



23 June 2014

## RESPONSE TO SHAREHOLDER QUERIES RELATING TO THE EGM

Since releasing the Notice of Meeting for the General Meeting on 5 June 2014, some ROC shareholders have sought clarification on two matters.

### What was the governance process followed by the ROC Board and was a 'loophole' exploited?

Prior to entry into the Merger Implementation Deed (**MID**) with Horizon Oil Limited (**Horizon**), the ROC Board appointed a subcommittee to undertake extensive due diligence and risk assessment of the proposed Merger. The ROC Board considered the transaction over a period of approximately six months. There was extensive commercial and technical due diligence undertaken. The Board considered alternative transactions before deciding to pursue the Merger. It also considered the impact of the Merger on ROC's operating relationships with National Oil Companies in China and Malaysia.

Following this process it was agreed the "merger of equals" would be structured to proceed by way of a scheme of arrangement.

The proposed merger was structured to ensure ROC continued as the Australian Securities Exchange (**ASX**) listed company to maintain key relationships with Asian national oil companies like CNOOC, PETRONAS and PetroChina and our suppliers.

The proposed Merger is structured in an absolutely standard way. A ROC shareholder vote was not required and this was confirmed by the ASX to ROC in writing prior to ROC entering into the MID. In particular, the ASX confirmed that it would not apply Listing Rules 11.1.2 and 11.1.3 to the proposed Merger. ROC considered the application of ASX Guidance Note 12 and consulted with the ASX before committing to the proposed Merger. This was the proper process and further evidence of ROC's good corporate governance.

The proposed Merger was not structured to exploit a loophole. There is no loophole to exploit. The ASX Listing Rules are consistent with the Australian equity regime that encourages capital raising and acquisitions to, amongst other things, create shareholder wealth. In other words, not only is this **not** a loophole, it is entirely consistent with the policy underpinning the ASX Listing Rules.

This type of scheme of arrangement has been used successfully by many companies before, acting the same way as ROC is acting now. ROC's Board have not acted out of the ordinary in agreeing to the Merger in the way contemplated.

Throughout the entire process the ROC Board acted in good faith and in accordance with the principles of good corporate governance, the law and the ASX Listing Rules. At the end of the process, the Board concluded that the Merger was in the best interests of ROC shareholders.

In order to assist ROC shareholders to evaluate the benefits and risks associated with the Merger, the Board commissioned Grant Samuel & Associates Pty Limited (**Grant Samuel**) to prepare an independent expert's report on the Merger. Grant Samuel's opinion that the proposed Merger is in the best interests of ROC shareholders confirmed the view of the ROC Board. The report is available at

[http://www.rocoil.com.au/Investor--Media-Centre/Announcements/2014/140616\\_Release\\_IEX\\_Complete.pdf](http://www.rocoil.com.au/Investor--Media-Centre/Announcements/2014/140616_Release_IEX_Complete.pdf)

**What are the implications to the proposed Merger for ROC if the constitutional change is approved?**

Any amendment of the ROC constitution is a "Roc Oil Prescribed Event" under the MID. The MID was released to ASX on 29 April 2014 at the time of the joint announcement with Horizon of the Merger. It is a condition precedent that no "Roc Oil Prescribed Events" should occur prior to the Second Court Hearing.

Horizon has formally advised ROC that it does not presently intend to consent to the altering of ROC's constitution (although it reserves its rights to do so) and expects ROC will honour its obligations under the MID.

If ROC's constitution is amended, Horizon has also advised ROC it will undertake all steps available to it to reserve its rights under the MID (which may include claiming damages for any breach of the MID to the fullest extent possible and which could be substantial).

This constitutional change has been designed to frustrate and potentially stop the Merger. ROC and its shareholders may potentially suffer substantial damages if the Merger does not progress and will lose the potential benefits presented by the proposed Merger.

**Your directors unanimously recommend you VOTE AGAINST the resolution proposed at the EGM enabling the merger with Horizon Oil to proceed.**

Your vote is important in determining the future of your Company and we urge you to register a vote either by completing a Proxy Form or by attending the meeting. Should you need a new Proxy Form please contact Computershare on 1300 850 505 (within Australia). If you have any questions about the EGM process you can call the ROC Shareholder Information Line on 1300 667 556 (toll free). Your directors will be voting **AGAINST** the resolution.

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