

SE Asia Pacific
HD **ROC-Horizon merger survives dissenting shareholders**

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

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

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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, 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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