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29 April 2014

## **ROC AND HORIZON ANNOUNCE PROPOSED MERGER TO CREATE A LEADING ASIAN E&P COMPANY**

- All scrip merger of equals between ROC and Horizon
- Horizon shareholders to receive 0.724 ROC shares for each Horizon share
- Merger to be implemented by a Horizon Scheme of Arrangement
- Compelling rationale for combination
- Mike Harding (current Chairman of ROC) will be Chairman of the merged group and Brent Emmett (current CEO of Horizon) will be CEO and Managing Director of the merged group. Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group and Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015
- The proposed Merger has the unanimous support of both the ROC and Horizon Boards

Roc Oil Company Limited (**ROC**) and Horizon Oil Limited (**Horizon**) today announced that they have entered into a Merger Implementation Deed (**MID**) under which they have agreed to merge via a Horizon Scheme of Arrangement (**the Merger**). Refer to Annexure A for details.

The transaction will bring together two highly complementary E&P companies to form a single Asian E&P company.

Horizon shareholders will receive 0.724 ROC shares for each Horizon share they hold, being the exchange ratio implied by the 10 day VWAP of Horizon and ROC shares ending on 23 April 2014, the last day on which Horizon and ROC shares were traded prior to the announcement of the Merger. Following completion of the Merger, ROC shareholders will own approximately 42% of the merged company and Horizon shareholders will own approximately 58%.

The proposed Merger has the unanimous support of both the ROC and Horizon Boards. In the absence of a superior proposal and subject to an Independent Expert concluding that the Merger is in the best interests of Horizon's shareholders, the Board of Horizon unanimously recommends that Horizon shareholders vote in favour of the Merger, and each Horizon Director intends to vote in favour of the Merger in relation to shares held or controlled by them.

### **Transaction rationale**

The Merger creates a leading Asian E&P company, providing a platform for significant potential growth and value realisation in the Asian oil and gas sector. The merged group will have:

- a pro forma market capitalisation of ~A\$800m;
- net 2P reserves of 36.9mmboe (approximately 95% liquids);
- net 2C contingent resources of 120.7mmboe; and

- combined CY14 indicative working interest production estimated at 5.5 mmboe (approximately 95% liquids).

The Horizon and ROC Boards believe that the merged group will be better positioned for growth compared to either company on a standalone basis, and is expected to deliver significant benefits to Horizon and ROC shareholders.

The Merger:

- brings together two complementary Asian-focused portfolios with assets across China, PNG, Malaysia, Myanmar, Australia and New Zealand;
- represents a significant increase in scale to create a leading ASX-listed E&P company with expanded production, resources and reserves;
- provides shareholders of the merged group with broader portfolio diversification by geography and asset, thereby reducing their risk profile;
- will trigger a right for Horizon's bondholders to require that their convertible bonds be redeemed which, if redeemed, would facilitate a simplification of the capital structure of the merged company;
- combines the strong cash flow of the two companies providing increased capacity to pay dividends;
- creates an attractive portfolio of growth options, including major projects in China, PNG and Malaysia and a substantial pipeline of exploration and appraisal assets; and
- combines the talent and expertise of two experienced and proven leadership teams, with strengthened operational and technical expertise and deep regional relationships.

Commenting on the proposed Merger, ROC Chairman Mike Harding said:

"This is a transformational and exciting transaction and something ROC has been working towards for some time. The combination of our companies will create a high calibre operating company with the capacity to actively progress value-adding growth through a combination of existing material development projects, complemented by a portfolio of high impact and low risk exploration assets within our core operating regions. Consolidation of the ASX-listed E&P sector has been well-flagged but slow to occur. This transaction represents a unique and compelling opportunity to bring together two companies with highly complementary assets to create a new Asian-focused mid cap E&P champion."

Horizon Chairman Fraser Ainsworth said:

"The Merger allows all shareholders to retain exposure to the attractive assets of each company, whilst providing greater diversification, scale and a stronger platform from which to continue to deliver future shareholder returns."

"After undertaking detailed due diligence on the assets and prospects of each company, the merger terms reflect our Boards' mutual judgment that the relative market valuations are the appropriate basis to ensure both groups of shareholders have the appropriate level of equity ownership in the merged group."

Horizon CEO Brent Emmett said, "The combination of complementary core assets and activities makes strong strategic sense. Horizon has been focused on building a leading portfolio of Asian-focused assets and the opportunity to merge with ROC represents a significant step towards achieving that objective."

ROC CEO Alan Linn said, "In recent years ROC has developed and delivered a regionally focused low risk operated portfolio of oil producing assets which contain significant near field potential. We have

also been actively building our regional exploration portfolio. This exciting combination with Horizon strengthens the regional commitment and offers significant potential for our highly skilled teams to work together and build a “stand out” regional developer and explorer. The complementary assets provide the merged company with a tremendous platform from which to deliver a shared strategy for value growth in the Asian region.”

### **Board and management**

The leadership team of the merged group will reflect the nature of the transaction as a merger of equals and will benefit from the combined talents and expertise of two experienced and proven teams.

The Board of the merged company will comprise three current Non-Executive Directors from ROC, four current Non-Executive Directors from Horizon and Brent Emmett (current CEO of Horizon) as the CEO and Managing Director of the merged group.

Mike Harding (current Chairman of ROC) will be Chairman and Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group. Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015.

The senior management team will be drawn from the two companies’ existing management teams.

### **Transaction implementation**

The proposed Merger will be implemented via a Horizon Scheme of Arrangement.

Horizon and ROC have entered into a MID (appended to this announcement), which contains conditions including the following:

- customary regulatory and court approvals;
- Horizon shareholder approval of the Scheme (75% of votes cast; 50% of shareholders voting);
- no material adverse change in Horizon or ROC;
- conclusion by an Independent Expert that the Scheme is in the best interests of Horizon Shareholders; and
- completion of the Osaka Gas Asset Sale Agreement.

The MID also includes customary deal protection for both Horizon and ROC including no shop and no talk provisions as well as various other provisions relevant to the Merger, including the obligations of the companies in the lead up to implementation and termination rights.

Approval of the Scheme by Horizon shareholders and the subsequent change of control in Horizon will trigger a right for Horizon's bondholders to require that their convertible bonds be redeemed.

### **Timetable and next steps**

A Scheme Booklet is expected to be despatched to Horizon shareholders in late June. The Scheme Booklet will include further details of the transaction, an Independent Expert's Report, the reasons for Horizon Directors' recommendation and other matters relevant to Horizon shareholders' vote on the Merger.

An indicative timetable of key milestones is set out below. Further details on the timing and implementation of the transaction will be made available to shareholders upon release of the Scheme Booklet.

| Key milestones   | Target date    |
|--|----------------|
| Announcement of Merger   | 29 April 2014  |
| First Court hearing to approve Scheme Booklet and convene Scheme Meeting | June 2014      |
| Scheme Booklet despatched to Horizon shareholders                        | Late June 2014 |
| Scheme Meeting for Horizon shareholders                                  | Late July 2014 |
| Second Court hearing to approve Scheme                                   | August 2014    |
| Merger implementation  | August 2014    |

### Conference call

A joint conference call to be hosted by Horizon and ROC will be held at 11.00am AEST on 29 April 2014 to discuss the transaction and will reference the investor presentation lodged with ASX.

The webcast can be accessed using the following link: <http://www.brrmedia.com/event/123169/>

### Advisers to the transaction

ROC has appointed J.B. North & Co as financial adviser and Herbert Smith Freehills as legal adviser to the transaction.

Horizon has appointed UBS as financial adviser and King & Wood Mallesons as legal adviser to the transaction.

### Further information

Investors:

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Group Manager

Investor Relations & Corporate Affairs

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*In accordance with ASX Listing Rules, the ROC information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Bill Billingsley (Chief Reservoir Engineer and a full time employee of ROC). Mr Billingsley BSc (Chem) MSc (Petroleum Engineering) DIC (Imperial College) is a member of the Society of Petroleum Engineers and has more than 18 years relevant experience within the petroleum industry. The reserves and resources information in this presentation has been issued with the prior written consent of Mr Billingsley in the form and context in which it appears.*

*The reserve and resource information for Horizon Oil contained in this presentation is based on information compiled by Alan Fernie (Manager – Exploration and Development), a full-time employee of the Company. Mr Fernie (B.Sc), who is a member of the American Association of Petroleum Geologists, has more than 35 years relevant experience within the industry and consents to the inclusion of the information in the form and context in which it appears.*

## ANNEXURE A

# Merger Implementation Deed

Dated

2014

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# Merger Implementation Deed

## Contents

|   |           |
|---|-----------|
| <b>Details</b>                                      | <b>1</b>  |
| <b>General terms</b>                                | <b>2</b>  |
| <b>1 Definitions and interpretation</b>             | <b>2</b>  |
| 1.1 Definitions                                     | 2         |
| 1.2 References to certain general terms             | 10        |
| 1.3 Next day  | 11        |
| 1.4 Next Business Day                               | 11        |
| 1.5 Headings  | 11        |
| <b>2 Agreement to propose and implement Scheme</b>  | <b>11</b> |
| 2.1 Horizon to propose Scheme                       | 11        |
| 2.2 Agreement to implement Merger                   | 11        |
| <b>3 Conditions precedent</b>                       | <b>12</b> |
| 3.1 Conditions precedent                            | 12        |
| 3.2 Benefit of certain Conditions Precedent         | 12        |
| 3.3 Waiver of Conditions Precedent                  | 12        |
| 3.4 Reasonable endeavours                           | 12        |
| 3.5 Regulatory matters                              | 12        |
| 3.6 Notices in relation to Conditions Precedent     | 13        |
| 3.7 Effect of waiver or non-fulfilment              | 14        |
| 3.8 Consultation on failure of Condition Precedents | 14        |
| 3.9 Failure to agree                                | 14        |
| 3.10 Regulatory Approval                            | 15        |
| <b>4 Outline of Share Scheme</b>                    | <b>15</b> |
| 4.1 Share Scheme                                    | 15        |
| 4.2 Share Scheme Consideration                      | 15        |
| 4.3 Fractional elements                             | 15        |
| 4.4 Foreign Horizon Securityholders                 | 15        |
| 4.5 Shares to rank equally                          | 15        |
| <b>5 Horizon Options and Horizon SARs</b>           | <b>16</b> |
| 5.1 Proposed treatment of Horizon Options           | 16        |
| 5.2 Regulatory confirmations                        | 17        |
| <b>6 Co-operation and timing</b>                    | <b>17</b> |
| 6.1 General obligations                             | 17        |
| 6.2 Merger Implementation Committee                 | 18        |
| 6.3 Access to people and information                | 18        |
| 6.4 Right to separate representation                | 18        |
| <b>7 Implementation obligations of the parties</b>  | <b>19</b> |
| 7.1 Horizon's obligations                           | 19        |
| 7.2 Roc Oil's obligations                           | 19        |
| 7.3 Appointment/retirement of Horizon directors     | 19        |

|           |  |           |
|-----------|--|-----------|
| <b>8</b>  | <b>Scheme Booklet</b>                          | <b>19</b> |
| 8.1       | Preparation                                    | 19        |
| 8.2       | Drafts of the Scheme Booklet                   | 20        |
| 8.3       | Roc Oil information                            | 20        |
| 8.4       | Disagreement on content                        | 21        |
| 8.5       | Verification                                   | 21        |
| <b>9</b>  | <b>Profile of the Merged Group</b>             | <b>21</b> |
| 9.1       | Board and Chairman                             | 21        |
| 9.2       | Chief Executive Officer and Managing Director  | 21        |
| 9.3       | Senior management                              | 21        |
| 9.4       | Branding and operation                         | 22        |
| <b>10</b> | <b>Conduct of business</b>                     | <b>22</b> |
| 10.1      | Overview                                       | 22        |
| 10.2      | Specific obligations                           | 23        |
| 10.3      | Prohibited actions                             | 23        |
| <b>11</b> | <b>Exclusivity</b>                             | <b>24</b> |
| 11.1      | No existing discussions                        | 24        |
| 11.2      | No-shop  | 24        |
| 11.3      | No-talk  | 24        |
| 11.4      | Exceptions to no-talk                          | 25        |
| 11.5      | Notifications                                  | 25        |
| 11.6      | Legal advice                                   | 25        |
| <b>12</b> | <b>Representations and warranties</b>          | <b>26</b> |
| 12.1      | Roc Oil's representations and warranties       | 26        |
| 12.2      | Roc Oil's indemnity                            | 26        |
| 12.3      | Roc Oil warranty certificate                   | 26        |
| 12.4      | Horizon's representations and warranties       | 26        |
| 12.5      | Horizon's indemnity                            | 26        |
| 12.6      | Horizon warranty certificate                   | 26        |
| <b>13</b> | <b>Court proceedings</b>                       | <b>26</b> |
| 13.1      | Appeal process                                 | 26        |
| 13.2      | Defence of proceedings                         | 27        |
| 13.3      | Costs  | 27        |
| <b>14</b> | <b>Termination</b>                             | <b>27</b> |
| 14.1      | Termination events                             | 27        |
| 14.2      | Termination                                    | 28        |
| 14.3      | Effect of Termination                          | 28        |
| 14.4      | Damages  | 28        |
| <b>15</b> | <b>Public announcements</b>                    | <b>28</b> |
| 15.1      | Public announcement of Scheme                  | 28        |
| 15.2      | Required disclosure                            | 28        |
| 15.3      | Other announcements                            | 29        |
| <b>16</b> | <b>Confidential Information</b>                | <b>29</b> |
| 16.1      | Disclosure of Horizon Confidential Information | 29        |
| 16.2      | Use of Horizon Confidential Information        | 29        |



|           |  |           |
|-----------|--|-----------|
| 16.3      | Disclosure of Roc Oil Confidential Information         | 29        |
| 16.4      | Use of Roc Oil Confidential Information                | 29        |
| 16.5      | Disclosure by recipient of Confidential Information    | 29        |
| 16.6      | Excluded Information                                   | 30        |
| 16.7      | Return of Confidential Information                     | 30        |
| 16.8      | Termination  | 30        |
| <b>17</b> | <b>Releases</b>  | <b>30</b> |
| 17.1      | Roc Oil and Roc Oil directors and officers             | 30        |
| 17.2      | Horizon and Horizon directors and officers             | 30        |
| 17.3      | Deeds of indemnity and insurance                       | 31        |
| <b>18</b> | <b>Notices and other communications</b>                | <b>31</b> |
| 18.1      | Form - all communications                              | 31        |
| 18.2      | Form - communications sent by email                    | 31        |
| 18.3      | Delivery   | 32        |
| 18.4      | When effective   | 32        |
| 18.5      | When taken to be received                              | 32        |
| 18.6      | Receipt outside business hours                         | 32        |
| <b>19</b> | <b>Goods and services tax (GST)</b>                    | <b>32</b> |
| 19.1      | Consideration GST exclusive                            | 32        |
| 19.2      | Payment of GST   | 33        |
| 19.3      | Reimbursements   | 33        |
| 19.4      | Calculation of payments                                | 33        |
| 19.5      | Interpretation   | 33        |
| <b>20</b> | <b>Miscellaneous</b>                                   | <b>33</b> |
| 20.1      | Discretion in exercising rights                        | 33        |
| 20.2      | Partial exercising of rights                           | 34        |
| 20.3      | No liability for loss                                  | 34        |
| 20.4      | Approvals and consents                                 | 34        |
| 20.5      | Conflict of interest                                   | 34        |
| 20.6      | Remedies cumulative                                    | 34        |
| 20.7      | Variation and waiver                                   | 34        |
| 20.8      | No merger  | 34        |
| 20.9      | Indemnities  | 34        |
| 20.10     | Enforceability   | 34        |
| 20.11     | Further steps  | 34        |
| 20.12     | Construction   | 35        |
| 20.13     | Costs  | 35        |
| 20.14     | Stamp duty   | 35        |
| 20.15     | Entire agreement                                       | 35        |
| 20.16     | Assignment   | 35        |
| 20.17     | No representation or reliance                          | 35        |
| 20.18     | Governing law  | 35        |
| 20.19     | Counterparts   | 35        |
|           | <b>Schedule 1 – Horizon Prescribed Events</b>          | <b>36</b> |
|           | <b>Schedule 2 - Roc Oil Prescribed Events</b>          | <b>39</b> |
|           | <b>Schedule 3 - Conditions Precedent (clause 3.1)</b>  | <b>42</b> |
|           | <b>Schedule 4 - Timetable (clause 6.1)</b>             | <b>45</b> |
|           | <b>Schedule 5 - Horizon's Obligations (clause 7.1)</b> | <b>46</b> |

|  |           |
|--|-----------|
| <b>Schedule 6 – Roc Oil’s Obligations (clause 7.2)</b>                     | <b>48</b> |
| <b>Schedule 7 - Roc Oil’s representations and warranties (clause 12.1)</b> | <b>49</b> |
| <b>Schedule 8 - Horizon’s representations and warranties (clause 12.4)</b> | <b>51</b> |
| <b>Signing page</b>  | <b>53</b> |
| <b>Annexure A - Announcement</b>   | <b>54</b> |
| <b>Annexure B - Share Scheme</b>   | <b>55</b> |
| <b>Annexure C - Deed Poll</b>  | <b>56</b> |

# Merger Implementation Deed

## Details

| Parties           | Horizon and Roc Oil |   |
|-------------------|---------------------|---|
| Horizon           | Name                | Horizon Oil Limited   |
|                   | ACN                 | 009 799 455   |
|                   | Address             | Level 7, 134 William Street<br>SYDNEY NSW 2011  |
|                   | Telephone           | +61 2 9332 5000   |
|                   | Email               | msheridan@horizonoil.com.au   |
|                   | Fax                 | +61 2 9332 5050   |
|                   | Attention           | Company Secretary   |
| Roc Oil           | Name                | Roc Oil Company Limited   |
|                   | ACN                 | 075 965 856   |
|                   | Address             | Level 18, 321 Kent Street<br>SYDNEY NSW 2000  |
|                   | Telephone           | +61 2 8023 2000   |
|                   | Email               | lnolan@rocoil.com.au  |
|                   | Fax                 | +61 2 8023 2222   |
|                   | Attention           | Leanne Nolan  |
| Recitals          | A                   | Horizon and Roc Oil have agreed to merge by means of a members' scheme of arrangement under Part 5.1 of the Corporations Act. |
|                   | B                   | At the request of Roc Oil, Horizon intends to propose the Scheme and issue the Scheme Booklet.                                |
|                   | C                   | Roc Oil and Horizon have agreed to implement the Scheme on the terms and conditions of this deed.                             |
| Governing law     | New South Wales     |   |
| Date of agreement | See Signing page    |   |

# Merger Implementation Deed

## General terms

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### 1 Definitions and interpretation

#### 1.1 Definitions

These meanings apply unless the contrary intention appears.

