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The Manager, Company Announcements  
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20 Bridge Street  
Sydney NSW 2000

### HORIZON OIL (HZN) EXPANDS NEW ZEALAND EXPLORATION PLAY

Horizon Oil advises that it has executed a farm-in agreement with Todd Exploration Limited that will result in the Company holding a 30% interest in PEP 51313, which lies immediately adjacent to and south of the Maari and Manaia permits (see map below). The permit has a 5 year term commencing 30 July 2009 and covers an area of 2,628 sq km. The joint venture comprises:-

Horizon Oil (New Zealand) Limited <i>(a wholly owned subsidiary of Horizon Oil Limited (HZN))</i>	30%
Todd Exploration Limited (Operator)	50%
Cue Taranaki Pty Limited (CUE)	20%



Horizon Oil announced a farm-in to PEP 38494 on 3 September 2008 with the intention of earning a 25% interest in the permit. During the course of this year, that permit was relinquished and the acreage annexed to a new permit PEP 51313.

The permit work program involves seismic reprocessing and the acquisition of new 2D and 3D seismic in the first 2 years. The joint venture has the option to drill exploration wells in the third and fifth years of the permit. Horizon Oil will earn its 30% interest in PEP 51313 by reimbursing Todd for certain prior costs and funding part of Todd's share of seismic costs.

Expansion of its exploration position by acquisition of the interest in PEP 51313 is consistent with Horizon Oil's strategy of selectively exploring in and around areas where it already holds discovered reserves and resources. The permit is sizeable, the interest to be earned material and there will be clear technical, operational and commercial synergies. The good results obtained from the M2A Sandstone, Moki and Mangahewa formations during the recently-completed Maari development drilling campaign augur well for the prospects of PEP 51313. The permit contains numerous leads and prospects in several play types (see map) and is interpreted to include the migration path of oil that may have overflowed the Maari and Manaia structures. The acquisition presents a clear opportunity to build a significant acreage position around the producing Maari field.

Yours faithfully,



**Michael Sheridan**

Chief Financial Officer / Company Secretary



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