

**HD Activist challenges Roc merger**

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ACTIVIST fund manager Simon Marais of Allan Gray will call for an extraordinary shareholders meeting at Roc **Oil**.

Dr Marais, chief executive of Allan Gray, is the biggest single shareholder in Roc with a **stake** of 19.56 per cent, and believes the deal disenfranchises Roc shareholders because the rules do not require them, as bidders, to be asked to vote on it.

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"It could be that the other Roc shareholders besides Allan Gray like the deal and if that's the case, we'll go along with them," Dr Marais said.

"Roc are technically the bidders but in reality it's Horizon that's the bidder."

He noted that Horizon would end up with 57 per cent of the merged **company** and would bring "around \$88 **million**" of debt liability to the transaction.

Roc shareholders will own 42 per cent of the expanded group, which will have interests in Malaysia, **China**, Papua New Guinea and New Zealand.

"Horizon will end up controlling the merged **company** and that's just a fact," he said.

Last week he told The Australian that he believed the all-scrip merger deal to create an \$800m **company** was "crazy" and "stupid", so his new threat to call an EGM and possibly sack the Roc board is an escalation of his already stated position.

Under the deal announced on April 28, Horizon shareholders will receive 0.724 of a Roc share if they accept the scheme of arrangement proposal.

Both stocks have risen since the deal was announced, an indication of general support.

Dr Marais said that Mike Harding, the chair of Roc who will end up chairing the merged structure if it goes head, "has no fiduciary duty to Horizon shareholders but he does have one to Roc shareholders".

He said that on his reading, "the shareholders who are getting the most favourable deal appear to be the only ones who can vote", being Horizon holders.

The ASX listing rules normally demand that shareholders get a vote if a **company** plans to increase its capital base by more than 15 per cent, but they specifically exempt situations where the planned issue is funding a takeover bid.

Roc chief executive Alan Linn is scheduled to stay on as head of the merged group's Malaysian **operations** for one year but the new chief will be Brent Emmett, who is currently running Horizon. The merger announcement on April 29 stated that "at the request of Roc **Oil**, Horizon intends to propose the scheme and issue the scheme booklet".

The booklet is scheduled to be released late in June with a scheme meeting for Horizon shareholders to be held in late July.

Roc **Oil** was founded in 1997 by charismatic Welsh rugby fanatic John Doran, who died of a heart attack the next year, aged 62. Investment banks unrelated to the deal are more in favour of the deal than is Dr

Marais, with Macquarie labelling it “a long mooted merger of equals”, while JPMorgan analysts said Roc was at a deep discount to fair value and that the deal would unite the two companies”.

Macquarie analyst Kirit Hira concedes the merger seems to favour Horizon shareholders. “The merged **company** offers compelling value on a stand-alone basis and also compared to its new peer group, which could drive a re-rating once the merger is implemented.”

**CO** rocoil : Roc Oil Company Ltd

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