**ACCC** means the Australian Competition and Consumer Commission.

**Accounting Standards** means:

- (a) accounting standards as that term is defined in the Corporations Act; and
- (b) to the extent not inconsistent with paragraph (a), generally accepted Australian accounting principles which are consistently applied.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited or Australian Securities Exchange, as appropriate.

**Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Sydney, New South Wales.

**Communications** has the meaning given in clause 3.5(c).

**Competing Transaction** means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would have the same effect as, or be similar in economic terms to, the Merger or any other transaction described in paragraphs (a) to (f) below, whether existing or arising before, on or after the date of this deed:

- (a) a third party (either alone or with its associates) acquiring (directly or indirectly) (including by way of joint venture, alliance, dual listed company structure or otherwise) any interest in all or a substantial part of the business or assets of Roc Oil or Horizon (as applicable);
- (b) a third party (either alone or with its associates) becoming (directly or indirectly) the holder or controller of, or otherwise acquiring, all or substantially all of the shares in Roc Oil or Horizon (as applicable);
- (c) a third party (either alone or with its associates) acquiring "control" (as defined in section 50AA of the Corporations Act) of, or merging or amalgamating with Roc Oil or Horizon (as applicable) or any of their material Subsidiaries, including by way of takeover bid, scheme of arrangement or capital reduction or contractual arrangement;
- (d) Roc Oil or Horizon (as applicable) implementing any reorganisation of capital or dissolution (except as previously announced to ASX prior to the date of this deed);

- (e) a third party acquiring, after the date of this deed, "voting power" (as that term is defined in the Corporations Act) in relation to 15% or more of the Roc Oil Shares or the Horizon Shares (as applicable); or
- (f) any other proposal, agreement, arrangement or transaction which affects, prejudices or jeopardises, or might reasonably be expected to affect, prejudice or jeopardise, the consummation of the Merger.

**Conditions Precedent** means the conditions precedent set out in schedule 3.

**Confidential Information** means Horizon Confidential Information or Roc Oil Confidential Information (as applicable).

**Controller** has the meaning it has in the Corporations Act.

**Convertible Bond** means a bond in Horizon with the ability to convert into Horizon Shares on its terms with a maturity date of 17 June 2016.

**Corporations Act** means the Corporations Act 2001 (Cwlth).

**Corporations Regulations** means the Corporations Regulations 2001 (Cwlth).

**Court** means a court of competent jurisdiction under the Corporations Act.

**Deed Poll** means a deed poll substantially in the form of Annexure C to this deed.

**Details** means the section of this deed headed "Details".

**EBITDA** means the earnings for the Roc Oil Group or the Horizon Group (as applicable) before interest, taxes, depreciation, amortisation and any other non-cash items.

**Effective**, when used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which the Scheme becomes Effective.

**Encumbrance** means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement, overriding royalty, production payment, net profits interest or any other security arrangement or any other arrangement having the same effect.

**End Date** means 31 August 2014 or such other date as is agreed in writing by Horizon and Roc Oil.

**Excluded Information** means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this deed or an obligation of confidence owed to the party providing the Confidential Information; or
- (b) the recipient of the Confidential Information can prove by contemporaneous written documentation was already known to it at the time of disclosure by the party providing the Confidential Information (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality); or

- (c) the recipient of the Confidential Information acquires from a source other than the party providing the Confidential Information or any Related Body Corporate or Representative of the party providing the Confidential Information where such source is entitled to disclose it.

**Exclusivity Period** means the period from and including the date of this deed to the earlier of:

- (a) the termination of this deed in accordance with its terms;
- (b) the End Date; and
- (c) the Effective Date.

**First Court Date** means the first day on which an application made to the Court, in accordance with item 8 of schedule 5, for orders under section 411(1) of the Corporations Act convening the Scheme Meeting to consider the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

**Foreign Horizon Securityholder** means a Horizon Shareholder:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless Roc Oil determines that:

- (c) it is lawful and not unduly onerous or unduly impracticable to issue that Horizon Shareholder with Roc Oil Shares on implementation of the Merger; and
- (d) it is lawful for that Horizon Shareholder to participate in the Merger by the law of the relevant place outside Australia and its external territories.

**Government Agency** means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

**Horizon** means Horizon Oil Limited (ACN 009 799 455).

**Horizon Board** means the board of directors of Horizon.

**Horizon Confidential Information** means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on, or after the date of this deed relating to the business, technology or other affairs of the Horizon Group.

**Horizon Group** means Horizon and its Subsidiaries.

**Horizon Indemnified Parties** means Horizon, its officers, employees and advisers, its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

**Horizon Information** means all information contained in the Scheme Booklet other than the Roc Oil Information and the Independent Expert's report.

**Horizon Material Adverse Change** means any one or more matters, events or circumstances which occurs, is announced or disclosed or becomes known to

Roc Oil (in each case whether or not it becomes public) after the date of this deed which, individually or when aggregated with any other such matters, events or circumstances, results or is reasonably likely to result in:

- (a) the EBITDA in any financial year ending 30 June 2014, 30 June 2015 or 30 June 2016 being negatively impacted by \$10 million or more when compared against what it would reasonably have been expected to have been but for such matter, event or circumstance;
- (b) a reduction in the net assets of the Horizon Group (taken as a whole) by \$10 million or more compared to the net assets of the Horizon Group (taken as a whole) disclosed in the audited balance sheet for the consolidated Horizon Group as at 30 June 2013;
- (c) a material adverse change in the business, assets, operations, Material Contracts or prospects of the Horizon Group (taken as a whole); or
- (d) the Horizon Group being unable to carry on its business, operations, assets or exercise its rights or perform its obligations under the Material Contracts in substantially the same manner as carried on as at the date of this deed, including as a result of a material regulatory approval or licence being varied, revoked, cancelled or otherwise terminated by a Government Agency,

but does not include any matter, event or circumstance:

- (a) fully and fairly disclosed on any public register maintained by ASIC;
- (b) fully and fairly disclosed in writing to Roc Oil or its Representatives on or before the date of this deed (including as a result of disclosures made to ASX);
- (c) arising from any general changes in law, taxation, economic, market, interest rates, global oil prices or business conditions, other than where the change does not have a proportionally equivalent effect on the Horizon Group relative to the Roc Oil Group;
- (d) arising from any change in accounting policy required by law; or
- (e) arising from any change resulting from anything expressly required by this deed, the Scheme or the transactions required to be given effect by them.

**Horizon Option** means a right to acquire Horizon Shares, including a Horizon SAR (as applicable), issued by Horizon prior to the date of this deed.

**Horizon Prescribed Event** means, except to the extent expressly required or permitted by this deed or the Scheme or the transactions contemplated by either, or otherwise agreed by the parties in writing, any of the events listed in schedule 1 provided that a Horizon Prescribed Event listed in items 1 to 14 of schedule 1 will not occur where Horizon has first consulted in writing with Roc Oil in relation to the event and Roc Oil has approved in writing the proposed event or has not objected to the proposed event within 5 Business Days of having been so consulted.

**Horizon SAR** means a 'Share Appreciation Right' issued by Horizon under the Horizon Oil Long Term Incentive Plan, governed by the Horizon Oil Long Term Incentive Plan Rules dated 18 November 2010.

**Horizon Shareholders** means each person registered in the Register as a holder of Horizon Shares.

**Horizon Shares** means fully paid ordinary shares in the capital of Horizon.

**Implementation Date** means the fifth Business Day following the Record Date or such other date as Roc Oil and Horizon agree in writing.

**Incoming Directors** means such persons who are nominated in writing by Roc Oil to Horizon prior to the Effective Date.

**Independent Expert** means the independent expert and any technical expert approved by Roc Oil (such approval not to be unreasonably withheld or delayed) and appointed by Horizon under item 3 of schedule 5.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this deed); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this deed reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**Listing Rules** means the Listing Rules of ASX Limited.

**Losses** means all claims, demands, damages, losses, costs, expenses and liabilities.

**Material Contract** means a contract or commitment:

- (a) requiring total payments in excess of or which are reasonably likely to be in excess of \$10 million per annum; or
- (b) which is not entered into in the ordinary course of the business of the Roc Oil Group or the Horizon Group (as applicable).

**Merged Group** means the group comprising of the combination of the Horizon Group and the Roc Oil Group following implementation of the Merger.

**Merger** means the combination of Roc Oil and Horizon through the implementation of the Scheme.



**Merger Implementation Committee** means a committee to be made up of:

- (a) the chief executive officer of each of Roc Oil and Horizon; and
- (b) such other persons as the parties may agree from time to time.

**New Roc Oil Shares** means fully paid ordinary shares in the capital of Roc Oil to be issued under the Scheme and, to the extent applicable, as consideration for a Horizon Option.

**Optionholders** means each person who is registered in the register maintained by Horizon of holders of Horizon Options as a holder of a Horizon Option.

**Osaka Gas Asset Sale Agreement** means the Asset Sale Agreement dated 23 May 2013 between Horizon Oil (Papua) Limited, Ketu Petroleum Limited, Horizon Oil (PNG Holdings) Limited, Osaka Gas Niugini Pty Ltd, Osaka Gas Niugini E&P Pty Ltd and Osaka Gas Australia Pty Ltd.

**Outgoing Directors** means all directors of Horizon immediately prior to the Implementation Date.

**Petroleum Concession** means any petroleum licence, title, concession, production sharing contract, risk service contract or similar authority to conduct petroleum exploration, appraisal, development or production activities in any jurisdiction.

**Petroleum JOA** means a joint operating agreement, joint venture agreement, shareholders agreement or similar agreement in respect of a Petroleum Concession.

**Petroleum Sale Agreement** means an agreement for the sale of petroleum produced from a Petroleum Concession where the total payments to be received, or reasonably likely to be received, exceed \$10 million per annum.

**Record Date** means 5.00pm on the fifth Business Day following the Effective Date or such other date as Roc Oil and Horizon agree.

**Register** means the share register of Roc Oil or Horizon (as the case requires) and **Registry** has a corresponding meaning.

**Regulator's Draft** means the draft of the Scheme Booklet in a form acceptable to both parties which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

**Regulatory Approval** means any approval of a Regulatory Authority to the Merger or any aspect of it which is necessary or desirable to implement the Merger.

**Regulatory Authority** includes:

- (a) ASX, ACCC, ASIC;
- (b) the Takeovers Panel;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

**Regulatory Review Period** has the meaning given in clause 8.2(c).

**Related Body Corporate** has the meaning it has in the Corporations Act.

**Relevant Condition Precedent** has the meaning given in clause 3.4(a).

**Relevant Interest** has the same meaning as given by sections 608 and 609 of the Corporations Act.

**Representative** means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional advisor of a party.

**Roc Oil** means Roc Oil Company Limited (ACN 075 965 856).

**Roc Oil Board** means the board of directors of Roc Oil.

**Roc Oil Confidential Information** means all confidential, non-public or proprietary information regardless of how the information is stored or delivered, exchanged between the parties before, on or after the date of this deed relating to the business, technology or other affairs of the Roc Oil Group.

**Roc Oil Group** means Roc Oil and its Subsidiaries.

**Roc Oil Indemnified Parties** means Roc Oil, its officers, employees, and advisers and its Related Bodies Corporate and the officers, employees and advisers of each of its Related Bodies Corporate.

**Roc Oil Information** means the information regarding Roc Oil as is required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. For the avoidance of doubt, Roc Oil Information does not include information about the Horizon Group (except to the extent it relates to any statement of intention relating to the Horizon Group following the Effective Date).

**Roc Oil Material Adverse Change** means any one or more matters, events or circumstances which occurs, is announced or disclosed or becomes known to Horizon (in each case whether or not it becomes public) after the date of this deed which, individually or when aggregated with any other such matters, events or circumstances, results or is reasonably likely to result in:

- (a) the EBITDA in any financial year ending 31 December 2014, 31 December 2015 or 31 December 2016 being negatively impacted by \$10 million or more when compared against what it would reasonably have been expected to have been but for such matter, event or circumstance;
- (b) a reduction in the net assets of the Roc Oil Group (taken as a whole) by \$10 million or more compared to the net assets of the Roc Oil Group (taken as a whole) disclosed in the audited balance sheet for the consolidated Roc Oil Group as at 31 December 2013;
- (c) a material adverse change in the business, assets, operations, Material Contracts or prospects of the Roc Oil Group (taken as a whole); or
- (d) the Roc Oil Group being unable to carry on its business, operations, assets or exercising its rights or performing its obligations under the Material Contracts in substantially the same manner as carried on as at the date of this deed including as a result of a material regulatory approval or licence being varied, revoked, cancelled or otherwise terminated by a Government Agency,

but does not include any matter, event or circumstance:

- (a) fully and fairly disclosed on any public register maintained by ASIC;
- (b) fully and fairly disclosed in writing to Horizon or its Representatives on or before the date of this deed (including as a result of disclosures made to ASX);
- (c) arising from any general changes in law, taxation, economic, market, interest rates, global oil prices or business conditions, other than where the change does not have a proportionally equivalent effect on the Roc Oil Group relative to the Horizon Group;
- (d) arising from any change in accounting policy required by law; or
- (e) arising from any change resulting from anything expressly required by this deed, the Scheme or the transactions required to be given effect by them.

**Roc Oil Option** means an option or right (as applicable) to acquire a Roc Oil Share issued under the:

- (a) Roc Oil Executive Options Scheme;
- (b) Roc Oil Long Term Incentive Plan (2010); or
- (c) Roc Oil Equity Incentive Plan (2013).

**Roc Oil Prescribed Event** means, except to the extent expressly required or permitted by this deed or the Scheme or the transactions contemplated by either, or otherwise agreed by the parties in writing, any of the events listed in schedule 2 provided that a Roc Oil Prescribed Event listed in items 1 to 13 of schedule 2 will not occur where Roc Oil has first consulted in writing with Horizon in relation to the event and Horizon has approved the proposed event or has not objected to the proposed event within 5 Business Days of having being so consulted.

**Roc Oil Shareholders** means each person registered in the Register as a holder of Roc Oil Shares.

**Roc Oil Shares** means fully paid ordinary shares in the capital of Roc Oil.

**Scheme Booklet** means, in respect of the Scheme, the information booklet to be approved by the Court and despatched to Horizon Shareholders which must:

- (a) include the Scheme, an explanatory statement complying with the requirements of the Corporations Act and notice(s) of meeting and proxy form(s); and
- (b) comply with the Corporations Act, Corporations Regulations and ASIC Regulatory Guide 60 and the Listing Rules.

**Scheme Meeting** means the meeting to be convened by the Court at which Horizon Shareholders will vote on the Share Scheme.

**Scheme Participants** means each person who is a Horizon Shareholder at the Record Date.

**Second Court Date** means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

**Share Scheme or Scheme** means the scheme of arrangement under part 5.1 of the Corporations Act under which all the Horizon Shares will be transferred to Roc Oil substantially in the form of Annexure B together with any amendment or modification made pursuant to section 411(6) of the Corporations Act.

**Share Scheme Consideration** means the consideration payable by Roc Oil for the Horizon Shares under the Share Scheme and in accordance with clause 4.

**Subsidiaries** has the meaning it has in the Corporations Act.

**Superior Proposal** means:

- (a) in relation to a Competing Transaction received by Roc Oil, a bona fide Competing Transaction of the kind referred in paragraphs (a), (b), (c), (d) and (f) of the definition of Competing Transaction which the Roc Oil Board, acting in good faith determines is:
  - (i) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
  - (ii) more favourable to Roc Oil Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.
- (b) in relation to a Competing Transaction received by Horizon, a bona fide Competing Transaction of the kind referred to in paragraphs (a), (b), (c), (d) and (f) of the definition of Competing Transaction which the Horizon Board, acting in good faith determines is:
  - (i) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
  - (ii) more favourable to Horizon Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.

**Tax Invoice** has the meaning it has in the GST Act.

**Timetable** means the timetable set out in schedule 4.

## 1.2 References to certain general terms

Unless the contrary intention appears, a reference in this deed to:

- (a) **(variations or replacement)** a document (including this deed) includes any variation or replacement of it;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this deed;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (i) **(dollars)** United States dollars, dollars, US\$ or \$ is a reference to the lawful currency of the United States of America;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(accounting terms)** an accounting term is a reference to that term as it is used in the Accounting Standards;
- (m) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (n) **(time of day)** time is a reference to Sydney, New South Wales time.

### **1.3 Next day**

If an act under this deed to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

### **1.4 Next Business Day**

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

### **1.5 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed.

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## **2 Agreement to propose and implement Scheme**

### **2.1 Horizon to propose Scheme**

Horizon agrees to propose the Scheme on and subject to the terms and conditions of this deed.

### **2.2 Agreement to implement Merger**

The parties agree to implement the Merger on the terms and conditions of this deed.

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## 3 Conditions precedent

### 3.1 Conditions precedent

Subject to this clause 3, the Scheme will not become Effective and the obligations of Roc Oil under clause 4.2 are conditional on the satisfaction or waiver of each of the Conditions Precedent contained in schedule 3 to the extent and in the manner set out in clauses 3.2, 3.3 and 3.4.

### 3.2 Benefit of certain Conditions Precedent

A Condition Precedent may only be waived in writing by a party entitled to the benefit of that Condition Precedent as noted in the table set out in schedule 3 and will be effective only to the extent specifically set out in that waiver.

A party entitled to waive the breach or non-fulfilment of a Condition Precedent under this clause 3.2 may do so in its absolute discretion.

### 3.3 Waiver of Conditions Precedent

- (a) If either Roc Oil or Horizon waives the breach or non-fulfilment of a Condition Precedent in accordance with this clause, then subject to subclause 3.3(b), that waiver will preclude that party from suing the other for any breach of this deed arising as a result of the breach or non-fulfilment of that Condition Precedent or arising from the same event which gave rise to the breach or non-fulfilment of that Condition Precedent.
- (b) If the waiver of a Condition Precedent is itself conditional and the other party:
  - (i) accepts the condition, the terms of that condition shall apply as between the parties notwithstanding any inconsistency with clause 3.3(a); or
  - (ii) does not accept the condition, the Condition Precedent has not been waived.

