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HD **UPDATE: Dissenting shareholders fail to derail ROC's Horizon Oil merger**

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Dissenting shareholders have failed in their attempt to amend Australian Roc Oil Company's constitution in a bid to frustrate the company's planned A$800 million ($751 million) "merger of equals" with Horizon Oil.

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The amendment was put to the vote at an extraordinary general meeting in Sydney Friday, called by funds management company Allan Gray and Hostplus Superannuation. Allan Gray is ROC's biggest shareholder with a stake of 20%.

The meeting was called to vote on a special resolution to amend ROC's constitution with a view to calling off the proposed merger with Horizon. The amendment failed to gain the required approval of 75% of the votes cast, garnering just over 51.15% in a poll.

The proposed merger between ROC and Horizon was agreed by the two companies on April 29 and is targeted for completion in August. The deal may be further complicated, however, by the emergence of two other unidentified bidders, who have approached ROC with unsolicited indicative proposals.

ROC has advised shareholders to take no action in response to these proposals, noting there is no certainty they will develop into formal offers.

Under the terms of the agreed merger, Horizon shareholders would receive 0.724 of a share in ROC, which would retain its identity as the operator of the expanded group's assets in Malaysia, China and Papua New Guinea. ROC's existing shareholders would hold around 42% of the merged company, with Horizon shareholders owning about 58%.

Horizon Oil welcomed the result of the meeting. "As a consequence of the Roc Oil shareholder decision at the EGM, Horizon Oil's proposed merger with Roc Oil by way of a scheme of arrangement remains on track," the company said separately, adding that ROC shareholder approval was not required to implement the merger.

"The independent expert report prepared for Horizon Oil in respect of the scheme has concluded that the scheme is in the best interests of Horizon Oil shareholders," the company added.

"The Roc Oil board is also unanimously of the view that the scheme is in the best interests of all Roc Oil shareholders, supported by Roc Oil's independent expert report," the company added. "The merger will bring together two highly complementary companies, creating a leading Asian-focused upstream oil and gas company that will provide a platform for significant potential growth and value realization."

The scheme meeting at which Horizon shareholders will be asked to vote on the merger will be held on August 7.

ROC and Horizon are partners in an oil field which is currently producing around 13,000 b/d in China's Beibu Gulf.

The expanded company's key growth asset in Malaysia would be its 50% stake in Petronas Carigali's D35, D21 and J4 oil fields, offshore Sarawak. The fields, currently producing 10,000 b/d of oil and 17,000 Mcf/d of gas, are to be redeveloped at a cost of $250 million.

Horizon's major contribution to the merged group would be its 30%-held Stanley and 27%-held Elevala/Ketu projects in PNG. A $300 **million** development of the Stanley field has been approved by the PNG government and is expected to be completed in 2016, producing 4,000 **b**/d of condensate and 140,000 Mcf/day of gas. In the longer term, Horizon's PNG assets are expected to form the basis of a mid-scale LNG project.

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