

SE Business
HD **Horizon, Roc deal hits snag after approach by unnamed suitor**

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Mergers

Optimism for a smooth merger between Horizon **Oil** and Roc **Oil** has been derailed less than a week before initial court hearings for the proposal were to be held, with Roc entertaining an approach from an unnamed party.

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Horizon and Roc said in late April they intend to **merge** via a scheme of arrangement, with Horizon shareholders to receive 0.724 Roc shares for each Horizon share held. Roc's share price surged 7 per cent on Wednesday to close at 60¢ with Horizon dumped, ending down 7 per cent at 35.5¢, as investors reacted nervously to the prospect the deal could fail.

If the \$800 **million** merger is consummated, Roc shareholders will own 42 per cent of the merged entity and Horizon shareholders the balance.

Roc said on Wednesday it had received a "confidential, unsolicited, indicative and incomplete" offer, without disclosing the identity of the party.

Until a deal is completed, Horizon will not be made aware of the identity of the new party. The approach is not yet a competing transaction, allowing the identity to remain confidential.

"ASX-listed parties would appear unlikely, with probably only three companies (AWE, Beach or Senex) having the appropriate scale, **acquisition** interest and complementary **operations** to contemplate an approach," Ord Minnett analyst John Young told clients on Wednesday.

"Interest may instead come from outside Australia."

Among the reasons put forward for the merger were that the two companies have an Asian-focused portfolio with assets across **China**, Malaysia, Myanmar and PNG as well as Australia and New Zealand.

The merger would also consolidate existing overlapping interests in the Beibu Gulf and Bohai Bay.

Roc is the smaller of the parties, valued in the sharemarket at \$385 **million** and Horizon \$495 **million**, with their spread of assets of greater interest to a mid-tier player, rather than an industry major.

Both companies have cash flowing from oilfields to fund ongoing exploration and development work, unlike others such as Nexus, which collapsed earlier this month, or Karoon, forced to sell a prized asset in the Browse basin to Origin **Energy**, to fund other exploration.

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