### 3.4 Reasonable endeavours

Each of Roc Oil and Horizon agree, to the extent it is within their power to do so, to use reasonable endeavours to procure that:

- (a) each Condition Precedent for which its name is specified in the third column of the table in schedule 3 opposite that Condition Precedent (or both parties, if 'both' is specified in the relevant column) ("**Relevant Condition Precedent**"):
  - (i) is satisfied as soon as practicable after the date of this deed; and
  - (ii) continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence that would prevent each Relevant Condition Precedent being satisfied.

### 3.5 Regulatory matters

Without limiting clause 3.4:

- (a) (**Regulatory Approvals**) the parties must promptly apply for each Regulatory Approval set out in item 1(b) of schedule 3 and take all steps

it is responsible for as part of the approval process, including responding to requests for information from the relevant Government Agencies at the earliest practicable time;

- (b) **(representation)** subject to the requirements of the relevant Regulatory Authority, each party has the right to be represented and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval; and
- (c) **(consultation)** each party must consult with the other party in advance in relation to all material communications (whether written or oral, and whether direct or via a Representative) with any Regulatory Authority relating to any Regulatory Approval ("**Communications**") and, without limitation:
  - (i) provide the other party with drafts of any material written Communications to be sent to a Regulatory Authority, and consider in good faith and make such amendments as the other party reasonably requires; and
  - (ii) provide copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable and practicable to do so, and provided that:

- (iii) the party applying for a Regulatory Approval may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party or commercially sensitive and confidential to the applicant; and
- (iv) neither party is required to disclose materially commercially sensitive information to the other party.

### 3.6 Notices in relation to Conditions Precedent

Each party must:

- (a) **(notice of satisfaction)** promptly notify the other of satisfaction of a Condition Precedent of which it becomes aware and must keep the other informed of any material development of which it becomes aware that may lead to the breach or non-fulfilment of a Condition Precedent;
- (b) **(notice of failure)** immediately give written notice to the other of a breach or non-fulfilment of a Condition Precedent of which it becomes aware, or of any event of which it becomes aware which will prevent a Condition Precedent being satisfied;
- (c) **(notice of waiver)** upon receipt of a notice given under paragraph (b), give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent resulting from the occurrence of that event, specifying the Condition Precedent in question; and
- (d) **(certificates)** give to:
  - (i) the other (in draft), by 5.00pm on the Business Day immediately prior to the Second Court Date; and

(ii) the Court (in final form), on the Second Court Date,

a certificate signed by one of its directors and made in accordance with a resolution of its board confirming (in respect of the Conditions Precedent relating to it, other than the Condition Precedent in item 4 of schedule 3) whether or not those Conditions Precedent have been satisfied or waived.

### **3.7 Effect of waiver or non-fulfilment**

A waiver of such breach or non-fulfilment in respect of one Condition Precedent does not constitute:

- (a) a waiver of the breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
- (b) a waiver of the breach or non-fulfilment of that Condition Precedent resulting from any other event.

### **3.8 Consultation on failure of Condition Precedents**

If:

- (a) there is a breach or non-fulfilment of a Condition Precedent which is not waived in accordance with this deed by the time or date specified in this deed for the satisfaction of the Condition Precedent;
- (b) there is an act, failure to act or occurrence which will prevent a Condition Precedent being satisfied by the time or date specified in this deed for the satisfaction of the Condition Precedent (and the breach or non-fulfilment which would otherwise occur has not already been waived in accordance with this deed); or
- (c) if the Scheme has not become Effective by the End Date,

then the parties must consult in good faith with a view to determining whether:

- (d) the Scheme may proceed by way of alternative means or methods;
- (e) to extend the relevant time for satisfaction of the Condition Precedent or to adjourn or change the date of an application to the Court; or
- (f) to extend the End Date.

### **3.9 Failure to agree**

If the parties are unable to reach agreement under clause 3.8 within 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date):

- (a) subject to subclause 3.9(b), either party may terminate this deed (and such termination will be in accordance with clause 14.1(f)(i)); or
- (b) if a Condition Precedent may be waived and exists for the benefit of one party only, that party only may waive that Condition Precedent or terminate this deed (and such termination will be in accordance with clause 14.1(f)(ii)),

in each case before 8.00am on the Second Court Date. A party will not be entitled to terminate this deed pursuant to this clause 3.9 if the relevant Condition Precedent has not been satisfied or agreement cannot be reached as a result of:



- (c) a breach of this deed by that party; or
- (d) a deliberate act or omission of that party (that is not permitted or contemplated by this deed).

### **3.10 Regulatory Approval**

A Regulatory Approval will be regarded as having been obtained notwithstanding that a condition or conditions may have been attached to that Regulatory Approval if that condition is or, as the case may be, those conditions are, reasonably satisfactory to Roc Oil and Horizon.

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## **4 Outline of Share Scheme**

### **4.1 Share Scheme**

Subject to clause 3.1, on the Implementation Date:

- (a) all of the Horizon Shares will be transferred to Roc Oil; and
- (b) each Share Scheme Participant will be entitled to receive the Share Scheme Consideration for each Horizon Share held by it at the Record Date.

### **4.2 Share Scheme Consideration**

Subject to clause 4.3, Roc Oil covenants in favour of Horizon (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to Roc Oil of each Horizon Share held by a Share Scheme Participant under the terms of the Share Scheme, Roc Oil will accept that transfer and issue to each Scheme Participant 0.724 New Roc Oil Shares for each Horizon Share held by the Share Scheme Participant at the Record Date in accordance with the terms of the Share Scheme.

### **4.3 Fractional elements**

If the number of Horizon Shares held by a Scheme Participant means that their aggregate entitlement to New Roc Oil Shares is not a whole number, then any fractional entitlement will be rounded to the nearest whole number of New Roc Oil Shares.

### **4.4 Foreign Horizon Securityholders**

Roc Oil will, unless satisfied that the laws of a Foreign Horizon Securityholder's country of residence (as shown in the Register) permit the issue of New Roc Oil Shares to the Foreign Horizon Securityholder (either unconditionally or after compliance with conditions which Roc Oil regards as acceptable and not unduly onerous and not unduly impracticable), issue the New Roc Oil Shares to which a Foreign Horizon Securityholder would otherwise become entitled to a nominee appointed by Roc Oil who will sell those New Roc Oil Shares and pay to that Foreign Horizon Securityholder the proceeds received, after deducting any applicable brokerage, taxes and charges in accordance with the Scheme.

### **4.5 Shares to rank equally**

Roc Oil covenants in favour of Horizon (in its own right and on behalf of each Scheme Participant) that:

- (a) all New Roc Oil Shares issued pursuant to clause 4.2 will, upon their issue, rank equally with all other Roc Oil Shares then on issue;

- (b) it will do everything reasonably necessary to ensure that trading in the New Roc Oil Shares commences no later than the first Business Day after the Implementation Date; and
- (c) on issue, each New Roc Oil Share will be fully paid and free from any Encumbrance.

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## **5 Horizon Options and Horizon SARs**

### **5.1 Proposed treatment of Horizon Options**

- (a) Each of Roc Oil and Horizon agree to use their respective best endeavours to procure that the treatment of Horizon Options and Horizon SARs is determined as promptly as possible after the date of this deed and in any event so that it is set out in full in the Scheme Booklet.
- (b) Subject to clause 3.1, the Share Scheme becoming Effective and clause 5.1(c) below:
  - (i) each of Roc Oil and Horizon will use their respective best endeavours to procure that:
    - (A) the Horizon Options are transferred to Roc Oil or cancelled prior to the Record Date; and
    - (B) the Optionholders will be provided with consideration for the transfer or cancellation of the Horizon Options that are reasonably acceptable to Horizon, the Optionholders and Roc Oil;
  - (ii) Horizon will seek a waiver from the ASX in relation to the requirements of Listing Rule 6.23 in order to allow the cancellation of the Horizon Options without a meeting of Horizon Shareholders;
  - (iii) Horizon will prepare a deed that is acceptable to Roc Oil (acting reasonably), which is intended to be entered into by Roc Oil, Horizon and each Optionholder as at the date immediately before the Record Date, which will, subject to clause 5.1(c), provide for the transfer or cancellation of the Horizon Options in consideration for the issue of or grant to Optionholders of all or any combination of the following as reasonably agreed with Roc Oil and each relevant Optionholder:
    - (A) a cash amount;
    - (B) in the case of Horizon Options that are not Horizon SARs, options to acquire Roc Oil Shares; or
    - (C) in the case of Horizon SARs, performance entitlements over Roc Oil Shares; and
  - (iv) Horizon will procure that no performance conditions are waived or accelerated under any Horizon Options or Horizon SARs and that no unvested Horizon Options or Horizon SARs otherwise have their vesting accelerated including by a decision of the Horizon Board, unless otherwise agreed between the parties having regard to clauses 5.1(c) and 5.1(d), acting reasonably.

- (c) For the purposes of clause 5.1(b), Horizon and Roc Oil agree to use their respective best endeavours to agree:
  - (i) the amount or quantum of consideration which will be provided to Optionholders in consideration for the transfer or cancellation of the Horizon Options;
  - (ii) the terms of any consideration which will be provided to Optionholders in consideration for the transfer or cancellation of the Horizon Options, including the terms of any options to acquire Roc Oil Shares or performance entitlements over Roc Oil Shares; and
  - (iii) the process and method through which the Horizon Options will be transferred or cancelled and the relevant consideration provided to the Optionholders, including, without limitation, any determinations Horizon will be making with respect to the Horizon Options to facilitate the relevant transfer, cancellation and provision of consideration,

in accordance with the principle that Optionholders will be put in a commercially equivalent position.
- (d) Without limiting the generality of the foregoing, Horizon and Roc Oil agree to use their respective best endeavours to agree the matters in paragraphs 5.1(c)(i) to 5.1(c)(iii) in such a way that there is no requirement to provide a disclosure document under the Corporations Act (or an offering document required for the purposes of any other applicable securities law) in respect of the consideration provided for the transfer or cancellation of the Horizon Options.

## **5.2 Regulatory confirmations**

The obligations of the parties under clause 5.1 will be conditional on:

- (a) ASX granting a waiver from rule 6.23 of the Listing Rules in relation to the Horizon Options or Horizon Shareholders giving any necessary approvals under rule 6.23 of the Listing Rules in relation to the Horizon Options;
- (b) if Horizon determines that it is reasonably necessary, Horizon obtaining a ruling or such other guidance from the Australian Taxation Office with respect to the tax treatment of Optionholders in relation to the transactions contemplated with respect to the Horizon Options as it considers reasonably appropriate; and
- (c) the Share Scheme becoming Effective.

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## **6 Co-operation and timing**

### **6.1 General obligations**

Roc Oil and Horizon must each:

- (a) use all reasonable endeavours and commit all reasonably necessary resources (including reasonably necessary management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers work in good faith and in a timely and co-operative fashion with the other party (including by attending such meetings and by providing such information as in each case may reasonably be required),

to produce the Scheme Booklet and implement the Scheme in accordance with the Timetable.

## **6.2 Merger Implementation Committee**

- (a) The parties must establish a Merger Implementation Committee as soon as possible after the date of this deed.
- (b) The role of the Merger Implementation Committee will be to act as a forum for consultation and planning by the parties to:
  - (i) facilitate satisfaction of the Conditions Precedent;
  - (ii) produce the Scheme Booklet; and
  - (iii) implement the Scheme and the Merger.
- (c) Subject to this deed, nothing in this clause requires either party to act at the direction of the other. The business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this deed constitutes the relationship of a partnership or a joint venture between the parties and for the avoidance of doubt, the Merger Implementation Committee is a consultative body only that will make recommendations to the parties.

## **6.3 Access to people and information**

Between the date of this deed and the earlier of 5.00pm on the Business Day immediately before the Second Court Date and the date this deed is terminated, the parties and their Subsidiaries must provide one another, and their respective officers and advisers, with reasonable access to their officers and advisers and documents, records, and other information (subject to any existing confidentiality obligations owed to third parties, or applicable privacy laws) which the other party reasonably requests, including monthly management accounts at mutually convenient times for the purpose of:

- (a) implementation of the Scheme; and
- (b) any other purpose agreed between the parties,

provided that:

- (c) nothing in this clause will require Roc Oil or Horizon (as applicable) to provide information concerning the consideration of the Scheme by the respective Boards of Roc Oil or Horizon (as applicable); and
- (d) providing information to Roc Oil or Horizon (as applicable) pursuant to this clause does not result in unreasonable disruptions to the business of the Roc Oil Group or Horizon Group.

## **6.4 Right to separate representation**

Each party is entitled to separate representation at all Court proceedings relating to the Scheme. Nothing in this deed is to be taken to give Roc Oil or Horizon (as applicable) any right or power to make or give undertakings to the Court for or on behalf of the other party.

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## 7 Implementation obligations of the parties

### 7.1 Horizon's obligations

Horizon must comply with the obligations of Horizon set out in schedule 5 and take all reasonable steps to implement the Scheme as soon as is reasonably practicable having regard to the Timetable and in any event prior to the End Date.

### 7.2 Roc Oil's obligations

Roc Oil must comply with the obligations of Roc Oil set out in schedule 6 and take all reasonable steps to assist Horizon to implement the Scheme as soon as reasonably practicable having regard to the Timetable and in any event prior to the End Date.

### 7.3 Appointment/retirement of Horizon directors

Without limiting clause 9, if requested by Roc Oil in writing at any time in the period commencing on the Effective Date, Horizon must use its reasonable endeavours to:

- (a) procure that each of the Outgoing Directors retires from the Horizon Board with effect from the Implementation Date; and
- (b) cause the appointment of each Incoming Director to the Horizon Board with effect from the Implementation Date.

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## 8 Scheme Booklet

### 8.1 Preparation

Without limiting clauses 7.1 or 7.2:

- (a) **(preparation)**: subject to clause 8.3(c) and 8.5, Horizon is generally responsible for the preparation of the Scheme Booklet but will provide drafts to and consult with Roc Oil in accordance with clause 8.2;
- (b) **(compliance)** Horizon must take all necessary steps to endeavour to ensure that the Scheme Booklet other than the Roc Oil Information:
  - (i) complies with the requirements of:
    - (A) the Corporations Act and the Corporations Regulations;
    - (B) ASIC Regulatory Guide 60; and
    - (C) the Listing Rules; and
  - (ii) is not, having regard to applicable disclosure requirements, misleading or deceptive in any material respect (including because of any material omission); and
- (c) **(responsibility statement)** Horizon agrees to include a statement in the Scheme Booklet that Horizon is responsible for the Scheme Booklet other than the Roc Oil Information and any other parts of the Scheme Booklet for which Horizon is not responsible (such as any report by any Independent Expert).

## 8.2 Drafts of the Scheme Booklet

Horizon must:

- (a) **(consult Roc Oil):**
  - (i) provide to Roc Oil successive drafts of the Scheme Booklet for the purpose of enabling Roc Oil to review and comment on those draft documents;
  - (ii) take the comments made by Roc Oil or its Representatives into account in good faith when producing a revised draft of the Scheme Booklet; and
  - (iii) provide to Roc Oil the proposed Regulator's Draft at least 5 Business Days before it is submitted to ASIC to enable Roc Oil to review and comment on the proposed Regulator's Draft;
- (b) **(amend Scheme Booklet)** implement such changes to those parts of the Scheme Booklet relating to Roc Oil which are provided in accordance with clause 8.2(a) as reasonably requested by Roc Oil and prior to finalising the Regulator's Draft;
- (c) **(Regulatory Review Period)** during the period within which ASIC has to review the draft Scheme Booklet ("**Regulatory Review Period**"):
  - (i) promptly provide to Roc Oil, and include in revised drafts of the Scheme Booklet, any new information not included in the Regulator's Draft which is required by the Corporations Act, Corporations Regulations, ASIC Regulatory Guide 60 or the Listing Rules to be included in the Scheme Booklet, and promptly provide each such revised draft of the Scheme Booklet to Roc Oil for its review and comment; and
  - (ii) keep Roc Oil informed of any matters raised by ASIC in relation to the Scheme Booklet of the Scheme and use all reasonable endeavours, in co-operation with Roc Oil, to resolve any such matters; and
- (d) **(Horizon Information)** obtain approval from Roc Oil for the form and context in which the Roc Oil Information appears in the Scheme Booklet.

## 8.3 Roc Oil information

Roc Oil:

- (a) must consult with Horizon as to the content of the Roc Oil Information;
- (b) subject to it having approved the Roc Oil Information in the Scheme Booklet in accordance with clause 8.2(d), consents to the inclusion of the Roc Oil Information in the Scheme Booklet; and
- (c) acknowledges that:
  - (i) it is responsible for ensuring that the Roc Oil Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and that Horizon will not verify or edit that information in the Scheme Booklet; and
  - (ii) the Scheme Booklet will state that Roc Oil is responsible for the Roc Oil Information.

## **8.4 Disagreement on content**

If Horizon and Roc Oil disagree on the form or content of the Scheme Booklet, they must consult in good faith to try to settle the agreed form of the Scheme Booklet. If complete agreement is not reached after reasonable consultation, then:

- (a) if the disagreement relates to the form or content of the Roc Oil Information contained in the Scheme Booklet, Horizon will make such amendments as Roc Oil reasonably requires; and
- (b) if the disagreement relates to the form or content of any other part of the Scheme Booklet, the Horizon Board will, acting in good faith, decide the final form or content of the disputed part of the Scheme Booklet.

## **8.5 Verification**

Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

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# **9 Profile of the Merged Group**

## **9.1 Board and Chairman**

The parties agree that on implementation of the Merger:

- (a) the Chairman of Roc Oil (Mr Michael Harding) and two other non-executive directors of Roc Oil will be appointed (by continuing as directors of Roc Oil) to the Board of the Merged Group with effect from the Implementation Date;
- (b) Roc Oil will procure that, other than the Roc Oil directors referred to in clause 9.1(a), each other director of Roc Oil will retire from the Roc Oil Board with effect from the Implementation Date;
- (c) four non-executive directors of Horizon and Mr Brent Emmett as Managing Director will be appointed to the Board of the Merged Group with effect from the Implementation Date (it being acknowledged that it is the intention of the parties that one of the non-executive directors of Horizon appointed to the Board of the Merged Group under this clause 9.1(c) will retire from the Board of the Merged Group at or before the 2015 annual general meeting of the Merged Group); and
- (d) the Chairman of Roc Oil (Mr Michael Harding) will be the Chairman of the Merged Group with effect from the Implementation Date.

