



Horizon Oil Limited ABN 51 009 799 455

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4 August 2014

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

TAKEOVER OFFER FOR ROC OIL COMPANY LIMITED BY FOSUN INTERNATIONAL LIMITED

Horizon Oil Limited notes the announcement this morning from Roc Oil Company Limited regarding the unanimously recommended takeover offer for Roc from Fosun International Limited. As a result of this announcement, Horizon Oil expects Roc to terminate the Merger Implementation Agreement between Horizon Oil and Roc which had been entered into on 29 April 2014.

Commenting on this development, Mr Brent Emmett (Managing Director and Chief Executive Officer of Horizon Oil) said:

"While the Board of Horizon Oil saw significant value potential in creating what we considered would be a leading Asian mid-cap E&P company, we note and respect Roc's decision to be acquired for cash, as a low risk means of achieving immediate value for its assets, bringing an end to Roc's 15 year history as an ASX listed oil and gas company. We wish Roc and its new owners well with their future endeavours.

The Board believes shareholders in Horizon Oil can look forward to a bright future through value realisation and cash flow generation from Horizon Oil's diversified portfolio of production, development and exploration assets. In particular, prospects for our PNG business, which was the focus of Roc's merger ambitions, remain very strong with encouraging recent progress.

Following receipt of US\$78 million from the completion of the partial sale of Horizon Oil's PNG interests to Osaka Gas, comprising the first milestone payment of the US\$204 million aggregate consideration, Horizon Oil's balance sheet is in very sound shape, with cash reserves of approximately US\$100 million at the end of the June quarter and solid production cashflow.

Elsewhere, work to access relatively low risk, substantive additional reserves in and around Maari field offshore New Zealand is in full swing, with two rigs currently drilling. With regard to Horizon Oil's 27% interest in the Beibu fields, offshore China, we believe the price being paid by Fosun for Roc is consistent with a high valuation for Beibu, given that Roc's independent expert's report classifies Roc's 20% interest in Beibu as the most valuable asset of Roc's portfolio, by a large margin.

With a strong and experienced management team and with the support of our ordinary shareholders and convertible bond holders, we believe we are well positioned to create material value from our focused approach to E&P opportunities in the Asia Pacific region."

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Michael Sheridan', written in a cursive style.

Michael Sheridan

Chief Financial Officer / Company Secretary

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