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31 July 2014

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

**REPORT ON FOURTH QUARTER ACTIVITIES – 30 JUNE 2014  
AUSTRALIAN STOCK EXCHANGE LISTING RULE 5.1**

Due to an administrative error, the previously released quarterly activities report incorrectly stated that it related to the third quarter rather than the fourth. Attached is the corrected quarterly report.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Sheridan". The signature is fluid and cursive, with a large, stylized initial "M".

**Michael Sheridan**

Chief Financial Officer and Company Secretary

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31 July 2014

## REPORT ON FOURTH QUARTER ACTIVITIES – 30 JUNE 2014

### HIGHLIGHTS

- Proposed merger with Roc Oil announced on 29 April 2014; scheme booklet issued on 3 July 2014
- Stanley development licence granted on 30 May 2014
- Completion of transaction with Osaka Gas; receipt of US\$78 million comprising first milestone payment (US\$74 million) of US\$204 million aggregate consideration and remaining completion adjustments of US\$4 million
- Block 22/12, offshore China: 5 million barrels cumulative oil production milestone achieved
- Maari growth projects program proceeding well
- Whio well, offshore New Zealand, spudded
- Production for quarter 350,845 bbls; annual production 1.43 mmb
- Production revenue for quarter \$32.4 million (sales of 305,452 bbls); annual revenue US\$144.33 million

Note: All references in this report to \$ are to US\$

### CORPORATE

#### Proposed merger with Roc Oil

Horizon Oil and Roc Oil announced a proposed merger on 29 April 2014.

The scheme booklet, including the independent expert's report, was reviewed by ASIC and approved by the Federal Court on 3 July 2014. The independent expert, Deloitte Corporate Finance Pty Limited concluded that the merger is in the best interests of Horizon Oil's shareholders. The independent expert commissioned by Roc Oil to prepare a report on the proposed merger, Grant Samuel & Associates Pty Ltd similarly concluded that the proposed merger is in the best interests of Roc Oil shareholders.

The scheme meeting to approve the scheme of arrangement to effect the proposed merger will be held on 7 August 2014. If the requisite majority of shareholders approves the scheme of arrangement, the second court hearing is scheduled for 14 August 2014. Following approval of the scheme of arrangement by the Federal Court, the merger will be implemented on 29 August 2014.

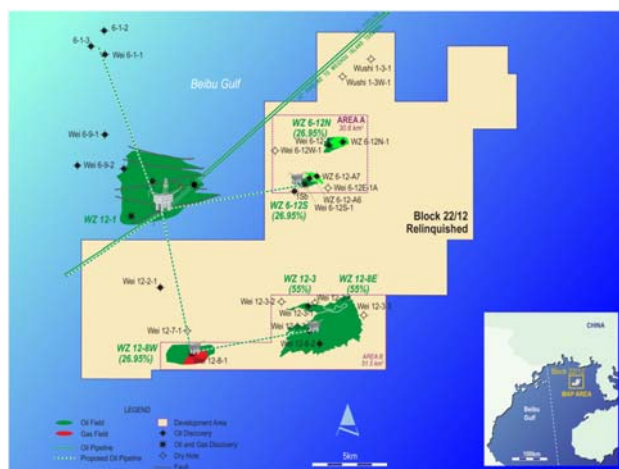
For further details regarding the proposed merger, please refer to the Company's ASX announcements.

#### Completion of sale of partial interests in PNG licences to Osaka Gas

In May 2013, the Company announced the sale of 40% of its PNG licence interests to Osaka Gas. The transaction was completed in the period, resulting in the receipt by the Company of US\$78 million comprising first milestone payment (US\$74 million) of US\$204 million aggregate consideration and remaining completion adjustments of US\$4 million.