## **9.2 Chief Executive Officer and Managing Director**

The parties agree that the Chief Executive Officer of Horizon (Mr Brent Emmett) will be the Chief Executive Officer and Managing Director of the Merged Group following implementation of the Merger.

## **9.3 Senior management**

The parties agree that:

- (a) the senior management of the Merged Group will be determined by the Board of the Merged Group;
- (b) any decision made by the Board of the Merged Group pursuant to clause 9.3(a) must be based on the recommendations of the Chief Executive Officer of Horizon as at the date of this deed (Mr Brent Emmett) and the

Chief Executive Officer of Roc Oil as at the date of this deed (Mr Alan Linn); and

- (c) any recommendation provided by the Chief Executive Officer of each of Horizon and Roc Oil as at the date of this deed pursuant to clause 9.3(b) must be based on the skills, experience, knowledge and expertise required to manage the Merged Group and its assets.

## **9.4 Branding and operation**

- (a) The parties agree that the Merged Group intends to:
  - (i) use the 'Roc Oil' brand, including any associated trade marks and logos in the conduct of its business in China and South East Asia, which will include, for the avoidance of doubt Malaysia and Myanmar;
  - (ii) use the 'Horizon Oil' brand, including any associated trade marks and logos in the conduct of its business in Papua New Guinea and New Zealand; and
  - (iii) consider in good faith the brand to be used by the Merged Group in any other countries not specified in this clause 9.4(a).
- (b) The parties agree that the Merged Group intends to maintain the operating capability of each of the Roc Oil Group and the Horizon Group in the respective jurisdictions in which they operate as at the date of this deed.

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# **10 Conduct of business**

## **10.1 Overview**

- (a) From the date of this deed up to and including the Implementation Date, each of Horizon and Roc Oil must conduct their respective businesses:
  - (i) in the ordinary and usual course;
  - (ii) materially in accordance with applicable laws and the terms and conditions of the Petroleum Concessions to which they and their Subsidiaries are respectively party; and
  - (iii) consistent with the most recent business plans and budgets for:
    - (A) the Roc Oil Group disclosed to Horizon; and
    - (B) the Horizon Group disclosed to Roc Oil,prior to the date of this deed,except:
  - (iv) as approved otherwise in advance by Horizon or Roc Oil (as applicable) in writing;
  - (v) to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property); or
  - (vi) which is necessary for Horizon or Roc Oil (or their Subsidiaries) to meet their respective legal or contractual obligations.



- (b) Horizon or Roc Oil (as applicable) must not unreasonably withhold any approval sought under clause 10.1(a).

## 10.2 Specific obligations

Without limiting clause 10.1 and other than with the prior approval of Horizon or Roc Oil, as applicable (which approval must not be unreasonably withheld or delayed) or as required by this deed, each of Horizon and Roc Oil must, during the period contemplated by clause 10.1, use all reasonable endeavours to:

- (a) **(business and assets)** maintain its business and assets;
- (b) **(officers and employees)** keep available the services of its officers and employees;
- (c) **(relationships)** preserve its relationships with customers, suppliers, licensors, licensees, joint venturers, Government Agencies and others with whom it has business dealings;
- (d) **(change of control provisions)** identify any change of control or similar provisions in any Material Contract or any joint venture documentation and obtain the consents of relevant persons who have rights in respect of those persons to the transactions contemplated by the Merger; and
- (e) **(compliance)** maintain all material required regulatory permits, and obtain all material required regulatory approvals, which are necessary for the conduct of the operations of the business in each jurisdiction in which any member of the Roc Oil Group or Horizon Group (as applicable) operates, where failure to maintain any such regulatory permits or regulatory approvals would result in a Roc Oil Material Adverse Change or Horizon Material Adverse Change (as applicable).

## 10.3 Prohibited actions

Other than with the prior approval of Horizon or Roc Oil, as applicable (which approval must not be unreasonably withheld or delayed) or as required by this deed, each of Horizon and Roc Oil must not (and must each procure that its Subsidiaries do not), during the period referred to in clause 10.1:

- (a) **(Petroleum Concessions):**
  - (i) surrender a Petroleum Concession, except for a compulsory surrender in accordance with applicable laws;
  - (ii) vary, or waive its rights in a material way under, a Petroleum Concession;
- (b) **(Petroleum JOAs):**
  - (i) voluntarily withdraw from a Petroleum JOA;
  - (ii) give notice of or otherwise institute any sole risk or non-consent operation under a Petroleum JOA; or
  - (iii) vary, or waive its rights in a material way under, a Petroleum JOA;
- (c) **(employment agreements)** increase the remuneration of or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or employees, other than in accordance with clause 5.1;

- (d) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind, other than in accordance with clause 5.1;
- (e) **(termination payments)** pay a director, executive or employee a termination payment, other than in accordance with clause 5.1 or as provided for in an existing employment contract in place as at the date of this deed and a copy of which has previously been provided to the other party;
- (f) **(financial arrangements)** amend in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this deed;
- (g) **(dividends)** announce, declare or pay any dividends;
- (h) **(Prescribed Event)** take any action which would be reasonably expected to give rise to a Roc Oil Prescribed Event or a Horizon Prescribed Event (as applicable); or
- (i) **(agreement)** agree to do any of the matters set out above.

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## 11 Exclusivity

### 11.1 No existing discussions

Each of Roc Oil and Horizon represents and warrants that, other than the discussions with the other party and its Representatives in respect of the Merger, neither Roc Oil or Horizon nor any of their respective Related Bodies Corporate nor any of their respective Representatives is in negotiations or discussions in respect of or with a view to any Competing Transaction with any person.

### 11.2 No-shop

During the Exclusivity Period, each of Roc Oil and Horizon must ensure that neither it nor any of its Related Bodies Corporate nor any of their respective Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any enquiries, offers, proposals, expressions of interest, negotiations or discussions in connection with or with a view to obtaining any Competing Transaction; or
- (b) communicates any intention to do any of these things.

### 11.3 No-talk

Subject to clause 11.4, during the Exclusivity Period, each of Roc Oil and Horizon must ensure that neither it nor any of its Related Bodies Corporate nor any of their respective Representatives:

- (a) negotiates or enters into any Competing Transaction;
- (b) provides any non-public information (including due diligence information) to a third party in connection with a Competing Transaction or with a view to obtaining a Competing Transaction; or
- (c) participates in negotiations or discussions with any third party in connection with a Competing Transaction or with a view to obtaining a Competing Transaction,

even if the Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Roc Oil or Horizon (as applicable) or any of its Related

Bodies Corporate or any of their respective Representatives or if the third party has publicly announced the Competing Transaction.

#### 11.4 Exceptions to no-talk

- (a) Clause 11.3 does not apply to the extent that it restricts a party or that party's Board from taking or refusing to take any action in relation to a bona fide Competing Transaction (which was not solicited, invited or initiated in contravention of clause 11.2) if the relevant party's Board has determined, in good faith and acting reasonably that:
  - (i) after consultation with its financial advisors, that such a bona fide Competing Transaction could reasonably be considered to become a Superior Proposal; and
  - (ii) after receiving written legal advice, that failing to respond to such a bona fide Competing Transaction would be likely to constitute a breach of the that party's Board's fiduciary or statutory obligations.
- (b) Clause 11.3 does not prevent Roc Oil or Horizon (as applicable) from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Merger.

#### 11.5 Notifications

- (a) A party (**first party**) must promptly inform the other party (**second party**) in writing if the first party is relying on the exemption in clause 11.4.
- (b) During the Exclusivity Period, the first party must promptly inform the second party if the first party, or any of its Related Bodies Corporate or any of their respective Representatives, receives any approach with respect to or with a view to any Competing Transaction and must disclose to the second party:
  - (i) the fact that such an approach has been made and whether the first party or any of its Representatives are in discussions with the proponent of the Competing Transaction;
  - (ii) the identity of the proponent of the Competing Transaction;
  - (iii) the material details of the approach; and
  - (iv) if discussions with the proponent of the Competing Transaction are subsequently discontinued,except to the extent the first party's Board has determined, acting in good faith, after receiving advice from the first party's external legal advisers and, if appropriate, from its financial advisers, that giving notice to the second party in accordance with this clause 11.5(b) would be likely to constitute a breach of the first party's Board's fiduciary or statutory obligations.
- (c) The first party must promptly notify the second party in writing if it is relying on the exception in clause 11.5(b).

#### 11.6 Legal advice

Each party acknowledges that it has received legal advice on this deed and the operation of this clause 11.

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## **12 Representations and warranties**

### **12.1 Roc Oil's representations and warranties**

Roc Oil represents and warrants to Horizon (on its own behalf and separately as trustee or nominee for each of the Horizon directors) that, other than as disclosed to Horizon in writing on or prior to the date of this deed (with such disclosure being accepted in writing by Horizon), each of the statements set out in schedule 7 is true and correct in all material respects as at the date of this deed and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

### **12.2 Roc Oil's indemnity**

Subject to clause 17, Roc Oil indemnifies the Horizon Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.1 not being true and correct in any material respect.

### **12.3 Roc Oil warranty certificate**

Roc Oil must provide to Horizon by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Roc Oil and made in accordance with a resolution of the Roc Oil Board stating, as at that date, that the representations or warranties given by Roc Oil in clause 12.1 remain true and accurate in all material respects or, if any such representation or warranty is not true and accurate in any material respects as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

### **12.4 Horizon's representations and warranties**

Horizon represents and warrants to Roc Oil (on its own behalf and separately as trustee or nominee for each of the Roc Oil directors) that, other than as disclosed in writing to Roc Oil on or prior to the date of this deed (with such disclosure being accepted in writing by Roc Oil), each of the statements set out in schedule 8 is true and correct in all material respects as at the date of this deed and as at 5.00pm on the Business Day immediately prior to the Second Court Date.

### **12.5 Horizon's indemnity**

Subject to clause 17, Horizon indemnifies the Roc Oil Indemnified Parties against all Losses incurred directly or indirectly as a result of any of the representations and warranties in clause 12.4 not being true and correct in any material respect.

### **12.6 Horizon warranty certificate**

Horizon must provide to Roc Oil by 5.00pm on the Business Day immediately prior to the Second Court Date a certificate signed by a director of Horizon and made in accordance with a resolution of the Horizon Board stating, as at that date, that the representations and warranties given by Horizon in clause 12.4 remain true and accurate in all material respects or, if any such representation or warranty is not true and accurate in any material respects as at that date, providing complete particulars of the facts and matters which make the representation or warranty untrue or inaccurate.

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## **13 Court proceedings**

### **13.1 Appeal process**

- (a) If the Court refuses to make orders convening the Scheme Meeting or approving the Share Scheme, Horizon and Roc Oil must appeal the Court's decision to the fullest extent possible except to the extent that:
  - (i) the parties agree in writing otherwise;

- (ii) Queen's Counsel or Senior Counsel representing that party in relation to the Scheme advises in writing that, in their opinion, an appeal would likely have less than a 50% prospect of success; or
  - (iii) there is, in the bona-fide view of the Horizon Board a Superior Proposal which should be recommended in preference to the Scheme.
- (b) In the event of a circumstance referred to in clause 13.1(a), either party may terminate this deed in accordance with clause 14.1(f)(iii).

## 13.2 Defence of proceedings

Each of Horizon and Roc Oil must vigorously defend, or must cause to be vigorously defended, any lawsuits or other legal proceeding brought against it (or any of its Subsidiaries) challenging this deed or the completion of the Merger. Neither Horizon nor Roc Oil will settle or compromise (or permit any of its Subsidiaries to settle or compromise) any claim brought in connection with this deed without the prior written consent of the other, such consent not to be unreasonably withheld.

## 13.3 Costs

Any costs incurred as a result of the operation of this clause 13 will be borne equally by each party.

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# 14 Termination

## 14.1 Termination events

Without limiting any other provision of this deed (including clauses 3.9 and 13.1), this deed may be terminated:

- (a) **(End Date)** by either party, if the Scheme has not become Effective by the End Date;
- (b) **(change in recommendation)** by Roc Oil, at any time prior to 8.00am on the Second Court Date if the majority of the Horizon Board changes its recommendation to the Scheme Participants that they vote in favour of the resolution to approve the Scheme, including any adverse modification to its recommendation, or otherwise makes a public statement indicating that it no longer supports the Merger referred to in item 5(a) of schedule 5 or comply with item 5(b) of schedule 5;
- (c) **(material breach)** by either Horizon or Roc Oil (**Non-Defaulting Party**), at any time prior to 8.00am on the Second Court Date, if the other party (**Defaulting Party**) is in material breach of any clause of this deed (including a warranty), taken in the context of the Merger as a whole, where the loss to the Non Defaulting Party that could reasonably be expected to follow from such a breach would exceed \$5,000,000 provided that either Horizon or Roc Oil, as the case may be, has, if practicable, given notice to the other setting out the relevant circumstances and stating an intention to terminate this deed and, the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) after the time such notice is given;
- (d) **(not approved)** by either party, if the resolution submitted to the Scheme Meeting is not approved by the requisite majorities;

- (e) **(restraint)** by either party, if a Court or other Regulatory Authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Merger;
- (f) **(consultation or appeal failure)** in accordance with and pursuant to:
  - (i) clause 3.9(a);
  - (ii) clause 3.9(b); or
  - (iii) clause 13.1;
- (g) **(Independent Expert)** by either party if the Independent Expert opines that the Share Scheme is not in the best interests of Horizon Shareholders;
- (h) **(Insolvency)** by either party if the other party or any of their Related Bodies Corporate becomes Insolvent; or
- (i) **(agreement)** if agreed to in writing by Horizon and Roc Oil.

## 14.2 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this deed.

## 14.3 Effect of Termination

In the event that a party terminates this deed, or if this deed otherwise terminates in accordance with its terms, then in either case all further obligations of the parties under this deed, other than the obligations set out in clauses 16, 19 and 20 will immediately cease to be of further force and effect without further liability of any party to the other, provided that nothing in this clause releases any party from liability for any pre-termination breach of this deed.

## 14.4 Damages

- (a) Subject to clause 14.4(b) below, in addition to the right of termination under clause 14.1 where there is no appropriate remedy for the breach in this deed (other than termination), the non-defaulting party is entitled to damages for Losses suffered by it and expenses incurred by it as a result of the breach of the terms of this deed.
- (b) The maximum amount of damages recoverable under clause 14.4(a) is \$5 million.

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# 15 Public announcements

## 15.1 Public announcement of Scheme

Immediately after signing this deed, Roc Oil and Horizon will issue public announcements in the form contained in Annexure A.

## 15.2 Required disclosure

Where a party is required by law, the Listing Rules or a memorandum of understanding with a Regulatory Authority to make any announcement or make any disclosure relating to a matter the subject of the Merger, it may do so only after it has given the other party as much notice as possible and has consulted to the fullest extent possible in the circumstances with the other party and its legal advisers.

### **15.3 Other announcements**

Subject to clauses 15.1 and 15.2, no party may make any public announcement or disclosure in connection with the Merger (including disclosure to a Regulatory Authority) other than in a form approved by each party (acting reasonably). Each party will use all reasonable endeavours to provide such approval as soon as practicable.

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## **16 Confidential Information**

### **16.1 Disclosure of Horizon Confidential Information**

No Horizon Confidential Information may be disclosed by Roc Oil to any person except:

- (a) Representatives of Roc Oil or its Related Bodies Corporate requiring the information for the purposes of this deed;
- (b) with the consent of Horizon;
- (c) if Roc Oil is required to do so by law or by a stock exchange; or
- (d) if Roc Oil is required to do so in connection with legal proceedings relating to this deed.

### **16.2 Use of Horizon Confidential Information**

Roc Oil must use the Horizon Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any Horizon Confidential Information to the competitive disadvantage of Horizon or any of its Related Bodies Corporate).

### **16.3 Disclosure of Roc Oil Confidential Information**

No Roc Oil Confidential Information may be disclosed by Horizon to any person except:

- (a) Representatives of Horizon or its Related Bodies Corporate requiring the information for the purposes of this deed;
- (b) with the consent of Roc Oil;
- (c) if Horizon is required to do so by law or by a stock exchange; or
- (d) if Horizon is required to do so in connection with legal proceedings relating to this deed.

### **16.4 Use of Roc Oil Confidential Information**

Horizon must use the Roc Oil Confidential Information exclusively for the purpose of due diligence and preparing the Scheme Booklet and for no other purpose (and must not make any use of any Roc Oil Confidential Information to the competitive disadvantage of Roc Oil or any of its Related Bodies Corporate).

### **16.5 Disclosure by recipient of Confidential Information**

Any party disclosing information under clause 16.1(a) or 16.1(b) or clause 16.3(a) or 16.3(b) must use all reasonable endeavours to ensure that persons receiving Confidential Information from it do not disclose the information except in the circumstances permitted in clause 16.1 or clause 16.3.

## **16.6 Excluded Information**

Clauses 16.1, 16.2, 16.3, 16.4 and 16.5 do not apply to the Excluded Information.

## **16.7 Return of Confidential Information**

A party who has received Confidential Information from another under this deed must, on the request of the other party, immediately deliver to that party all documents or other materials containing or referring to that information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clauses 16.1(a), 16.1(b), 16.3(a) or 16.3(b).

## **16.8 Termination**

This clause 16 will survive termination (for whatever reason) of this deed.

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# **17 Releases**

## **17.1 Roc Oil and Roc Oil directors and officers**

- (a) Horizon releases its rights, and agrees with Roc Oil that it will not make a claim, against any Roc Oil Indemnified Party as at the date of this deed and from time to time in connection with:
  - (i) any breach of any representations and warranties of Roc Oil or any other member of the Roc Oil Group in this deed; or
  - (ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Roc Oil Indemnified Party has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 17.1(a) limits Horizon's rights to terminate this deed under clause 14.1(c).

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Roc Oil receives and holds the benefit of this clause to the extent it relates to each Roc Oil Indemnified Party as trustee for each of them.

## **17.2 Horizon and Horizon directors and officers**

- (a) Roc Oil releases its rights, and agrees with Horizon that it will not make a claim, against any Horizon Indemnified Party as at the date of this deed and from time to time in connection with:
  - (i) any breach of any representations and warranties of Horizon or any other member of the Horizon Group in this deed; or
  - (ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Horizon Indemnified Party has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 17.2(b) limits Roc Oil's rights to terminate this deed under clause 14.1(c).



- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Horizon receives and holds the benefit of this clause to the extent it relates to each Horizon Indemnified Party as trustee for each of them.

### **17.3 Deeds of indemnity and insurance**

- (a) Subject to the Share Scheme becoming Effective and the Merger completing, Roc Oil undertakes in favour of Horizon and each other person who is a Horizon Indemnified Party that it will:
  - (i) subject to clause 17.3(d) below, for a period of 6 years from the Implementation Date, ensure that the constitutions of Horizon and each other Horizon Group member continues to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a Horizon Group member; and
  - (ii) procure that Horizon and each Horizon Group member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained, subject to clause 17.3(a), for a period of 6 years from the retirement date of each director and officer so long as it is available on commercially reasonable terms.
- (b) The undertakings contained in clause 17.3(a) are subject to any Corporations Act restriction and will be read down accordingly.
- (c) Horizon receives and holds the benefit of clause 17.3(a), to the extent it relates to the other Horizon Indemnified Parties, as trustee for them.
- (d) The undertakings contained in clause 17.3(a) are given until the earlier of the end of the relevant period specified in clause 17.3(a) or the relevant Horizon Group member ceasing to be part of the Horizon Group.

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## **18 Notices and other communications**

### **18.1 Form - all communications**

Unless expressly stated otherwise in this deed, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed must be:

- (a) in writing, including by email;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

### **18.2 Form - communications sent by email**

Communications sent by email need not be marked for attention in the way stated in clause 18.1. However, the email must state the first and last name of the sender.

Communications sent by email are taken to be signed by the named sender.

### **18.3 Delivery**

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details;
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

### **18.4 When effective**

Communications take effect from the time they are received or taken to be received under clause 18.5 (whichever happens first) unless a later time is specified.

### **18.5 When taken to be received**

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or
- (c) if sent by email;
  - (i) when the sender receives an automated message confirming delivery; or
  - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

### **18.6 Receipt outside business hours**

Despite clauses 18.4 and 18.5, if communications are received or taken to be received under clause 18.5 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

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## **19 Goods and services tax (GST)**

### **19.1 Consideration GST exclusive**

Unless expressly stated otherwise in this deed, all amounts payable or consideration to be provided under this deed are exclusive of GST.

## 19.2 Payment of GST

If GST is payable on any supply made under this deed, for which the consideration is not expressly stated to include GST, the recipient agrees to pay to the supplier an additional amount equal to the GST payable at the same time that the consideration for the supply, or the first part of the consideration for the supply (as the case may be), is to be provided. However:

- (a) the recipient need not pay the additional amount until the supplier gives the recipient a tax invoice or an adjustment note;
- (b) if an adjustment event arises in respect of the supply, the additional amount must be adjusted to reflect the adjustment event and the recipient or the supplier (as the case may be) must make any payments necessary to reflect the adjustment; and
- (c) this clause 19.2 does not apply to the extent that the GST on the supply is payable by the recipient under Division 84 of the GST Act.

## 19.3 Reimbursements

If a party is required under this deed to indemnify another party, or pay or reimburse costs of another party, that party agrees to pay the relevant amount less any input tax credits to which the other party (or to which the representative member for a GST group of which the other party is a member) is entitled.

## 19.4 Calculation of payments

If an amount payable under this deed is to be calculated by reference to:

- (a) the price to be received for a taxable supply then, for the purposes of that calculation, the price is reduced to the extent that it includes any amount on account of GST; and
- (b) the price to be paid or provided for an acquisition then, for the purposes of that calculation, the price is reduced to the extent that an input tax credit is available for the acquisition.

## 19.5 Interpretation

For the purposes of this clause 19:

- (a) a term which has a defined meaning in the GST Act has the same meaning when used in this clause 19;
- (b) “GST Act” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth); and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as though it is a separate supply.

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## 20 Miscellaneous

### 20.1 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this deed expressly states otherwise.

## **20.2 Partial exercising of rights**

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

## **20.3 No liability for loss**

A party is not liable for loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this deed.

## **20.4 Approvals and consents**

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

## **20.5 Conflict of interest**

The parties' rights and remedies under this deed may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

## **20.6 Remedies cumulative**

The rights and remedies in this deed are in addition to other rights and remedies given by law independently of this deed.

## **20.7 Variation and waiver**

A provision of this deed or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

## **20.8 No merger**

The warranties, undertakings and indemnities in this deed do not merge on the Implementation Date.

## **20.9 Indemnities**

The indemnities in this deed are continuing obligations, independent from the other obligations of the parties under this deed and continue after this deed ends. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under this deed.

## **20.10 Enforceability**

For the purpose of this deed:

- (a) Roc Oil is taken to be acting as agent and trustee on behalf of and for the benefit of all Roc Oil Indemnified Parties; and
- (b) Horizon is taken to be acting as agent and trustee on behalf of and for the benefit of all Horizon Indemnified Parties,

and all of those persons are to this extent taken to be parties to this deed.

## **20.11 Further steps**

Each party agrees, at its own expense, to do anything the other party reasonably asks (such as obtaining consents, signing and producing documents and getting documents completed and signed):

- (a) to bind the party and any other person intended to be bound under this deed; or
- (b) to show whether the party is complying with this deed.

## **20.12 Construction**

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this deed or any part of it.

## **20.13 Costs**

The parties agree to pay their own legal and other costs and expenses in connection with the preparation, execution and completion of this deed and other related documentation except for stamp duty.

## **20.14 Stamp duty**

Roc Oil agrees to pay all stamp duty (including fines and penalties) payable and assessed by legislation or by any revenue office on this deed or the Scheme and in respect of a transaction evidenced by this deed or the Scheme.

## **20.15 Entire agreement**

This deed constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter, other than the confidentiality agreement between the parties dated 17 October 2013 (**CA**), provided that the terms of this deed prevail to the extent of any inconsistency between this deed and the CA.

## **20.16 Assignment**

A party may not assign or otherwise deal with its rights under this deed or allow any interest in them to arise or be varied in each case, without the consent of the other party.

## **20.17 No representation or reliance**

Each party acknowledges that:

- (a) no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed;
- (b) it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed; and
- (c) paragraphs 20.17(a) and 20.17(b) above do not prejudice any rights a party may have in relation to information which had been filed by the other party with ASIC or ASX.

## **20.18 Governing law**

This deed is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

## **20.19 Counterparts**

This deed may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

**EXECUTED** as a deed

# Merger Implementation Deed

## Schedule 1 – Horizon Prescribed Events

1. **(Conversion)** Horizon converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital)** Horizon or any of its Subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** Horizon or any of its Subsidiaries:
  - (a) enters into a buy-back agreement; or
  - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution)** Horizon makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options)** Horizon or any of its Subsidiaries:
  - (a) issues shares (other than as a result of the exercise of a Horizon Option, a Horizon SAR or the conversion of a Convertible Bond);
  - (b) grants an option over its shares; or
  - (c) agrees to make such an issue or grant such an option,in each case to a person outside the Horizon Group.
6. **(Securities or other instruments)** Horizon or any of its Subsidiaries:
  - (a) issues securities or other instruments convertible into shares or debt securities; or
  - (b) agrees to issue securities or other instruments convertible into shares or debt securities,in each case to a person outside the Horizon Group.
7. **(Constitution)** Horizon adopts a new constitution or modifies or repeals its existing constitution or a provision of it.
8. **(Disposals)** Horizon or any of its Subsidiaries disposes, or agrees to dispose of:
  - (a) the whole or a substantial part of the Horizon Group's business or property; or
  - (b) its whole or a material interest in any Petroleum Concession or Petroleum JOA.
9. **(Transactions, disposals or tenders)** Horizon or any of its Subsidiaries:
  - (a) acquires or disposes of;

- (b) agrees to acquire or dispose of; or
  - (c) offers, proposes, announces a bid or tenders for,  
any business, assets, entity or undertaking (including an interest in any Petroleum Concession or Petroleum JOA),
  - (d) which has a value; or
  - (e) involves a financial commitment from Horizon or any of its Subsidiaries,  
which exceeds, or which when aggregated with all other such matters arising after the date of this deed exceeds, \$10,000,000.
10. **(Encumbrances)** Horizon or any of its Subsidiaries creates, or agrees to create any Encumbrance over:
- (a) the whole or a substantial part of its business or property; or
  - (b) any Petroleum Concession or Petroleum JOA.
11. **(Material Contracts, Petroleum Concessions and Petroleum JOAs):**
- (a) Horizon or any of its Subsidiaries enters into, varies or waives its rights under or agrees to enter into, vary or waive its rights under any Material Contract, Petroleum Sale Agreement or Petroleum Concession (and in the case of a Petroleum Concession, surrenders or agrees to surrender a Petroleum Concession except for a compulsory surrender in accordance with applicable laws) other than in the ordinary course of business;
  - (b) any Material Contract or Petroleum Sale Agreement to which Horizon or any of its Subsidiaries is a party is terminated other than in the ordinary course of business;
  - (c) Horizon or any of its Subsidiaries:
    - (i) voluntarily withdraws from a Petroleum JOA or gives notice of or otherwise institutes any sole risk or non-consent operation under a Petroleum JOA;
    - (ii) commits an event of default or similar event under a Petroleum JOA which makes its interest under that Petroleum JOA subject to forfeiture, sale, dilution or other similar remedy; or
  - (d) any Petroleum Concession to which Horizon or any of its Subsidiaries is a party or a holder is terminated or cancelled.
12. **(financial indebtedness)** Horizon incurs any financial indebtedness or enters into any financial derivative agreement other than in the ordinary course of business.
13. **(compensation)** Horizon or any of its Related Bodies Corporate increases the remuneration of, pays any bonus, ex gratia payment or termination payment to, accelerates any rights of, or varies any of its agreements with, any director or executive of any member of the Horizon Group.
14. **(Osaka Gas Asset Sale Agreement)** The Osaka Gas Asset Sale Agreement is varied or terminated or Horizon waives any of its rights in connection with any conditions to the "PRL Completion" (as defined in the Osaka Gas Asset Sale Agreement).

15. **(Insolvency)** Horizon or any of its Related Bodies Corporate becomes Insolvent.
16. **(Competing Transaction):**
- (a) a Competing Transaction is publically announced in respect of Horizon which is recommended by the Horizon Board;
  - (b) a Competing Transaction is publically announced in respect of Roc Oil which is recommended by the Roc Oil Board;
  - (c) a third party (either alone or with its associates) acquires, or agrees to acquire, (directly or indirectly) (including by way of joint venture, alliance, dual listed company structure or otherwise) any interest in all or a substantial part of the business or assets of Horizon or Roc Oil; or
  - (d) a third party acquires, or agrees to acquire, after the date of this deed, "voting power" (as that term is defined in the Corporations Act) in relation to 15% or more of the Horizon Shares or 15% or more of the Roc Oil Shares.



# Merger Implementation Deed

## Schedule 2 - Roc Oil Prescribed Events

1. **(Conversion)** Roc Oil converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital)** Roc Oil or any of its Subsidiaries resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back)** Roc Oil or any of its Subsidiaries:
  - (a) enters into a buy-back agreement; or
  - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution)** Roc Oil makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options)** Roc Oil or any of its Subsidiaries:
  - (a) issues shares other than as a result of the exercise of any Roc Oil Option;
  - (b) grants an option over its shares; or
  - (c) agrees to make such an issue or grant such an option,in each case to a person outside the Roc Oil Group.
6. **(Securities or other instruments)** Roc Oil or any of its Subsidiaries:
  - (a) issues securities or other instruments convertible into shares or debt securities; or
  - (b) agrees to issue securities or other instruments convertible into shares or debt securities,in each case to a person outside the Roc Oil Group.
7. **(Constitution)** Roc Oil adopts a new constitution or modifies or repeals its constitution or a provision of it.
8. **(Disposals)** Roc Oil or any of its Subsidiaries disposes, or agrees to dispose of:
  - (a) the whole or a substantial part of the Roc Oil Group's business or property; or
  - (b) its whole or a material interest in any Petroleum Concession or Petroleum JOA.
9. **(Transactions, disposals or tenders)** Roc Oil or any of its Subsidiaries:
  - (a) acquires or disposes of;

- (b) agrees to acquire or dispose of; or
  - (c) offers, proposes, announces a bid or tenders for,  
any business, assets, entity or undertaking (including an interest in any Petroleum Concession or Petroleum JOA),
  - (d) which has a value; or
  - (e) involves a financial commitment from Roc Oil or any of its Subsidiaries,  
which exceeds, or which when aggregated with all other such matters arising after the date of this deed exceeds, \$10,000,000.
10. **(Encumbrances)** Roc Oil or any of its Subsidiaries creates, or agrees to create, any Encumbrance over:
- (a) the whole or a substantial part of its business or property; or
  - (b) any Petroleum Concession or Petroleum JOA.
11. **(Material Contracts, Petroleum Concessions and Petroleum JOAs):**
- (a) Roc Oil or any of its Subsidiaries enters into, varies or waives its rights under, or agrees to enter into, vary or waive its rights under any Material Contract, Petroleum Sale Agreement or Petroleum Concession (and in the case of a Petroleum Concession, surrenders or agrees to surrender a Petroleum Concession except for a compulsory surrender in accordance with applicable laws) other than in the ordinary course of business;
  - (b) any Material Contract or Petroleum Sale Agreement to which Roc Oil or its Subsidiaries is a party is terminated other than in the ordinary course of business;
  - (c) Roc Oil or any of its Subsidiaries:
    - (i) voluntarily withdraws from a Petroleum JOA or gives notice of or otherwise institutes any sole risk or non-consent operation under a Petroleum JOA;
    - (ii) commits an event of default or similar event under a Petroleum JOA which makes its interest under that Petroleum JOA subject to forfeiture, sale, dilution or other similar remedy; or
  - (d) any Petroleum Concession to which Roc Oil or any of its Subsidiaries is a party or a holder is terminated or cancelled.
12. **(financial indebtedness)** Roc Oil incurs any financial indebtedness or enters into any financial derivative agreement other than in the ordinary course of business.
13. **(compensation)** Roc Oil or any of its Related Bodies Corporate increases the remuneration of, pays any bonus, ex gratia payment or termination payment to, accelerates any rights of, or varies any of its agreements with any director or executive of any member of the Roc Oil Group.
14. **(Insolvency)** Roc Oil or any of its Related Bodies Corporate becomes Insolvent.
17. **(Competing Transaction):**

- (a) a Competing Transaction is publically announced in respect of Roc Oil which is recommended by the Roc Oil Board;
- (b) a Competing Transaction is publically announced in respect of Horizon which is recommended by the Horizon Board;
- (c) a third party (either alone or with its associates) acquires, or agrees to acquire, (directly or indirectly) (including by way of joint venture, alliance, dual listed company structure or otherwise) any interest in all or a substantial part of the business or assets of Roc Oil or Horizon; or
- (d) a third party acquires, or agrees to acquire, after the date of this deed, "voting power" (as that term is defined in the Corporations Act) in relation to 15% or more of the Roc Oil Shares or 15% or more of the Horizon Shares.

# Merger Implementation Deed

## Schedule 3 - Conditions Precedent (clause 3.1)

| Condition   | Party entitled to benefit & to waive | Responsibility to satisfy |
|---|--------------------------------------|---------------------------|
| <b>1. Regulatory Approvals</b><br><br>Before 8.00am on the Second Court Date:<br><br>(a) <b>(ASIC and ASX)</b> ASIC and ASX have issued or provided such consents or approvals or have done such other acts which the parties agree in writing are reasonably necessary or desirable to implement the Merger; and   | Horizon                              | Both                      |
| (b) <b>(Regulatory Authority)</b> all other approvals of a Regulatory Authority which Horizon and Roc Oil agree in writing are necessary or desirable to implement the Merger are obtained.   | Both                                 | Both                      |
| <b>2. No restraint</b><br><br>No court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Merger and no such order, decree, ruling, other action or refusal is in effect as at 8.00am on the Second Court Date. | Both                                 | Both                      |
| <b>3. Share Scheme approval (Horizon)</b><br><br>The Horizon Shareholders approve the Share Scheme by the requisite majorities in accordance with the Corporations Act.   | Cannot be waived                     |                           |
| <b>4. Court approval</b><br><br>The Court approves the Share Scheme in accordance with section 411(4)(b) of the Corporations Act.   | Cannot be waived                     |                           |
| <b>5. Third party consents</b><br><br>All other approvals, consents or agreements of a third party which Horizon and Roc Oil agree in writing are necessary or desirable to   | Both                                 | Both                      |

| <b>Condition</b>  | <b>Party entitled to benefit &amp; to waive</b> | <b>Responsibility to satisfy</b> |
|---|---|----------------------------------|
| implement the Merger are obtained.  |   |                                  |
| <b>6. Independent Expert</b><br><br>The Independent Expert issues a report which concludes that the Share Scheme is in the best interests of Scheme Participants before the date on which the Scheme Booklet is lodged with ASIC. | Horizon   | Horizon                          |
| <b>7. No Roc Oil Prescribed Event</b><br><br>No Roc Oil Prescribed Event occurs between the date of this deed and 8.00am on the Second Court Date.  | Horizon   | Roc Oil                          |
| <b>8. No Roc Oil Material Adverse Change</b><br><br>No Roc Oil Material Adverse Change occurs or becomes apparent between the date of this deed and 8.00am on the Second Court Date.  | Horizon   | Roc Oil                          |
| <b>9. No Horizon Prescribed Event</b><br><br>No Horizon Prescribed Event occurs between the date of this deed and 8.00am on the Second Court Date.  | Roc Oil   | Horizon                          |
| <b>10. No Horizon Material Adverse Change</b><br><br>No Horizon Material Adverse Change occurs or becomes apparent between the date of this deed and 8.00am on the Second Court Date.   | Roc Oil   | Horizon                          |
| <b>11. Quotation</b><br><br>The Roc Oil Shares to be issued pursuant to the Scheme have, before 8.00am on the Second Court Date, been approved for official quotation on the ASX.   | Horizon   | Roc Oil                          |
| <b>12. No termination</b><br><br>This deed has not been terminated in accordance with clause 14.  | Both  | Both                             |
| <b>13. Deed Poll</b><br><br>Between the date of this deed and the date of sending the Scheme Booklet, Roc Oil signs and delivers the Deed Poll.   | Horizon   | Roc Oil                          |
| <b>14. Roc Oil representations and warranties</b>   | Horizon   | Roc Oil                          |

| Condition   | Party entitled to benefit & to waive | Responsibility to satisfy |
|---|--------------------------------------|---------------------------|
| <p>The representations and warranties given by Roc Oil under clause 12.1 of this deed are true and correct in all material respects and not misleading or deceptive in any material respect as at the date of this deed and as at 8.00am on the Second Court Date (except to the extent a relevant matter has been fairly disclosed to the Horizon Group or its Representatives as contemplated by this deed).</p>  |                                      |                           |
| <p><b>15. Horizon representations and warranties</b></p> <p>The representations and warranties given by Horizon under clause 12.4 of this deed are true and correct in all material respects and not misleading or deceptive in any material respect as at the date of this deed and as at 8.00am on the Second Court Date (except to the extent a relevant matter has been fairly disclosed to the Roc Oil Group or its Representatives as contemplated by this deed).</p> | Roc Oil                              | Horizon                   |
| <p><b>16. Osaka Gas Asset Sale Agreement</b></p> <p>“PRL Completion” (as defined in the Osaka Gas Asset Sale Agreement) has occurred under and in accordance with the Osaka Gas Asset Sale Agreement.</p>   | Roc Oil                              | Horizon                   |

