



21 August 2009

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

HORIZON OIL (HZN) UPDATES PROGRESS ON MAARI FIELD

Horizon Oil undertook in the Quarterly Report issued on 31 July to advise shareholders of the performance of Maari field, once all 5 oil production wells were on line. Production operations to date had been subject to frequent interruptions necessitated by simultaneous development drilling operations.

The five oil production wells were all on line for the first time last Sunday 16 August and have been producing into the FPSO *Rarua* since that date at an average combined rate of 39,543 barrels of oil per day (bopd). Although shareholders have been informed previously that the throughput capacity of the Maari processing facilities was 35,000 bopd, additional capacity afforded by a lower volume of gas flowing through the facilities has allowed a higher production rate to be achieved. The *Ensco 107* drilling rig is currently drilling the long, oblique section of the Manaia 1 appraisal well and this has given the operations team on Maari an extended period in which to optimise production. The pleasing performance achieved provides confidence that the various flow assurance and processing systems are functioning satisfactorily.

The Manaia 1 well is currently at a depth of 4,292 m in 12-1/4" hole. The forward plan is to drill ahead and set 9-5/8" casing at the top of the target Mangahewa sandstone at a depth of approximately 6,500 m. After that a 1,000 m horizontal section will be drilled through the reservoir and, if warranted, the well will be completed for production.

The participants in Maari and Manaia are:-

Horizon Oil International Limited (a wholly owned subsidiary of Horizon Oil Limited (HZN))	10%
OMV NZ Limited (Operator)	69%
Todd Maari Limited	16%
Cue Taranaki Pty Limited (CUE)	5%

Yours faithfully,

A handwritten signature in blue ink that reads "Brent Emmett". The signature is fluid and cursive, with a long horizontal stroke at the end.

B D Emmett
Chief Executive Officer



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