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

AFR STREET TALK ARTICLE 26 MAY 2014

Horizon Oil advises that the article in today's Street Talk section of the Australian Financial Review, stating that the Company "*has secured a production development licence*" in respect of the Stanley Gas Project, leading to a formal announcement of same today, is premature.

As previously advised by the Company:

- Papua New Guinea's National Executive Council has approved the Stanley Gas Project;
- The Minister for Petroleum and Energy, the Hon. Nixon P. Duban, has signed on behalf of PNG, the Gas (i.e. project) Agreement with Horizon Oil and its fellow licensees; and
- the Company and its fellow licensees were offered and have accepted a petroleum development licence and a pipeline license in respect of the Stanley Gas Project.

Under PNG's Oil and Gas Act and the terms of the Gas Agreement, the Minister for Petroleum and Energy will grant the development and pipeline licences.

The Minister convened the development forum, required under PNG's Oil and Gas Act, on 16 May 2014. The development forum is a key stakeholder meeting between the Stanley area landowners, the National and provincial governments at which the State's benefit sharing proposals are discussed with landowners and other stakeholders. The development forum is in progress.

Horizon Oil will announce the grant of the Stanley Gas Project petroleum development licence on receipt of the licence from the Minister for Petroleum and Energy.

Yours faithfully

Michael Sheridan

Chief Financial Officer and Company Secretary
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