# Merger Implementation Deed

## Schedule 4 - Timetable (clause 6.1)

| Event  | Timing                    | Target date    |
|--|---------------------------|----------------|
| Lodge Scheme Booklet with ASIC and ASX   | X                         | Late May 2014  |
| Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC                 | X + 1 Business Day        | June 2014      |
| First Court Date   | X + 15 Business Days      | June 2014      |
| Printing and despatch of Scheme Booklet  | X + 15 - 18 Business Days | Late June 2014 |
| Scheme Meeting held  | Y                         | Late July 2014 |
| Second Court Date  | Z                         | August 2014    |
| Lodge Court order with ASIC (Effective Date)   | Z + 1 Business Day        | August 2014    |
| Record Date (5.00pm on the date which is the Second Court Date plus 5 Business Days or such other date as Roc Oil and Horizon agree) | Z + 6 Business Days       | August 2014    |
| Implementation Date (Record Date plus 5 Business Days)   | Z + 11 Business Days      | August 2014    |

# Merger Implementation Deed

## Schedule 5 - Horizon's Obligations (clause 7.1)

1. **(Horizon Information)** ensure that the Horizon Information included in the Scheme Booklet complies with applicable law, the Listing Rules and applicable ASIC Regulatory Guides.
2. **(Further Horizon Information)** provide to Roc Oil and Scheme Participants such further or new Horizon Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Horizon Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Independent Expert)** promptly appoint the Independent Expert and provide any assistance and information reasonably requested by the Independent Expert to enable it to prepare its report for the Scheme Booklet.
4. **(Provide a copy of the report)** on receipt, provide Roc Oil with a copy of any draft or final report received from the Independent Expert.
5. **(Directors' recommendation and voting)**
  - (a) state in the Scheme Booklet and the public announcement contemplated by clause 15.1 (on the basis of statements made to Horizon by each member of the Horizon Board, but provided that in the case of the Scheme Booklet, no director has changed their recommendation or intentions) that:
    - (i) each of the directors of the Horizon Board recommends to Scheme Participants that they vote in favour of the Scheme; and
    - (ii) each member of the Horizon Board will vote any Horizon Shares in which they have a Relevant Interest in favour of the Scheme and any other resolution submitted to Horizon Shareholders for their approval in connection with the Scheme; and
  - (b) use reasonable endeavours to procure that each member of the Horizon Board does not change that voting intention referred to in paragraph (a)(ii) above,

in each case in the absence of a Superior Proposal and provided that the Independent Expert opines that the Scheme is in the best interests of Horizon Shareholders.
6. **(Registry details)** subject to the terms of the Scheme:
  - (a) provide all necessary information about the Scheme Participants to Roc Oil which Roc Oil requires in order to assist Roc Oil to solicit votes at the Scheme Meeting; and
  - (b) provide all necessary directions to the Registry to promptly provide any information that Roc Oil reasonably requests in relation to the Register for the purpose referred to in item 6(a) of this schedule 5 and, where requested by Roc Oil, Horizon must procure such information to be



provided to Roc Oil in such electronic form as is reasonably requested by Roc Oil.

7. **(Section 411(17)(b) statement)** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme.
8. **(Court application)** apply to the Court for an order under section 411(1) of the Corporations Act directing Horizon to convene the Scheme Meeting.
9. **(Registration of explanatory statement)** request ASIC to register the explanatory statements included in the Scheme Booklet in relation to the Scheme in accordance with section 412(6) of the Corporations Act.
10. **(Send Scheme Booklet)** procure the despatch of the Scheme Booklet to Horizon Shareholders as soon as practicable after the Court orders Horizon to convene the Scheme Meeting.
11. **(Scheme Meeting)** convene the Scheme Meeting in accordance with any such orders made by the Court and seek the approval of Horizon Shareholders for the Scheme and, for this purpose, Horizon must use reasonable endeavours to require the directors of Horizon to participate in reasonable efforts to promote the merits of the Scheme, including meeting with key Scheme Participants at the reasonable request of Roc Oil.
12. **(Court order)** apply to the Court for an order approving the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act.
13. **(Lodge)** lodge with ASIC an office copy of any such Court order approving the Scheme as approved by the Horizon Shareholders at the Scheme Meeting in accordance with section 411(10) of the Corporations Act by no later than the Business Day after the date on which any such Court order was made (or such later date as agreed in writing by Roc Oil).
14. **(Registration)** if the Scheme becomes Effective and subject to Roc Oil having issued the Share Scheme Consideration to Scheme Participants, register all transfers of Horizon Shares to Roc Oil on the Implementation Date.
15. **(Listing)** subject to item 18 of this schedule 5, take all reasonable steps to maintain Horizon's listing on ASX, notwithstanding any suspension of the quotation of Horizon Shares on the ASX, up to and including the Implementation Date, including making appropriate applications to ASX and ASIC.
16. **(Court documents)** consult with Roc Oil in relation to the contents of documents required for the purposes of the hearings on the First Court Date and Second Court Date (including affidavits, submissions and draft minutes of court orders) and consider in good faith comments on, and suggested amendments to, those documents made by Roc Oil and its lawyers (each acting reasonably).
17. **(Other steps)** do all other reasonable things reasonably necessary to give effect to the Scheme and the orders of the Court approving the Scheme.
18. **(Suspension of trading):** apply to ASX to suspend trading in Horizon Shares with effect from the close of trading on the Effective Date.

# Merger Implementation Deed

## Schedule 6 – Roc Oil's Obligations (clause 7.2)

1. **(Roc Oil Information)** prepare and promptly provide to Horizon for inclusion in the Scheme Booklet such Roc Oil Information as Horizon reasonably requires to prepare and issue the Scheme Booklet (including any information required under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60).
2. **(Further Horizon Information)** provide to Horizon such further or new Roc Oil Information as may arise after the Scheme Booklet has been sent until the date of the Scheme Meeting as may be necessary to ensure that the Roc Oil Information contained in the Scheme Booklet is not, having regard to applicable disclosure requirements, false, misleading or deceptive in any material respect (including because of any material omission).
3. **(Independent Expert information)** provide any assistance or information reasonably requested by Horizon or by the Independent Expert in connection with the preparation of the Independent Expert's report to be included in the Scheme Booklet.
4. **(Representation)** procure that it is represented by counsel at the Court hearings convened for the purposes of section 411(1) and 411(4)(b) of the Corporations Act, at which, through its counsel Roc Oil must undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this deed and the Scheme.
5. **(Deed Poll)** prior to the Scheme Booklet being sent, sign and deliver the Deed Poll.
6. **(Accuracy of Roc Oil Information)** confirm in writing to Horizon the accuracy of the Roc Oil Information in the Scheme Booklet (other than any information regarding the Horizon Group contained in, or used in the preparation of, the information regarding the merged entity following implementation of the Scheme).
7. **(Scheme Consideration and Horizon Option consideration)** if the Scheme becomes Effective, procure the provision of:
  - the Scheme Consideration and the terms of the Scheme and the Deed Poll; and
  - the Horizon Option consideration in the manner and amount contemplated by clause 5.1.
8. **(compliance with laws)** do everything reasonably within its power to ensure that the Scheme is effected in accordance with all applicable laws and regulations.

# Merger Implementation Deed

## Schedule 7 - Roc Oil's representations and warranties (clause 12.1)

1. **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this deed has been properly authorised by all necessary corporate actions of Roc Oil.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms.
4. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it.
5. **(Roc Oil Information)** the Roc Oil Information provided in accordance with this deed and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission and, having regard to applicable disclosure requirements, will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
6. **(Reliance)** the Roc Oil Information provided to Horizon for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that Horizon and its directors will rely on that information for the purposes of preparing the Scheme Booklet and proposing and implementing the Share Scheme in accordance with the Corporations Act.
7. **(Further information)** Roc Oil will, as a continuing obligation, provide to Horizon all such further and new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 8.1(b) if it applied as at the date upon which that information arose.
8. **(Disclosure)** Roc Oil has provided to Horizon all information actually known to it (having made reasonable enquiries) as at the date of this deed regarding matters affecting or relating to it:
  - (a) which is not already in the public domain; and
  - (b) the disclosure of which might reasonably be expected to result in a Roc Oil Material Adverse Change and result in Horizon not entering into this deed at all or only entering into this deed on materially different terms.
9. **(Continuous disclosure)** Roc Oil is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure other than the Merger.
10. **(Complete and accurate)** all the information provided to Horizon by Roc Oil in connection with this deed, whether under due diligence or not, has been collated with all reasonable care and skill.

11. **(Opinions)** any statement of opinion or belief contained in the Roc Oil Information is honestly held and there are reasonable grounds for holding the opinion or belief.
12. **(Provision of information to Independent Expert)** all information provided by or on behalf of Roc Oil to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
13. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted where failure to comply with any such laws and regulations would result in a Roc Oil Material Adverse Change.
14. **(Securities)** Roc Oil's issued securities as at the date of this deed are:
  - (a) 687,618,400 Roc Oil Shares; and
  - (b) 21,108,834 Roc Oil Options,and, other than as has been publicly disclosed, it has not:
  - (c) entered into any agreement or other arrangement (whether conditional or unconditional) which remains current to issue any Roc Oil Shares; or
  - (d) issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Roc Oil Shares.
15. **(Roc Oil shares)** the New Roc Oil Shares will be duly authorised and validly issued, fully paid and non-assessable, free of all security interests and third party rights and will rank equally with all other Roc Oil Shares then on issue.
16. **(Solvency)** it is not Insolvent.

# Merger Implementation Deed

## Schedule 8 - Horizon's representations and warranties (clause 12.4)

1. **(Incorporation)** it is a valid existing corporation registered under the laws of its place of incorporation.
2. **(Execution)** the execution and delivery of this deed has been properly authorised by all necessary corporate actions of Horizon.
3. **(Corporate power)** it has full corporate power and lawful authority to execute and deliver this deed and to consummate and perform or cause to be performed its obligations under this deed in accordance with its terms.
4. **(Binding obligations)** (subject to laws generally affecting creditors' rights and the principles of equity) this deed constitutes legal, valid and binding obligations on it.
5. **(Reliance)** the Horizon Information contained in the Scheme Booklet will be included in good faith and on the understanding that Roc Oil and its directors will rely on that information for the purposes of considering and approving the Roc Oil Information in the Scheme Booklet before it is despatched, approving the entry into the Deed Poll and implementing the Scheme.
6. **(Further information)** Horizon will, as a continuing obligation, provide to Roc Oil all such further and new information which may arise after the date of the Scheme Booklet until the date of the Scheme Meeting which may be necessary to ensure that there would be no breach of clause 8.1(b) if it applied as at the date upon which that information arose.
7. **(Horizon Information)** the Horizon Information provided in accordance with this deed and included in the Scheme Booklet, as at the date of the Scheme Booklet, will not contain any material statement which is misleading or deceptive nor contain any material omission having regard to applicable disclosure requirements, will comply in all material respects with the requirements of the Corporations Act, the Listing Rules and all relevant regulatory guides, practice notes and other guidelines and requirements of ASIC.
8. **(Continuous disclosure)** Horizon is not in breach of its continuous disclosure obligations under the Listing Rules and is not relying on the carve-out in Listing Rule 3.1A to withhold any information from disclosure other than the Merger.
9. **(Complete and accurate)** all the information provided to Roc Oil by Horizon in connection with this deed, whether under due diligence or not, has been collated with all reasonable care and skill.
10. **(Compliance)** it and its Subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them and have all material licenses, permits and franchises necessary for them to conduct their respective businesses as presently being conducted where failure to comply with any such laws and regulations would result in a Horizon Material Adverse Change.

11. **(Opinions)** any statement of opinion or belief contained in the Horizon Information is honestly held and there are reasonable grounds for holding the opinion or belief.
12. **(Provision of information to Independent Expert)** all information provided by or on behalf of Horizon to the Independent Expert to enable the Independent Expert's report to be included in the Scheme Booklet to be prepared and completed will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's report.
13. **(Solvency)** it is not Insolvent.
14. **(Securities)** Horizon's issued securities as at the date of this deed are:
  - (a) 1,301,147,932 Horizon Shares;
  - (b) 1,500,000 partly paid shares (paid to \$0.01);
  - (c) 30,775,000 Horizon Options;
  - (d) 31,281,639 Horizon SARs; and
  - (e) 400 Convertible Bonds,and, other than as has been publicly disclosed, it has not:
  - (f) entered into any agreement or other arrangement (whether conditional or unconditional) which remains current to issue any Horizon Shares; or
  - (g) issued or agreed to issue any other securities or instruments which are still outstanding and which may convert into Horizon Shares.



# Merger Implementation Deed

## Annexure A - Announcement





**Roc Oil Company Limited** ACN 075 965 856  
 Tel: +61 2 8023 2000  
 Fax: +61 2 8023 2222  
 Address: Level 18, 321 Kent Street  
 Sydney NSW 2000 Australia  
[www.rocoil.com.au](http://www.rocoil.com.au)



**Horizon Oil Limited** ABN 51 009 799 455  
 Tel: +61 2 9332 5000  
 Fax: +61 2 9332 5050  
 Address: Level 7, 134 William Street  
 Woolloomooloo NSW 2011 Australia  
[www.horizonoil.com.au](http://www.horizonoil.com.au)

29 April 2014

## **ROC AND HORIZON ANNOUNCE PROPOSED MERGER TO CREATE A LEADING ASIAN E&P COMPANY**

- All scrip merger of equals between ROC and Horizon
- Horizon shareholders to receive 0.724 ROC shares for each Horizon share
- Merger to be implemented by a Horizon Scheme of Arrangement
- Compelling rationale for combination
- Mike Harding (current Chairman of ROC) will be Chairman of the merged group and Brent Emmett (current CEO of Horizon) will be CEO and Managing Director of the merged group. Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group and Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015
- The proposed Merger has the unanimous support of both the ROC and Horizon Boards

Roc Oil Company Limited (**ROC**) and Horizon Oil Limited (**Horizon**) today announced that they have entered into a Merger Implementation Deed (**MID**) under which they have agreed to merge via a Horizon Scheme of Arrangement (**the Merger**). Refer to Annexure A for details.

The transaction will bring together two highly complementary E&P companies to form a single Asian E&P company.

Horizon shareholders will receive 0.724 ROC shares for each Horizon share they hold, being the exchange ratio implied by the 10 day VWAP of Horizon and ROC shares ending on 23 April 2014, the last day on which Horizon and ROC shares were traded prior to the announcement of the Merger. Following completion of the Merger, ROC shareholders will own approximately 42% of the merged company and Horizon shareholders will own approximately 58%.

The proposed Merger has the unanimous support of both the ROC and Horizon Boards. In the absence of a superior proposal and subject to an Independent Expert concluding that the Merger is in the best interests of Horizon's shareholders, the Board of Horizon unanimously recommends that Horizon shareholders vote in favour of the Merger, and each Horizon Director intends to vote in favour of the Merger in relation to shares held or controlled by them.

### **Transaction rationale**

The Merger creates a leading Asian E&P company, providing a platform for significant potential growth and value realisation in the Asian oil and gas sector. The merged group will have:

- a pro forma market capitalisation of ~A\$800m;
- net 2P reserves of 36.9mmboe (approximately 95% liquids);
- net 2C contingent resources of 120.7mmboe; and

- combined CY14 indicative working interest production estimated at 5.5 mmboe (approximately 95% liquids).

The Horizon and ROC Boards believe that the merged group will be better positioned for growth compared to either company on a standalone basis, and is expected to deliver significant benefits to Horizon and ROC shareholders.

The Merger:

- brings together two complementary Asian-focused portfolios with assets across China, PNG, Malaysia, Myanmar, Australia and New Zealand;
- represents a significant increase in scale to create a leading ASX-listed E&P company with expanded production, resources and reserves;
- provides shareholders of the merged group with broader portfolio diversification by geography and asset, thereby reducing their risk profile;
- will trigger a right for Horizon's bondholders to require that their convertible bonds be redeemed which, if redeemed, would facilitate a simplification of the capital structure of the merged company;
- combines the strong cash flow of the two companies providing increased capacity to pay dividends;
- creates an attractive portfolio of growth options, including major projects in China, PNG and Malaysia and a substantial pipeline of exploration and appraisal assets; and
- combines the talent and expertise of two experienced and proven leadership teams, with strengthened operational and technical expertise and deep regional relationships.

Commenting on the proposed Merger, ROC Chairman Mike Harding said:

"This is a transformational and exciting transaction and something ROC has been working towards for some time. The combination of our companies will create a high calibre operating company with the capacity to actively progress value-adding growth through a combination of existing material development projects, complemented by a portfolio of high impact and low risk exploration assets within our core operating regions. Consolidation of the ASX-listed E&P sector has been well-flagged but slow to occur. This transaction represents a unique and compelling opportunity to bring together two companies with highly complementary assets to create a new Asian-focused mid cap E&P champion."

Horizon Chairman Fraser Ainsworth said:

"The Merger allows all shareholders to retain exposure to the attractive assets of each company, whilst providing greater diversification, scale and a stronger platform from which to continue to deliver future shareholder returns."

