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10 October 2012

The Manager, Company Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
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HORIZON OIL (HZN) ANNOUNCES OIL DISCOVERY IN BEIBU GULF, BLOCK 22/12, OFFSHORE CHINA

Horizon Oil Limited is pleased to advise that the WZ 6-12N-1 exploration/appraisal well, the first of a three-well exploration program that is being drilled before the Block 22/12 development drilling program begins, is an oil discovery. Horizon Oil holds a 55% interest in the exploration well through its wholly-owned subsidiaries Horizon Oil (Beibu) Limited and Petsec Petroleum LLC, which reduces to 26.95% upon the election of CNOOC Limited to participate in any discoveries made.

The well has successfully appraised the T31C oil zone that was discovered in 2002 at the WZ 6-12-1 exploration well, located 1 km to the southwest, and has discovered new oil pay in the T30 and T30D sands above the T31C zone and also in the primary exploration objective, the T32L sand, below the T31C zone. In summary, the well has confirmed 59 m of net oil pay in a gross sand thickness of 79 m.

The intention is to develop the new oil zone(s) as part of the combined WZ 6-12 and WZ 12-8W field development, which is currently underway. Provision has been made in the facility design to provide capacity for new oil zones discovered in the exploration drilling program.

A release by Roc Oil (China) Company, operator of the Block 22/12 exploration licence, is attached and provides details of the discovery, the well status and forward program.

Yours faithfully,

Michael Sheridan
Chief Financial Officer / Company Secretary

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ASX RELEASE

OIL DISCOVERY, BEIBU GULF EXPLORATION DRILLING PROGRAMME

WZ6-12N-1 WELL, OFFSHORE CHINA

Roc Oil (China) Company, a wholly owned subsidiary of ROC, and the operator of the exploration wells within WZ6-12 and WZ12-8 West Oil Field Development areas (formerly Block 22/12), advises that the HYSY 931 rig, drilling the WZ6-12N-1 vertical exploration well, has encountered a total of 52m net oil pay in the well's primary objectives and an additional 7m net oil pay in shallower reservoirs.

The WZ6-12N-1 well is the first well in a three well exploration programme and is located in 29 metres of water and reached a Total Depth (TD) of 1605 metres on 5 October.

The well is located 1 km northeast from the WZ 6-12-1 well and a gross sand thickness of 79 metres was encountered in the Weizhou formation, with a cumulative oil pay of 59 metres. The new discovery of oil in the T32L reservoirs is the thickest reservoir consisting of three sand units with net pay of 46 metres. The shallower T30 and T30D oil zones are additional discoveries and contribute an additional 7 metres of pay. A further 6 metre T31C sand is a now proven field extension of the T31C oil reservoir encountered in the original WZ 6-12-1 well.

After completion of the wireline logging, the well will be plugged and abandoned and the rig will be moved to the A6 exploration location on the WZ 6-12 South field.

Commenting on the well results to date, ROC's CEO Mr Alan Linn stated that:

> "*The oil discovery at multiple levels from the WZ6-12N-1 exploration well in both target objectives with additional shallower pay zones is a very positive result and a strong start to our Beibu exploration campaign.*
>
> *The results of the well will materially enhance the value of the overall Beibu project for ROC and its Joint Venture partners. The now larger WZ6-12 North field will be fully developed as part of the combined WZ 6-12 and WZ 12-8W field development, which is currently underway. Provision has been made in the facility design to provide capacity for new oil zones discovered in the exploration drilling program.*
>
> *The well was drilled within budget, on schedule and demonstrates the supportive and close operating relationship shared between ROC and CNOOC.*"

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Participating interests* in the Beibu Gulf exploration programme are:

Roc Oil (China) Company	40%
Horizon Oil (Beibu) Limited (wholly owned subsidiary of Horizon Oil Limited)	30%
Petsec Petroleum LLC (wholly owned subsidiary of Horizon Oil Limited)	25%
Oil Australia Pty Ltd (Majuko Corp)	5%

*For exploration drilling, the above interests are subject to CNOOC election of participation of up to 51% in any discoveries made.

Alan Linn
Chief Executive Officer

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In accordance with ASX Listing Rules, the information in this Release has been reviewed and approved by Dr Pierre Eliet, General Manager - Exploration, Geoscience & Business Development, Roc Oil Company Limited, BA (Earth Science) Phd (Geology). Dr Eliet, who is a Fellow of the Geological Society London (FGS), has more than 17 years relevant experience within the industry and consents to the information in the form and context in which it appears.

Beibu Gulf WZ 6-12 and WZ12-8