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

HORIZON OIL (HZN) ADVISES PAPUA NEW GUINEA GOVERNMENT APPROVAL OF STANLEY GAS CONDENSATE DEVELOPMENT PROJECT

Horizon Oil is pleased to advise that the Hon. Nixon P. Duban, PNG's Minister for Petroleum and Energy has formally notified the Company of the decision of the PNG National Executive Council (NEC) to approve the Stanley gas condensate development project (Stanley Project), in Western Province.

In association with its approval of the Stanley Project, the NEC:

- (a) has authorised Minister Duban to sign the Gas Agreement with Horizon Oil's subsidiary company, Horizon Oil (Papua) Limited and its fellow licensees¹, on behalf of PNG. The Gas Agreement prescribes key rights and obligations of the State and licensees in respect of the Stanley Project, including the project fiscal terms and commitments to local content.
- (b) has approved the benefit sharing arrangements amongst project area landowners and authorised the commencement by the Minister of the development forum required under the PNG Oil and Gas Act (the Act).

Horizon Oil further advises the licensees have received notification of the Minister's intention to grant a petroleum development licence (PDL 10) and pipeline licence (PL 10) in respect of the Stanley Project and, in accordance with the Act, Horizon Oil and its fellow licensees have requested the Minister grant such licences.

The Minister has requested the licensees attend a formal ceremony for signing of the Stanley Gas Agreement on 17 April 2014. Under the terms of the Gas Agreement, the Minister will grant Horizon Oil and its fellow licensees Stanley PDL 10 and PL 10 within two weeks of its execution. Grant of PDL 10 is the final step to completion of Horizon Oil's sale of 40% of its PNG asset to Osaka Gas and will trigger transfer to Horizon Oil of the balance of the sale proceeds plus adjustments of approximately US\$77 million in total.

¹ Wholly owned subsidiaries of Talisman Energy, Mitsubishi Corporation and Osaka Gas

Yours faithfully,



Michael Sheridan

Chief Financial Officer / Company Secretary



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