"After undertaking detailed due diligence on the assets and prospects of each company, the merger terms reflect our Boards' mutual judgment that the relative market valuations are the appropriate basis to ensure both groups of shareholders have the appropriate level of equity ownership in the merged group."

Horizon CEO Brent Emmett said, "The combination of complementary core assets and activities makes strong strategic sense. Horizon has been focused on building a leading portfolio of Asian-focused assets and the opportunity to merge with ROC represents a significant step towards achieving that objective."

ROC CEO Alan Linn said, "In recent years ROC has developed and delivered a regionally focused low risk operated portfolio of oil producing assets which contain significant near field potential. We have

also been actively building our regional exploration portfolio. This exciting combination with Horizon strengthens the regional commitment and offers significant potential for our highly skilled teams to work together and build a “stand out” regional developer and explorer. The complementary assets provide the merged company with a tremendous platform from which to deliver a shared strategy for value growth in the Asian region.”

### **Board and management**

The leadership team of the merged group will reflect the nature of the transaction as a merger of equals and will benefit from the combined talents and expertise of two experienced and proven teams.

The Board of the merged company will comprise three current Non-Executive Directors from ROC, four current Non-Executive Directors from Horizon and Brent Emmett (current CEO of Horizon) as the CEO and Managing Director of the merged group.

Mike Harding (current Chairman of ROC) will be Chairman and Fraser Ainsworth (current Chairman of Horizon) will be appointed as a Non-Executive Director of the merged group. Alan Linn (current CEO of ROC) will continue with the merged group in the role of President of ROC Oil Malaysia until April 2015.

The senior management team will be drawn from the two companies’ existing management teams.

### **Transaction implementation**

The proposed Merger will be implemented via a Horizon Scheme of Arrangement.

Horizon and ROC have entered into a MID (appended to this announcement), which contains conditions including the following:

- customary regulatory and court approvals;
- Horizon shareholder approval of the Scheme (75% of votes cast; 50% of shareholders voting);
- no material adverse change in Horizon or ROC;
- conclusion by an Independent Expert that the Scheme is in the best interests of Horizon Shareholders; and
- completion of the Osaka Gas Asset Sale Agreement.

The MID also includes customary deal protection for both Horizon and ROC including no shop and no talk provisions as well as various other provisions relevant to the Merger, including the obligations of the companies in the lead up to implementation and termination rights.

Approval of the Scheme by Horizon shareholders and the subsequent change of control in Horizon will trigger a right for Horizon's bondholders to require that their convertible bonds be redeemed.

### **Timetable and next steps**

A Scheme Booklet is expected to be despatched to Horizon shareholders in late June. The Scheme Booklet will include further details of the transaction, an Independent Expert's Report, the reasons for Horizon Directors' recommendation and other matters relevant to Horizon shareholders' vote on the Merger.

An indicative timetable of key milestones is set out below. Further details on the timing and implementation of the transaction will be made available to shareholders upon release of the Scheme Booklet.

| Key milestones   | Target date    |
|--|----------------|
| Announcement of Merger   | 29 April 2014  |
| First Court hearing to approve Scheme Booklet and convene Scheme Meeting | June 2014      |
| Scheme Booklet despatched to Horizon shareholders                        | Late June 2014 |
| Scheme Meeting for Horizon shareholders                                  | Late July 2014 |
| Second Court hearing to approve Scheme                                   | August 2014    |
| Merger implementation  | August 2014    |

### Conference call

A joint conference call to be hosted by Horizon and ROC will be held at 11.00am AEST on 29 April 2014 to discuss the transaction and will reference the investor presentation lodged with ASX.

The webcast can be accessed using the following link: <http://www.brrmedia.com/event/123169/>

### Advisers to the transaction

ROC has appointed J.B. North & Co as financial adviser and Herbert Smith Freehills as legal adviser to the transaction.

Horizon has appointed UBS as financial adviser and King & Wood Mallesons as legal adviser to the transaction.

### Further information

Investors:

#### Renee Jacob

Group Manager

Investor Relations & Corporate Affairs

Tel: +61 2 8023 2096

Email: [rjacob@rocoil.com.au](mailto:rjacob@rocoil.com.au)

#### Michael Sheridan

Chief Financial Officer / Company Secretary

Tel: +61 2 9332 5000

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Media:

#### Ian Pemberton

P&L corporate communications

+61 402 256 576

*In accordance with ASX Listing Rules, the ROC information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Bill Billingsley (Chief Reservoir Engineer and a full time employee of ROC). Mr Billingsley BSc (Chem) MSc (Petroleum Engineering) DIC (Imperial College) is a member of the Society of Petroleum Engineers and has more than 18 years relevant experience within the petroleum industry. The reserves and resources information in this presentation has been issued with the prior written consent of Mr Billingsley in the form and context in which it appears.*

*The reserve and resource information for Horizon Oil contained in this presentation is based on information compiled by Alan Fernie (Manager – Exploration and Development), a full-time employee of the Company. Mr Fernie (B.Sc), who is a member of the American Association of Petroleum Geologists, has more than 35 years relevant experience within the industry and consents to the inclusion of the information in the form and context in which it appears.*

## ANNEXURE A

## Annexure B - Share Scheme

# Scheme of Arrangement

Dated 2014

Horizon Oil Limited (ACN 009 799 455)

Scheme Participants

**King & Wood Mallesons**

Level 33  
Waterfront Place  
1 Eagle Street  
Brisbane QLD 4000  
Australia  
**T** +61 7 3244 8000  
**F** +61 7 3244 8999  
DX 311 Brisbane  
[www.kwm.com](http://www.kwm.com)

# Scheme of Arrangement

## Contents

|   |           |
|---|-----------|
| <b>Details</b>  | <b>1</b>  |
| <b>General terms</b>  | <b>2</b>  |
| <b>1 Definitions and interpretation</b>                     | <b>2</b>  |
| 1.1 Definitions   | 2         |
| 1.2 Reference to certain general terms                      | 4         |
| 1.3 Headings  | 5         |
| <b>2 Preliminary</b>  | <b>5</b>  |
| 2.1 Horizon   | 5         |
| 2.2 Roc Oil   | 5         |
| 2.3 If Scheme becomes Effective                             | 6         |
| 2.4 Merger Implementation Deed                              | 6         |
| 2.5 Deed Poll   | 6         |
| <b>3 Conditions precedent</b>                               | <b>6</b>  |
| 3.1 Conditions precedent to Scheme                          | 6         |
| 3.2 Conditions precedent and operation of clause 5          | 7         |
| 3.3 Certificate in relation to conditions precedent         | 7         |
| <b>4 Scheme</b>   | <b>7</b>  |
| 4.1 Effective Date  | 7         |
| 4.2 End Date  | 7         |
| <b>5 Implementation of Scheme</b>                           | <b>7</b>  |
| 5.1 Lodgement of Court orders with ASIC                     | 7         |
| 5.2 Transfer and registration of Scheme Shares              | 7         |
| 5.3 Entitlement to Scheme Consideration                     | 8         |
| 5.4 Title and rights in Horizon Shares                      | 8         |
| 5.5 Scheme Participants' agreements                         | 8         |
| 5.6 Warranty by Scheme Participants                         | 8         |
| 5.7 Transfer free of encumbrances                           | 8         |
| 5.8 Appointment of Roc Oil as sole proxy                    | 8         |
| <b>6 Scheme Consideration</b>                               | <b>9</b>  |
| 6.1 Consideration under this Scheme                         | 9         |
| 6.2 Provision of New Roc Oil Shares as Scheme Consideration | 9         |
| 6.3 Foreign Horizon Securityholders                         | 9         |
| 6.4 Breach of law or Roc Oil Constitution                   | 10        |
| 6.5 Fractional Entitlements                                 | 11        |
| 6.6 New Roc Oil Shares to rank equally                      | 11        |
| 6.7 Joint holders   | 11        |
| <b>7 Dealings in Scheme Shares</b>                          | <b>12</b> |
| 7.1 Determination of Scheme Participants                    | 12        |
| 7.2 Register  | 12        |
| 7.3 No disposals after Effective Date                       | 12        |
| 7.4 Maintenance of Horizon Register                         | 12        |



|          |   |           |
|----------|---|-----------|
| 7.5      | Effect of certificates and holding statements | 12        |
| 7.6      | Details of Scheme Participants                | 13        |
| 7.7      | Quotation of Horizon Shares                   | 13        |
| 7.8      | Quotation of New Roc Oil Shares               | 13        |
| <b>8</b> | <b>General Scheme provisions</b>              | <b>13</b> |
| 8.1      | Power of attorney                             | 13        |
| 8.2      | Variations, alterations and conditions        | 13        |
| 8.3      | Further action by Horizon                     | 14        |
| 8.4      | Authority and acknowledgement                 | 14        |
| 8.5      | No liability when acting in good faith        | 14        |
| 8.6      | Enforcement of Deed Poll                      | 14        |
| 8.7      | Stamp duty                                    | 14        |
| 8.8      | Notices                                       | 14        |
| <b>9</b> | <b>Governing law</b>                          | <b>14</b> |
| 9.1      | Governing law                                 | 14        |
| 9.2      | Jurisdiction                                  | 15        |

# Scheme of Arrangement

## Details

| <b>Parties</b>             | <b>Horizon and Scheme Participants</b> |   |
|----------------------------|--|---|
| <b>Horizon</b>             | <b>Name</b>                            | <b>Horizon Oil Limited</b>  |
|                            | ACN                                    | 009 799 455   |
|                            | Address                                | Level 7, 134 William Street<br>SYDNEY NSW 2011  |
|                            | Telephone                              | +61 2 9332 5000   |
|                            | Fax                                    | +61 2 9332 5050   |
|                            | Attention                              | Company Secretary   |
| <b>Scheme Participants</b> | <b>Name</b>                            | Each person registered as a holder of fully paid ordinary shares in Horizon as at 5.00pm on the Record Date |
| <b>Governing law</b>       | New South Wales                        |   |

# General terms

---

## 1 Definitions and interpretation

### 1.1 Definitions

In this Scheme:

**ACCC** means the Australian Competition and Consumer Commission.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange as appropriate.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Sydney, New South Wales.

**Corporations Act** means the Corporations Act 2001 (Cwlth).

**Court** means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed in writing by Roc Oil and Horizon.

**Deed Poll** means the deed poll dated [•] 2014 executed by Roc Oil substantially in the form of Annexure C of the Merger Implementation Deed or as otherwise agreed by Roc Oil and Horizon under which Roc Oil covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

**Details** means the section of this agreement headed "Details".

**Effective** means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date on which this Scheme becomes Effective.

**Encumbrance** means any mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit à prendre, easement, overriding royalty, production payment, net profits interest or any other security arrangement or other arrangement having the same effect.

**End Date** means 31 August 2014 or such other date as is agreed in writing by Roc Oil and Horizon.

**Foreign Horizon Securityholder** means a Horizon Shareholder:

- (a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories; or
- (b) whose address shown in the Register is a place outside Australia and its external territories or who is acting on behalf of such a person,

unless Roc Oil determines that:

- (c) it is lawful and not unduly onerous or unduly impracticable to issue that Horizon Shareholder with Roc Oil Shares on implementation of this Scheme; and
- (d) it is lawful for that Horizon Shareholder to participate in this Scheme by the law of the relevant place outside Australia and its external territories.

**Foreign Securityholder Nominee** means [•] ACN [•].

**Horizon** means Horizon Oil Limited (ACN 009 799 455).

**Horizon Share** means a fully paid ordinary share in the capital of Horizon.

**Horizon Shareholder** means each person registered in the Register as a holder of Horizon Shares.

**Implementation Date** means the fifth Business Day following the Record Date or such other date as is agreed in writing by Roc Oil and Horizon.

**Listing Rules** means the Listing Rules of the ASX.

**Merger Implementation Deed** means the merger implementation deed dated 29 April 2014 between Horizon and Roc Oil under which, amongst other things, Horizon has agreed to propose this Scheme to Horizon Shareholders, and each of Roc Oil and Horizon has agreed to take certain steps to give effect to this Scheme.

**New Roc Oil Shares** means fully paid ordinary shares in the capital of Roc Oil to be issued under this Scheme.

**Record Date** means 5.00pm on the fifth Business Day following the Effective Date or such other date as Horizon and Roc Oil agree in writing.

**Register** means the register of members of Horizon maintained by or on behalf of Horizon in accordance with section 168(1) of the Corporations Act.

**Registered Address** means, in relation to a Horizon Shareholder, the address shown in the Register.

**Regulatory Authority** includes:

- (a) ASX, ACCC, ASIC;
- (b) the Takeovers Panel;
- (c) a government or governmental, semi-governmental or judicial entity or authority;
- (d) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and
- (e) any regulatory organisation established under statute.

**Roc Oil** means Roc Oil Company Limited (ACN 075 965 856).

**Roc Oil Constitution** means the Roc Oil Constitution dated 2 June 1999 as amended from time to time.

**Scheme** means this scheme of arrangement between Horizon and Scheme Participants under which all of the Scheme Shares will be transferred to Roc Oil under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme,

in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Horizon and Roc Oil in accordance with clause 8.2 of this Scheme.

**Scheme Consideration** means the consideration described in clause 4 of the Merger Implementation Deed to be provided by Roc Oil to Scheme Participants under the terms of this Scheme for the transfer to Roc Oil of their Scheme Shares.

**Scheme Meeting** means the meeting of Horizon Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Horizon Shareholders will vote on this Scheme.

**Scheme Participant** means each person who is a Horizon Shareholder as at 5.00pm on the Record Date.

**Scheme Share** means a Horizon Share held by a Scheme Participant as at the Record Date and, for the avoidance of doubt, includes any Horizon Shares issued on or before the Record Date.

**Second Court Date** means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.

**Share Scheme Transfer** means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, in favour of Roc Oil as transferee, which may be a master transfer of all Scheme Shares.

**Subsidiary** has the meaning given to it in the Corporations Act.

## 1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

- (a) **(variations or replacement)** a document, agreement (including this agreement) or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;
- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(party)** a party means a party to this Scheme;

- (g) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;
- (h) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) **(dollars)** United States dollars, dollars, US\$ or \$ is a reference to the lawful currency of the United States of America;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(meaning not limited)** the words “include”, “including”, “for example” or “such as” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) **(time of day)** time is a reference to Sydney, New South Wales time.

### 1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

---

## 2 Preliminary

### 2.1 Horizon

Horizon is:

- (a) a public company limited by shares;
- (b) incorporated in Australia and registered in Queensland; and
- (c) admitted to the official list of the ASX and Horizon Shares are officially quoted on the stock market conducted by ASX.

As at [insert date], Horizon’s issued securities are:

- (a) Horizon Shares: [1,301,147,932]
- (b) partly paid shares: [1,500,000]
- (c) options: [30,775,000];
- (d) share appreciation rights: [31,281,639]; and
- (d) convertible bonds: [400].

### 2.2 Roc Oil

Roc Oil is:

- (a) a public company limited by shares;

- (b) incorporated in Australia and registered in New South Wales.

## **2.3 If Scheme becomes Effective**

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Roc Oil, Horizon will procure Roc Oil to provide the Scheme Consideration to Horizon on behalf of each Scheme Participant in accordance with the terms of this Scheme;
- (b) all Scheme Shares will be transferred to Roc Oil on the Implementation Date; and
- (c) Horizon will enter the name of Roc Oil in the Register in respect of all Scheme Shares transferred to Roc Oil in accordance with the terms of this Scheme.

## **2.4 Merger Implementation Deed**

Horizon and Roc Oil have agreed by executing the Merger Implementation Deed to implement the terms of this Scheme.

## **2.5 Deed Poll**

Roc Oil has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

---

# **3 Conditions precedent**

## **3.1 Conditions precedent to Scheme**

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, the Deed Poll and Merger Implementation Deed not having been terminated;
- (b) all of the conditions precedent in schedule 3 of the Merger Implementation Deed having been satisfied or waived (other than the conditions precedent in items 3 and 4 of the conditions precedent in Schedule 3 which cannot be waived) in accordance with the terms of the Merger Implementation Deed;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Horizon and Roc Oil having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act; and
- (d) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

### **3.2 Conditions precedent and operation of clause 5**

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

### **3.3 Certificate in relation to conditions precedent**

Horizon and Roc Oil must each provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent set out in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and clause 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether the conditions precedent referred to in clause 3.1 of this Scheme (other than the conditions precedent in clause 3.1(c) and 3.1(d) of this Scheme) have been satisfied or waived as at 8.00am on the Second Court Date.

---

## **4 Scheme**

### **4.1 Effective Date**

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### **4.2 End Date**

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

---

## **5 Implementation of Scheme**

### **5.1 Lodgement of Court orders with ASIC**

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(d) of this Scheme) are satisfied, Horizon must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Roc Oil and Horizon agree in writing.

### **5.2 Transfer and registration of Scheme Shares**

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.4 of this Scheme and Roc Oil having provided Horizon with written confirmation thereof:

(a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Roc Oil without the need for any further act by any Scheme Participant (other than acts performed by Horizon as attorney and agent for Scheme Participants under clause 8.1 of this Scheme) by:

(i) Horizon delivering to Roc Oil a duly completed and executed Share Scheme Transfer executed on behalf of the Scheme Participants; and



- (ii) Roc Oil duly executing the Share Scheme Transfer and delivering it to Horizon for registration; and
- (b) immediately after receipt of the duly executed Share Scheme Transfer, Horizon must enter, or procure the entry of, the name of Roc Oil in the Register in respect of all Scheme Shares transferred to Roc Oil in accordance with the terms of this Scheme.

### **5.3 Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Roc Oil of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

### **5.4 Title and rights in Horizon Shares**

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Roc Oil will be beneficially entitled to the Scheme Shares transferred to it under this Scheme, pending registration by Horizon of Roc Oil in the Register as the holder of the Scheme Shares.

### **5.5 Scheme Participants' agreements**

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

The Scheme Participants accept the New Roc Oil Shares issued by way of Scheme Consideration subject to the Roc Oil Constitution and agree to be bound by the Roc Oil Constitution.

### **5.6 Warranty by Scheme Participants**

Each Scheme Participant warrants to Roc Oil and is deemed to have authorised Horizon to warrant to Roc Oil as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Roc Oil under this Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Roc Oil under this Scheme.