### PRODUCTION

#### Block 22/12, Beibu Gulf, offshore China (Horizon Oil: 26.95%)

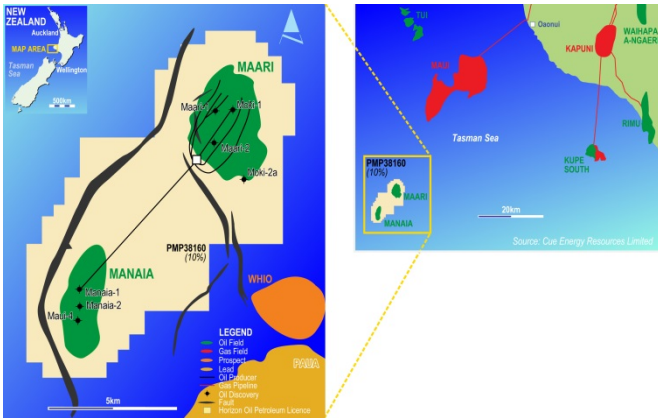


Gross oil production averaged 11,769 bopd (HZN: 3,172 bopd) with a number of wells offline during the period for planned testing. During the quarter pressure build up tests were conducted on six wells in the WZ 6-12 field. Five of the total 15 production wells continue to flow naturally, whilst 10 wells are being produced with artificial lift by electric submersible pumps. The onset of water production from the wells has been slower than predicted, which bodes well for the ultimate recovery of oil from the fields.

The WZ 12-8E feasibility study continues and development plan submission is scheduled to complete by the end of 2014.

Cumulative gross production from the combined fields was 5.3 mmb to 31 March 2014.

**PMP 38160, Maari/Manaia fields, Taranaki Basin, offshore New Zealand (Horizon Oil: 10%)**



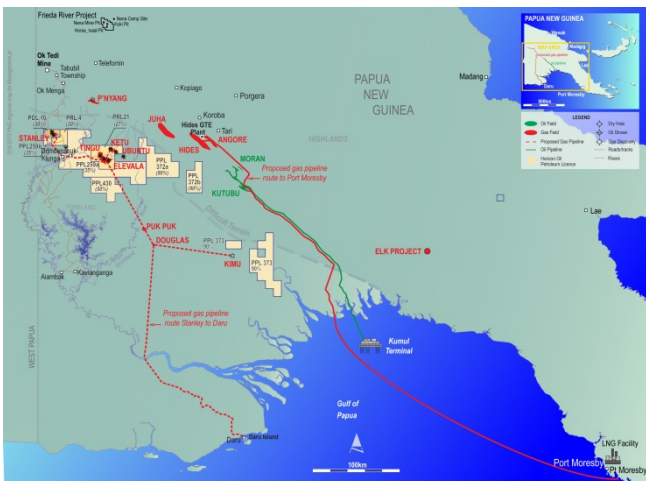
The Maari Growth Projects Program, incorporating 4 new production wells, 1 new injection well and a workover of the existing MR2 dual lateral production well, designed to enhance production rate and oil recovery from the Maari and Manaia fields, progressed in the quarter.

The current phase of the program, the conversion of the MR6A water injection well to a new production well, addressing the oil reserves in the deeper Maari Mangahewa formation, proceeded during the quarter. The activities involve the plugging back of the MR6A water injection well and associated drilling of a sidetrack well. After successfully plugging back the well, the sidetrack was spudded on 11 June 2014. The production well is currently drilling ahead in the Mangahewa oil reservoir at a measured depth of 3,136 m and is scheduled to be completed for production in August.

Gross oil production averaged 6,838 bopd (HZN: 684 bopd). Scheduled downtime owing to the simultaneous drilling operations on the wellhead platform contributed to the lower production in the period, compared with the prior quarter.

