

HD Independent expert backs merger of Australia's ROC **Oil** and Horizon

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Independent expert Grant Samuel and Associates has concluded that a proposed A\$800 **million** (\$751 **million**) "merger of equals" between Australia's ROC **Oil** and Horizon **Oil** is in the best interest of ROC's shareholders, the **company** said Monday.

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ROC commissioned Grant Samuel to report on the merger, which has been opposed by ROC's largest shareholder, funds manager Allan Gray. Grant Samuel concluded that the benefits of the merger were significant and outweighed the disadvantages.

"The board's decision to proceed with the merger was taken in good faith and followed an extensive due diligence process and proper corporate governance," ROC Chairman Mike Harding said in a letter to shareholders.

Allan Gray has called an extraordinary general meeting for July 11 at which it will put a resolution to change ROC's constitution and frustrate the merger. Harding said the board believed that was "clearly not in the best interests of ROC shareholders," and urged them to vote against the resolution.

The deal agreed by the boards of the two companies would see Horizon shareholders 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%.

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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