



12 January 2017

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

HORIZON OIL (HZN) ADVISES RE-START OF MAARI OIL FIELD PRODUCTION

Horizon Oil advises that OMV New Zealand, operator of the Company's Maari/Manaia oil field, has re-started production after a shutdown for repairs to the production facilities. The shutdown was effected on 23 November 2016 as a precautionary step after a fatigue crack was identified in one of the horizontal platform struts at the time of an approaching bad weather front and ahead of the planned maintenance shutdown already scheduled for December 2016 to complete water injection line repairs.

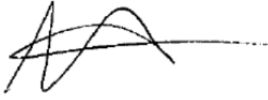
As described in the OMV New Zealand media announcement issued this morning (attached), several important projects related to the wellhead platform (WHP) and production system were completed:

1. A temporary repair was made to the cracked strut by installing a system of clamps and tension rods that has enabled remanning of the platform and production operations to be initiated.
2. Repair of the water injection line has been completed. A replacement line has been installed and reconnected to the FPSO. This work was initiated in 2Q 2016 but not completed at that time due to ongoing bad weather disrupting operations. Reinstatement of the water injection system will allow pressure support to be delivered to the Maari field to the longer term benefit of production and reserves.
3. Precautionary maintenance was also carried out on the 3 production flowlines that connect the FPSO with the WHP. This is designed to extend the lifetime of the flowlines and eliminate the risk of outer layer breach.

These repairs, including the unplanned emergency repair on the WHP, have been conducted safely, on time and on budget. Total costs amount to gross US\$25 million, of which some US\$15 million relates to works conducted in this phase and approximately US\$10 million on the water injection works conducted earlier in 2016. Horizon Oil's share of the cost is US\$2.5 million, approximately half of which is expected to be recovered through insurance.

At the time of shutdown the Maari/Manaia field was producing 10,000 bopd from 10 producing wells. The wells are being reinstated in a controlled and phased manner with the objective of having all wells on production by tonight. Initial production is likely to be enhanced somewhat due to natural pressure build up which will accelerate recovery of the production.

Yours faithfully,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Monika Fedorczyk
Assistant Company Secretary

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Maari oil field: production resumes this week

- ▶ **Crack repair completed and independently verified**
- ▶ **Postponed subsea work completed**

The Maari oil-field, 80km off the Taranaki Coast, is set to progressively resume production this week says its operator, OMV New Zealand.

The company stopped production in late November last year as a precaution, following discovery of a crack in one of the well-head platform's 12 horizontal struts during a scheduled inspection.

As an intermediate solution devised by specialist advisors AMOG, three clamps were installed in December by air divers. Fitzroy Engineering and NZ Diving and Salvage were both contracted to undertake the repair.

This secured the damaged strut on level 3, about 4 metres below the waterline. The repair was independently verified by Lloyds, both during the design phase and post-installation. OMV has also completed a full electromagnetic inspection of all nodes (strut and leg connections) on level 3 and undertook a Remotely Operated Vehicle (ROV) inspection of the entire platform structure which stands in approximately 100m of water.

Two options for a permanent solution are currently being investigated by AMOG and Worley Parsons (Melbourne). This work is expected to be completed this month and a preferred concept selected. The subsequent permanent repair will likely be completed by mid-2017.

During the interim repair period OMV resumed its planned shutdown maintenance programme that had been scheduled to start 5 December. This included completing the replacement of a water injection flowline. Two specialist support vessels, from Maersk and DOF, were contracted for this work.

Maintenance work on the field's production risers (flexible pipes connected between the wellhead platform and the floating production vessel Raroa) was also undertaken during the shutdown.

Regulatory agencies WorkSafe, Maritime New Zealand and the Environmental Protection Authority were consulted on an on-going basis throughout the work.

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The Maari oilfield

The Maari field is located 80 km off the Taranaki coast in water depths of about 100m. It is operated by OMV New Zealand Ltd (69%) on behalf of the Maari JV which includes Todd Maari Ltd (16%), Horizon Oil International Ltd (10%) and Cue Taranaki Pty Ltd (5%).

OMV New Zealand

OMV New Zealand is one of the country's largest liquid hydrocarbon producers, the third largest gas producer, and a major explorer in a number of offshore basins around New Zealand, particularly the Taranaki Basin. It has been active here since 1999 when it acquired shares in the Maari oil discovery which it developed and now operates. Focusing strictly on exploration and production in New Zealand, OMV New Zealand also holds shares in the Maui and Pohokura gas fields. It also currently holds interests in ten exploration permits, eight as operator. OMV New Zealand is a subsidiary of OMV Aktiengesellschaft, parent company of OMV Group.

OMV Aktiengesellschaft

With Group sales of EUR 23 bn and a workforce of around 24,100 employees in 2015, OMV Aktiengesellschaft is one of Austria's largest listed industrial companies. In upstream, OMV focuses on three core regions – CEE (Romania, Austria), North Sea as well as Middle East and Africa – and selected development areas. 2015 daily production stood at approximately 303 kboe/d. In downstream, OMV has an annual refining capacity of 17.8 mn tonnes and approximately 3,800 filling stations in 11 countries as of end of 2015. OMV operates a gas pipeline network in Austria and gas storage facilities in Austria and Germany. In 2015, gas sales volumes amounted to 110 TWh.

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