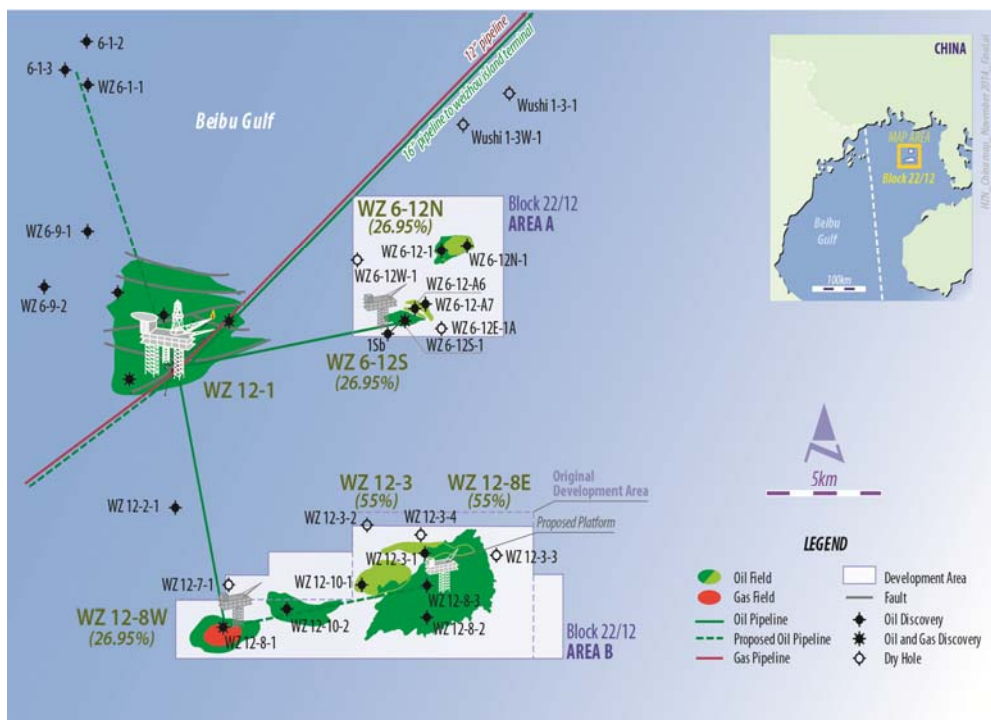


18 December 2015

The Manager, Company Announcements
 ASX Limited
 Exchange Centre
 20 Bridge Street
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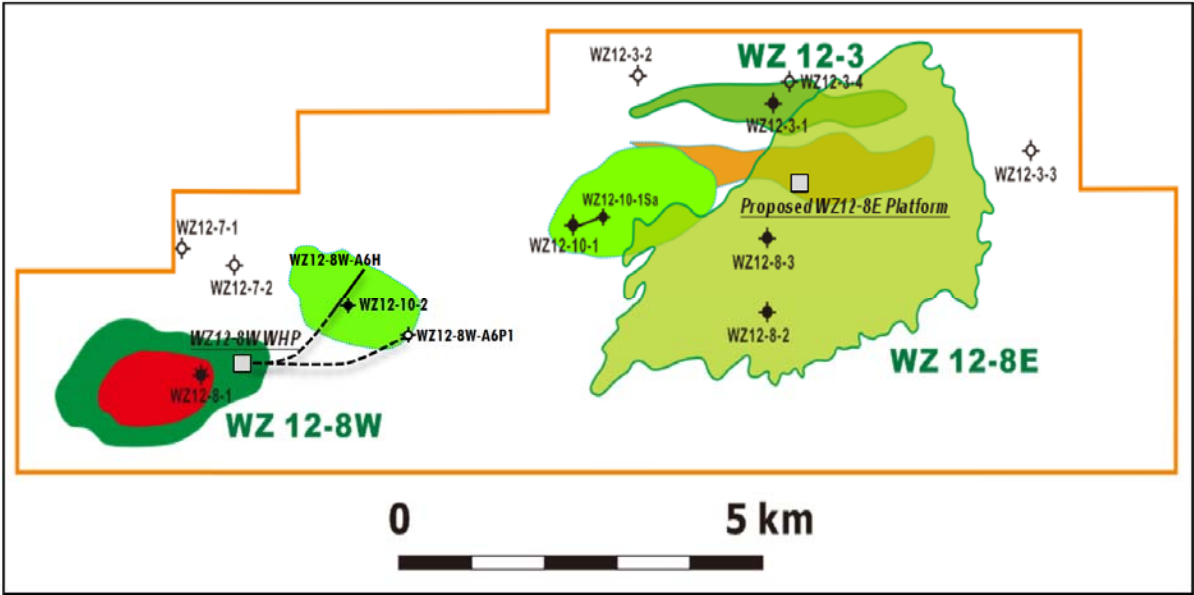
HORIZON OIL (HZN) BEGINS PRODUCTION FROM WZ 12-10-2 FIELD IN CHINA

Horizon Oil is pleased to advise that the WZ12-10-2 field, located in the Weizhou 12-8 Fields Area of Block 22/12, Beibu Gulf, People’s Republic of China, has commenced production. The WZ 12-8W-A6P1 well was drilled to appraise the accumulation discovered by the WZ 12-10-2 well last year and, following this appraisal, a horizontal production sidetrack (WZ 12-8W-A6H) has been completed and brought on to production. The production well is located 500 m north west of the WZ 12-10-2 discovery well (see map below), which discovered oil in the Miocene T42 sandstone.



The WZ 12-8W-A6P1 pilot well spudded on 14 November 2015 with the *HYSY931* jack-up rig to evaluate the structural configuration, reservoir quality and oil column thickness in the southeastern part of the WZ 12-10-2 oil accumulation. The well intersected good quality T42 sand close to the oil water contact, defining the southeastern extent of the field (see map below). The horizontal sidetrack was directed updip towards the original discovery location,

intersected 512 m of oil bearing T42 sand from a total horizontal section of 550 m and was completed for production. The well was recently brought online and after an initial clean up period, is currently producing at over 1,400 bopd with a GOR of 40 scf/bbl.



This well will deliver near term incremental production to the existing WZ 12-8W/WZ6-12 production facility, and provide data to determine production and reservoir performance in the WZ 12-10-2 oil pool to assist in evaluation of a combined full-scale field development plan for an integrated development of the WZ 12-10-1, WZ 12-10-2, WZ 12-8E and WZ 12-3 oil accumulations during 2016.

Yours faithfully,

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