

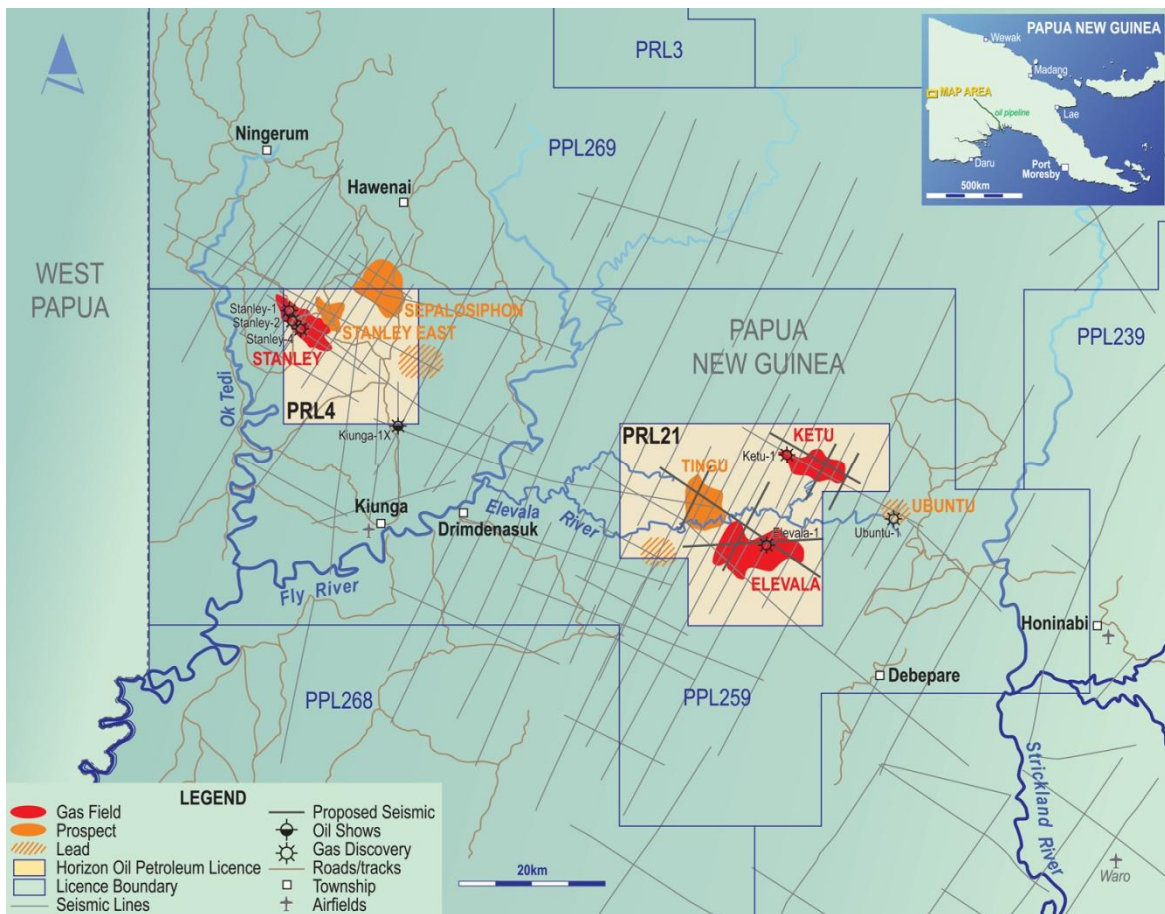
1 June 2011

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

HORIZON OIL INCREASES INTEREST IN PRL 21, PAPUA NEW GUINEA

Horizon Oil advises that it has acquired an additional 10% interest in Petroleum Retention Licence (PRL 21) from joint venture participant Elevala Energy Limited. This increases the interest held by Horizon Oil (Papua) Limited in PRL 21 to 45%.

Horizon Oil, as operator of PRL 4, recently completed the successful Stanley-4 appraisal/development well with Parker Rig 226. After Stanley-4, the tentative program for the rig is a well on PPL 269 on the Sepalosiphon prospect (to be operated by Talisman), then Elevala-2 and Ketu-2 in PRL 21, which will be operated by Horizon Oil (see map below). The joint venture will also shortly be embarking on a seismic program (see map) over the Elevala and Ketu structures to further define drilling locations.



Yours faithfully



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