**DEVELOPMENT**

**PDL 10, Stanley gas-condensate field, Western Province, PNG (Horizon Oil: 30%)**

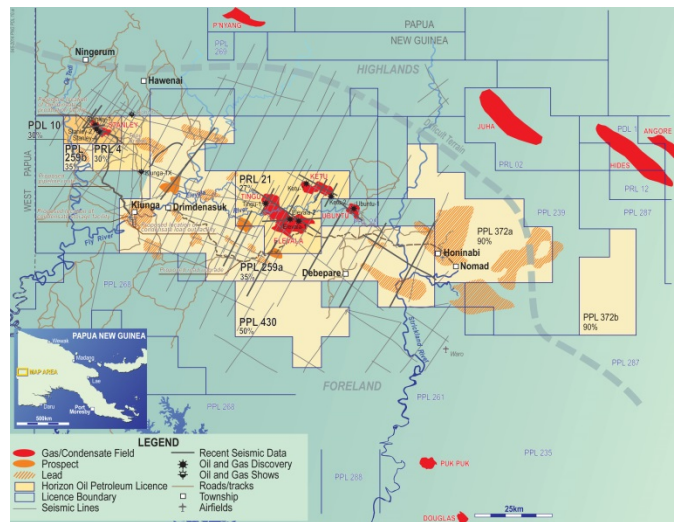


The PNG Cabinet approved the execution of the Stanley Gas Agreement which was signed on behalf of the State of PNG by Hon. Nixon Duban, Minister for Petroleum and Energy, Horizon Oil and its fellow licensees on 17 April 2014.

The landowner Development Forum was convened by the PNG Government on 16 May 2014. At the successful conclusion of the Development Forum, in a formal ceremony attended by Hon. Boka Kondra, Member for North Fly, Western Province Governor, Hon. Ati Wobiro and other dignitaries, Horizon Oil was presented the development and pipeline licences by Hon. Nixon Duban, Minister for Petroleum and Energy.

Drilling of the Stanley-5 development well commenced on 16 June 2014. At the time of this report the well is at target total depth of 3,469 m. The observed quality and size of the objective Toro and Kimu reservoirs are better than had been predicted, with a combined gross sand column of about 120 m and net pay of about 96 m. The Stanley-5 well will be completed in August and is expected to be an excellent production well.

On completion of the Stanley-5 well, the Parker Rig 226 will be skidded to commence drilling the Stanley-3 production well, with an anticipated spud date of 22 August 2014.



**EXPLORATION/APPRaisal**

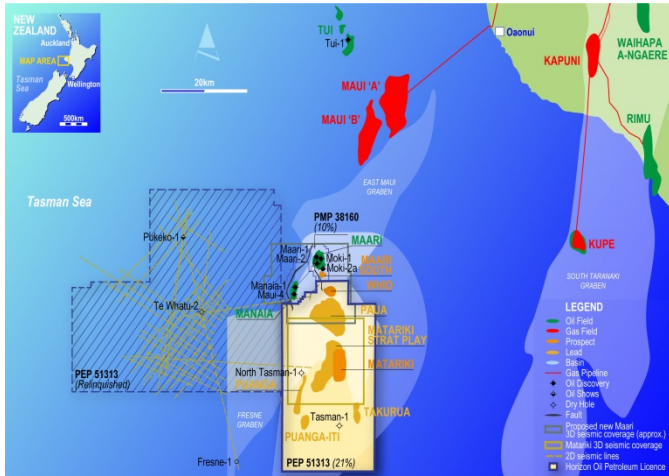
**PRL 21, Elevala/Tingu and Ketu gas-condensate fields, Western Province, PNG (Horizon Oil: 27% and operator)**

Work conducted in the period included additional studies and FEED activities to refine the project development plan and costs for a joint venture development decision in early 2015. The Environmental Impact Statement for the potential project was submitted to the Department of Environment and Conservation in June, 2014.

**PPL 259, Western Province, PNG (Horizon Oil: 35%)**

Substantial progress was made in the period on constructing the rig site for the Nama-1 well, which is expected to spud in late-October. The Nama prospect is located near the Stanley gas-condensate field with a potential resource size similar to that of the Stanley field (certified at 399 bcf of gas and 13 mmbbl condensate).

**PEP 51313, offshore Taranaki basin, New Zealand (Horizon Oil: 21%; 10% in Whio prospect area if a discovery is made)**



The Whio-1 well was spudded at 21:45 hrs on 23 July with the semi-submersible rig *Kan Tan IV*. The costs of the well will be fully carried by OMV New Zealand Ltd.

The primary reservoir objectives at Whio are the M2A Sandstone and Mangahewa Formation which are oil bearing in the Maari Field. Secondary reservoir objectives are the Moki, Kaimiro and Farewell Formations. The Whio prospect has mean unrisksed prospective resources assessed at 18 mmbo (100% basis). Operations at Whio are anticipated to take 22 days.

