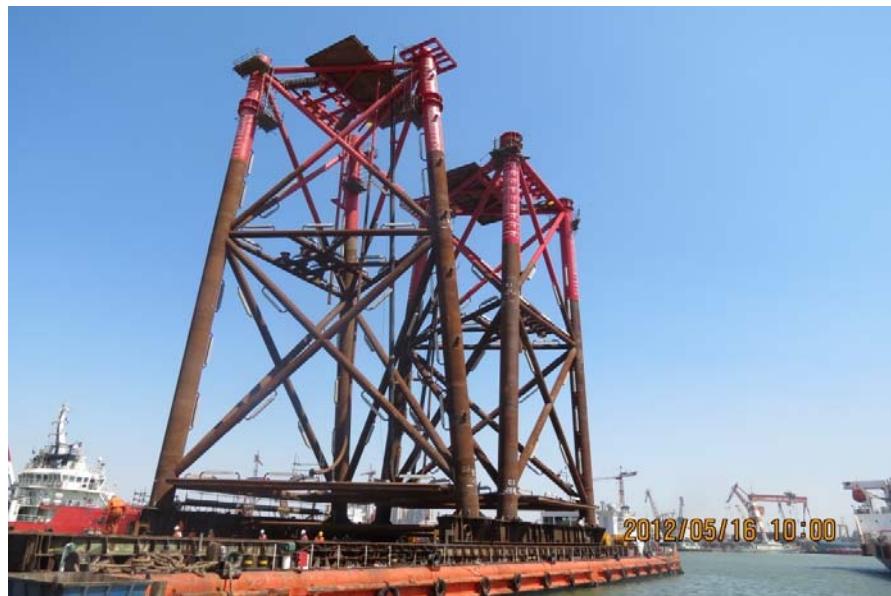


涠洲合作油田群总体示意图

Schematic of Block 22/12 development project and CNOOC processing and export system



Locations of WZ 6-12N-1, WZ 6-12-A6 and WZ 6-12-A7 exploration/appraisal wells



Wellhead platforms loadout from Tanggu yard



PUQB jacket lift by heavy lift vessel Lanjiang near CNOOC WZ 12-I production complex



COSL HYSY 931 jack-up rig drilling over WZ 6-12 wellhead platform