

SE Feature Stories
 HD **Unsolicited Bid Adds Intrigue to Roc's Deal With Horizon**
 WC 423 words
 PD 26 June 2014
 SN International Oil Daily
 SC IOD
 LA English
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Australian minnow Roc **Oil** has received a "confidential, unsolicited, indicative and incomplete" takeover proposal from an unnamed party, having earlier agreed to **merge** with Horizon **Oil**, the **company** revealed on Wednesday (IOD Apr.30'14). The companies signed a merger implementation deed (MID) in late April in regards to a takeover.

The news sent Horizon shares down 6.58% to settle at A\$0.355 (US\$0.33) on Wednesday, while Roc shares gained 7.14% to A\$0.60.

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The MID includes "no-talk" restrictions and an obligation to notify the other party of any unsolicited approaches by other companies. Roc did notify Horizon, saying it was relying on the fiduciary exceptions to the "no-talk" restrictions, Horizon said.

"There is no certainty that the proposal will develop into a formal offer," Roc added.

However, hinting at a possible battle ahead, Horizon added that, were a competing proposal to emerge, it intends to assess its position, including the preservation of its rights under the MID.

Some of Roc's shareholders -- including its largest, fund manager Allan Gray Australia -- have already opposed the merger, which they deem unfavorable to Roc, and plan to table a resolution against it at the **firm's** extraordinary general meeting on Jul. 11. International fund manager Allan Gray owns a 19.5% **stake** in Roc. Allan Gray and other shareholders are upset that Roc is not seeking shareholder approval for the merger with Horizon, even though regulators do not require such approval. The resolution will seek to give Roc shareholders a vote on the deal.

The MID called for Horizon shareholders to receive 0.724 Roc shares for each Horizon share. The new entity would have a combined market capitalization of around A\$800 **million** (US\$845 **million**), with assets spanning Southeast Asia, **China** and Australasia, and production of slightly more than 15,000 barrels of **oil** equivalent per day, expected to peak at around 20,000 boe/d by 2020.

Upstream consolidation is on the rise in Australia, and coming in all shapes in sizes. With exploration costs on the rise, small companies are on the hunt for partners, which was part of the rationale for the Roc-Horizon deal.

Experts see more corporate **oil** and gas **M&A** action on the horizon in Australia, with this year potentially eclipsing 2011's headline A\$1.5 **billion** (US\$1.4 **billion**) takeover spend (EIF Jun.11'14).

Maryelle Demongeot, Singapore, and Paul Merolli, Washington

CO rocoil : Roc Oil Company Ltd
 IN i1 : Energy | i13 : Crude Oil/Natural Gas
 NS c18 : Ownership Changes | c181 : Acquisitions/Mergers/Takeovers | cmerg : Mergers | cacqu : Acquisitions | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter
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AN Document IOD0000020140703ea6q00005