## FINANCIAL SUMMARY

	Q4 2014	Q3 2014	Change	FY2014 YTD
	bbls	bbls	%	bbls
<b>Production Data</b>				
<b>PMP 38160 (Maari and Manaia), offshore New Zealand</b>				
Crude oil production	62,228	88,340	(29.6%)	186,345
Crude oil sales	35,956	106,188	(66.1%)	190,588
<b>Block 22/12 (Beibu Gulf), offshore China</b>				
Crude oil production	288,617	323,324	(10.7%)	1,248,190
Crude oil sales	269,497	301,904	(10.7%)	1,165,497
<b>Total Production</b>				
Crude oil production	<b>350,845</b>	<b>411,664</b>	<b>(14.8%)</b>	<b>1,434,534</b>
Crude oil sales	<b>305,452</b>	<b>408,091</b>	<b>(25.2%)</b>	<b>1,356,085</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>
<b>Producing Oil and Gas Properties</b>				
<b>PMP 38160 (Maari and Manaia), offshore New Zealand</b>				
Production revenue <sup>1</sup>	4,069	12,091	(66.3%)	21,674
Operating expenditure	1,404	2,892	51.5%	10,258
Repairs and refurbishment expenditure	0	257	100.0%	8,446
Amortisation	2,214	1,017	(117.7%)	3,622
<b>Block 22/12 (Beibu Gulf), offshore China</b>				
Production revenue <sup>1</sup>	28,295	31,962	(11.5%)	122,655
Operating expenditure	3,579	3,155	(13.4%)	13,832
Special Oil Gain Levy	5,046	5,197	2.9%	20,783
Amortisation	9,360	8,555	(9.4%)	35,775
<b>Total Producing Oil and Gas Properties</b>				
Production revenue <sup>1</sup>	<b>32,364</b>	<b>44,053</b>	<b>(26.5%)</b>	<b>144,329</b>
Oil hedging losses	<b>1,479</b>	<b>1,256</b>	<b>(17.8%)</b>	<b>5,879</b>
Operating expenditure <sup>2</sup>	<b>10,029</b>	<b>11,501</b>	<b>12.8%</b>	<b>53,319</b>
Amortisation	<b>11,574</b>	<b>9,572</b>	<b>(20.9%)</b>	<b>39,397</b>
<b>Exploration and Development</b>				
PEP 51313, offshore New Zealand	(7)	64		327
PRL 4, Papua New Guinea <sup>3</sup>	5,825	6,122		13,834
PRL 21, Papua New Guinea <sup>3</sup>	990	3,245		14,588
PPL 259, Papua New Guinea <sup>3</sup>	4,065	81		4,200
PMP 38160 (Maari and Manaia), offshore New Zealand	2,307	5,124		15,669
Block 22/12 (Beibu Gulf), offshore China	0	2,385		20,861
	<b>13,180</b>	<b>17,021</b>	<b>(22.6%)</b>	<b>69,479</b>
<b>Cash on hand at 30 June 2014<sup>4</sup></b>				
	<b>98,911</b>	<b>23,182</b>		<b>98,911</b>
<b>Reserves-Based Debt Facility<sup>5</sup></b>				
	<b>119,165</b>	<b>119,165</b>		<b>119,165</b>
<b>Convertible Bond<sup>6</sup></b>				
	<b>80,000</b>	<b>80,000</b>		<b>80,000</b>

<sup>1</sup> Represents gross revenue excluding hedge gains and losses

<sup>2</sup> Includes Special Oil Gain Levy payable in China and Maari repairs and refurbishment expenditure

<sup>3</sup> Includes an adjustment for 40% recoupment of costs incurred on completion of Osaka Gas transaction.

<sup>4</sup> Includes cash in transit

<sup>5</sup> Represents principal amounts drawn down as at 30 June 2014

<sup>6</sup> Represents principal amount repayable unless converted prior to 17 June 2016

In accordance with ASX Listing Rules, the reserve and resource information in this report has been reviewed and approved by Mr Alan Fernie, Manager – Exploration and Development, Horizon Oil Limited. Mr Fernie (B.Sc), who is a member of AAPG, has more than 35 years relevant experience within the industry and consents to the information in the form and context in which it appears.