### **5.7 Transfer free of encumbrances**

To the extent permitted by law, all Horizon Shares (including any rights and entitlements attaching to those shares) which are transferred to Roc Oil under this Scheme will, at the date of the transfer of them to Roc Oil, vest in Roc Oil free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

### **5.8 Appointment of Roc Oil as sole proxy**

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.3 of this Scheme, on and from the

Implementation Date until Horizon registers Roc Oil as the holder of all of the Horizon Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints Horizon as attorney and agent (and directs Horizon in such capacity) to appoint Roc Oil and each of its directors from time to time (jointly and each of them individually) as its sole proxy and where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to Horizon Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and
- (b) must take all other actions in the capacity of the registered holder of Horizon Shares as Roc Oil directs.

Horizon undertakes in favour of each Scheme Participant that it will appoint Roc Oil and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a) of this Scheme.

---

## **6 Scheme Consideration**

### **6.1 Consideration under this Scheme**

On the Implementation Date, Horizon must procure Roc Oil to, subject to clauses 6.3, 6.4 and 6.5 of this Scheme, issue the New Roc Oil Shares to the Scheme Participants in accordance with clause 6.2 of this Scheme.

### **6.2 Provision of New Roc Oil Shares as Scheme Consideration**

Subject to clauses 6.3, 6.4 and 6.5 of this Scheme, the obligation of Roc Oil to issue the New Roc Oil Shares pursuant to clause 6.1 of this Scheme will be satisfied by Roc Oil:

- (a) on the Implementation Date entering the name of each Scheme Participant in the Roc Oil share register in respect of the New Roc Oil Shares which that Scheme Participant is entitled to receive under this Scheme; and
- (b) on or before the date that is 5 Business Days after the Implementation Date, sending or procuring the dispatch by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to each Scheme Participant to their address recorded in the Register at 5.00pm on the Record Date, a holding statement for the New Roc Oil Shares issued to that Scheme Participant.

### **6.3 Foreign Horizon Securityholders**

Subject to clause 6.5 of this Scheme, the obligation of Roc Oil to issue New Roc Oil Shares to a Scheme Participant who is a Foreign Horizon Securityholder will be satisfied by Roc Oil issuing the New Roc Oil Shares to which the Scheme Participant would have been entitled (were they not a Foreign Horizon Shareholder) to the Foreign Securityholder Nominee, and procuring that the Foreign Securityholder Nominee:

- (a) in the ordinary course of trading on the ASX, sells for the benefit of the Foreign Horizon Securityholder those New Roc Oil Shares issued to the Foreign Securityholder Nominee under this clause 6.3; and

- (b) as soon as reasonably practicable:
  - (i) accounts to the Foreign Horizon Securityholder for the net proceeds of sale (on an averaged basis so that all Foreign Horizon Securityholders receive the same price per New Roc Oil Share, rounded down to the nearest whole cent) and any income referable to those New Roc Oil Shares, after deduction of any applicable brokerage, taxes and other costs and charges; and
  - (ii) pays the amount to which the Foreign Horizon Securityholder is entitled under clause 6.3(b)(i) to the Foreign Horizon Securityholder by direct credit or sending a cheque drawn on an Australian bank in Australian currency by pre-paid airmail post.
- (c) Payments to a Foreign Horizon Securityholder under clause 6.3(b)(ii) will be in full satisfaction of the Foreign Horizon Securityholder's right to receive New Roc Oil Shares under clause 6.1 of this Scheme.
- (d) Each Foreign Horizon Securityholder appoints Horizon as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Foreign Securityholder Nominee is required to provide to Foreign Horizon Securityholders under the Corporations Act.

The Foreign Securityholder Nominee has been selected by Roc Oil and is an authorised representative of [•] (ACN [•]), and is the holder of an Australian financial services licence number [•].

#### **6.4 Breach of law or Roc Oil Constitution**

Where an issue of New Roc Oil Shares to which a Scheme Participant would otherwise be entitled would result in a breach of law or breach of a provision of the Roc Oil Constitution, Roc Oil will, in full satisfaction of that Scheme Participant's rights to the New Roc Oil Shares under clause 6.1 of this Scheme:

- (a) issue the maximum possible number of New Roc Oil Shares to the Scheme Participant without giving rise to such breach; and
- (b) subject to clause 6.5 of this Scheme, issue to the Foreign Securityholder Nominee the remaining New Roc Oil Shares to which the Scheme Participant would have been entitled (if the issue did not result in a breach of law or breach of a provision of the Roc Oil Constitution), and procure that the Foreign Securityholder Nominee:
  - (i) in the ordinary course of trading on the ASX, sells for the benefit of that Scheme Participant those New Roc Oil Shares issued to the Foreign Securityholder Nominee under this clause 6.4(b); and
  - (ii) as soon as reasonably practicable:
    - (A) accounts to the Scheme Participant for the net proceeds of sale (on an averaged basis so that all Scheme Participants to whom this clause 6.4 applies receive the same price per New Roc Oil Share, rounded down to the nearest whole cent) and any income referable to those New Roc Oil Shares, after deduction of any applicable brokerage, taxes and other costs and charges; and

- (B) pays the amount to which the Scheme Participant is entitled under clause 6.4(b)(ii)(A) to the Scheme Participant by direct credit or sending a cheque drawn on an Australian bank in Australian currency by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post).
- (c) Payment to a Scheme Participant under clause 6.4(b)(ii)(B) will be in full satisfaction of that Scheme Participant's right to receive New Roc Oil Shares under clause 6.1 of this Scheme.
- (d) Each Scheme Participant covered by this clause 6.4 appoints Horizon as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Foreign Securityholder Nominee is required to provide to that Scheme Participant under the Corporations Act.

## 6.5 Fractional Entitlements

- (a) If the number of Horizon Shares held by a Scheme Participant is such that the aggregate entitlement of that Scheme Participant to New Roc Oil Shares is not a whole number, then the entitlement in each case must be rounded up or down to the nearest whole number, with fractions of 0.5 being rounded up.
- (b) If Roc Oil and Horizon are of the opinion that several Scheme Participants, each of which holds a holding of Horizon Shares which results in a fractional entitlement to New Roc Oil Shares, have, before 5.00pm on the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Participant's entitlement to the Scheme Consideration, Roc Oil and Horizon may give notice to those Scheme Participants:
  - (i) setting out the names and Registered Addresses of all of them;
  - (ii) stating that opinion; and
  - (iii) attributing to one of them specifically identified in the notice the Horizon Shares held by all of them,

and, after the notice has been so given, the Scheme Participant specifically identified in the notice shall, for the purposes of this Scheme, be taken to hold all those Horizon Shares and each of the other Scheme Participants whose names are set out in the notice shall, for the purposes of this Scheme, be taken to hold no Horizon Shares.

## 6.6 New Roc Oil Shares to rank equally

- (a) New Roc Oil Shares issued to Scheme Participants will rank equally in all respect with all existing Roc Oil Shares.
- (b) On issue, each New Roc Oil Share issued to Scheme Participants will be fully paid and free from any Encumbrance.

## 6.7 Joint holders

In the case of Scheme Shares held in joint names any holding statements for New Roc Oil Shares issued to Scheme Participants must be issued in the names

of the joint holders and sent to the holder whose name appears first in the Register as at 5.00pm on the Record Date.

---

## **7 Dealings in Scheme Shares**

### **7.1 Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Scheme Shares will only be recognised by Horizon if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before 5.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 5.00pm on the Record Date at the place where the Register is kept.

### **7.2 Register**

Horizon must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before 5.00pm on the Record Date provided that, for the avoidance of doubt, nothing in this clause 7.2 requires Horizon to register a transfer that would result in a Horizon Shareholder holding a parcel of Horizon Shares that is less than a 'marketable parcel' (for the purposes of this clause 7.2, 'marketable parcel' has the meaning given in the official operating rules of ASX).

### **7.3 No disposals after Effective Date**

If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.

Horizon must not accept for registration nor recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 5.00pm on the Record Date (except a transfer to Roc Oil pursuant to this Scheme and any subsequent transfer by Roc Oil or its successors in title).

### **7.4 Maintenance of Horizon Register**

For the purpose of determining entitlements to the Scheme Consideration, Horizon will maintain the Register in accordance with the provisions of this clause 7.4 until the Scheme Consideration has been paid to the Scheme Participants and Roc Oil has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

### **7.5 Effect of certificates and holding statements**

Subject to provision of the Scheme Consideration and registration of the transfer to Roc Oil contemplated in clauses 5.2 and 6.3 of this Scheme, any statements of holding in respect of Scheme Shares will cease to have effect after 5.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Roc Oil and its successors in title). After 5.00pm on the Record Date, each entry current on the Register as at 5.00pm on the Record Date (other than entries in respect of Roc Oil or its successors in title)

will cease to have effect except as evidence of entitlement to the Scheme Consideration.

## **7.6 Details of Scheme Participants**

As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Horizon will ensure that details of:

- (a) the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 5.00pm on the Record Date; and
- (b) the names and Registered Addresses of every Foreign Horizon Securityholder at 5.00pm on the Record Date,

are available to Roc Oil in such form as Roc Oil reasonably requires.

## **7.7 Quotation of Horizon Shares**

- (a) Horizon will apply to ASX to suspend trading on ASX in Horizon Shares with effect from the close of trading on ASX on the Effective Date.
- (b) After this Scheme has been fully implemented, on a date to be agreed by Roc Oil, Horizon will apply:
  - (i) for termination of the official quotation of Horizon Shares on ASX; and
  - (ii) to have itself removed from the official list of the ASX.

## **7.8 Quotation of New Roc Oil Shares**

Roc Oil will apply for the official quotation of the New Roc Oil Shares on the ASX and will request that those shares be quoted on a deferred settlement basis as from [insert date] and on a normal settlement basis as from [insert date].

---

# **8 General Scheme provisions**

## **8.1 Power of attorney**

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Horizon and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer; and
- (b) enforcing the Deed Poll against Roc Oil,

and Horizon accepts such appointment.

## **8.2 Variations, alterations and conditions**

- (a) Horizon may, with the consent of Roc Oil (which cannot be unreasonably withheld or delayed), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

- (b) Each Scheme Shareholder agrees to any such variation, alteration or condition which has been consented to by Horizon in accordance with clause 8.2(a).

### **8.3 Further action by Horizon**

Horizon will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

### **8.4 Authority and acknowledgement**

Each of the Scheme Participants:

- (a) irrevocably consents to Horizon and Roc Oil doing all things necessary or expedient for or incidental to the implementation of this Scheme; and
- (b) acknowledges that this Scheme binds Horizon and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this Scheme at that Meeting) and, to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Horizon.

### **8.5 No liability when acting in good faith**

Neither Horizon nor Roc Oil, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

### **8.6 Enforcement of Deed Poll**

Horizon undertakes in favour of each Scheme Participant to enforce the Deed Poll against Roc Oil on behalf of and as agent and attorney for the Scheme Participants.

### **8.7 Stamp duty**

Roc Oil will pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme.

### **8.8 Notices**

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Horizon, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Horizon's registered office or at the office of the registrar of Horizon Shares.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

---

## **9 Governing law**

### **9.1 Governing law**

This Scheme is governed by the law in force in New South Wales.

## **9.2 Jurisdiction**

Each party irrevocably and unconditionally:

- (a) submits to the non-exclusive jurisdiction of the courts of New South Wales; and
- (b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.



# Merger Implementation Deed

## Annexure C - Deed Poll

# Deed Poll

Dated

2014

Given by Roc Oil Company Limited (ACN 075 965 856) ("**Roc Oil**")

In favour of each registered holder of fully paid ordinary shares in Horizon Oil Limited (ACN 009 799 455) ("**Horizon**") as at 5.00pm on the Record Date ("**Scheme Participants**")

**King & Wood Mallesons**

Level 33

Waterfront Place

1 Eagle Street

Brisbane QLD 4000

Australia

**T** +61 7 3244 8000

**F** +61 7 3244 8999

DX 311 Brisbane

[www.kwm.com](http://www.kwm.com)

# Deed Poll

## Contents

|   |          |
|---|----------|
| <b>Details</b>                                | <b>1</b> |
| <b>General terms</b>                          | <b>2</b> |
| <b>1 Definitions and interpretation</b>       | <b>2</b> |
| 1.1 Definitions                               | 2        |
| 1.2 Interpretation                            | 2        |
| 1.3 Headings                                  | 2        |
| 1.4 Nature of deed poll                       | 2        |
| <b>2 Conditions precedent and termination</b> | <b>3</b> |
| 2.1 Conditions precedent                      | 3        |
| 2.2 Termination                               | 3        |
| 2.3 Consequences of termination               | 3        |
| <b>3 Scheme Consideration</b>                 | <b>3</b> |
| <b>4 Representations and warranties</b>       | <b>3</b> |
| <b>5 Continuing obligations</b>               | <b>4</b> |
| <b>6 Notices</b>                              | <b>4</b> |
| 6.1 Form - all communications                 | 4        |
| 6.2 Delivery                                  | 4        |
| 6.3 When effective                            | 4        |
| 6.4 When taken to be received                 | 4        |
| 6.5 Receipt outside business hours            | 5        |
| <b>7 General</b>                              | <b>5</b> |
| 7.1 Stamp duty                                | 5        |
| 7.2 Waiver                                    | 5        |
| 7.3 Variation                                 | 5        |
| 7.4 Remedies cumulative                       | 6        |
| 7.5 Assignment                                | 6        |
| 7.6 Governing law and jurisdiction            | 6        |
| 7.7 Further action                            | 6        |
| <b>Signing page</b>                           | <b>7</b> |
| <b>Annexure A - Scheme</b>                    | <b>8</b> |

# Deed Poll

## Details

|                          |   |   |
|--------------------------|---|---|
| <b>Parties</b>           | <b>Roc Oil</b>  |   |
| <b>Roc Oil</b>           | Name  | <b>Roc Oil Company Limited</b>  |
|                          | ACN   | 075 965 856   |
|                          | Address   | Level 18, 321 Kent Street<br>SYDNEY NSW 2000  |
|                          | Fax   | +61 2 8023 2222   |
|                          | Attention   | Leanne Nolan  |
| <b>In favour of</b>      | Each registered holder of fully paid ordinary shares in Horizon as at 5.00 pm on the Record Date. |   |
| <b>Recitals</b>          | <b>A</b>  | The directors of Horizon have resolved that Horizon should propose the Scheme.  |
|                          | <b>B</b>  | The effect of the Scheme will be that all Scheme Shares will be transferred to Roc Oil.   |
|                          | <b>C</b>  | Horizon and Roc Oil have entered into the Merger Implementation Deed.   |
|                          | <b>D</b>  | In the Merger Implementation Deed, Roc Oil agreed (amongst other things) to provide the Scheme Consideration to Scheme Participants, subject to the satisfaction of certain conditions. |
|                          | <b>E</b>  | Roc Oil is entering into this deed poll for the purpose of covenanting in favour of Scheme Participants to perform its obligations in relation to the Scheme.                           |
| <b>Governing law</b>     | New South Wales   |   |
| <b>Date of Deed Poll</b> | See Signing page  |   |

# Deed Poll

## General terms

---

### 1 Definitions and interpretation

#### 1.1 Definitions

In this deed poll (unless the context otherwise requires):

- (a) **Authorised Officer** means, in respect of a party, a director or secretary of the party or any other person appointed by a party to act as an Authorised Officer under this deed poll;
- (b) **Horizon** means Horizon Oil Limited (ACN 009 799 455);
- (c) **Merger Implementation Deed** means the merger implementation deed dated 29 April 2014 between Horizon and Roc Oil under which, amongst other things, Horizon has agreed to propose the Scheme to Horizon Shareholders, and each of Roc Oil and Horizon has agreed to take certain steps to give effect to the Scheme;
- (d) **Roc Oil** means Roc Oil Company Limited (ACN 075 965 856);
- (e) **Scheme** means the proposed scheme of arrangement between Horizon and Scheme Participants under which all the Scheme Shares will be transferred to Roc Oil under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Roc Oil and Horizon, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Horizon and Roc Oil in accordance with clause 8.2 of the Scheme; and
- (f) Unless the context requires otherwise, all other capitalised words or phrases used in this deed poll have the same meaning as given to them in the Scheme.

#### 1.2 Interpretation

Clause 1.2 of the Scheme applies to the interpretation of this deed poll except that references to “this Scheme” in that clause are to be read as references to “this deed poll”.

#### 1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

#### 1.4 Nature of deed poll

Roc Oil acknowledges that this deed poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it.

---

## **2 Conditions precedent and termination**

### **2.1 Conditions precedent**

Roc Oil's obligations under clause 3 are subject to the Scheme becoming Effective.

### **2.2 Termination**

Roc Oil's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Merger Implementation Deed is terminated in accordance with its terms.

### **2.3 Consequences of termination**

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Roc Oil is released from its obligations to further perform this deed poll except those obligations contained in clause 7.1; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Roc Oil in respect of any breach of this deed poll which occurs before it is terminated.

---

## **3 Scheme Consideration**

Subject to clause 2, Roc Oil undertakes in favour of each Scheme Participant to issue the New Roc Oil Shares to the Scheme Participants in accordance with the Scheme and subject to clauses 6.3, 6.4 and 6.5 of the Scheme.

---

## **4 Representations and warranties**

Roc Oil represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding upon Roc Oil and enforceable against Roc Oil in accordance with its terms.

---

## **5 Continuing obligations**

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Roc Oil has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.2.

---

## **6 Notices**

### **6.1 Form - all communications**

Unless expressly stated otherwise in this deed poll, all notices, certificates, consents, approvals, waivers and other communications in connection with this deed poll must be:

- (a) in writing;
- (b) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (c) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

### **6.2 Delivery**

Communications must be:

- (a) left at the address set out or referred to in the Details;
- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details;
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) given in any other way permitted by law.

However, if the intended recipient has notified a changed address or fax number, then communications must be to that address or fax number.

### **6.3 When effective**

Communications take effect from the time they are received or taken to be received under clause 6.4 (whichever happens first) unless a later time is specified.

### **6.4 When taken to be received**

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

## **6.5 Receipt outside business hours**

Despite clauses 6.3 and 6.4, if communications are received or taken to be received under clause 6.4 after 5.00pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

---

# **7 General**

## **7.1 Stamp duty**

Roc Oil must:

- (a) pay all stamp duty (including fines, penalties and interest) payable and assessed on or in connection with this deed poll, the performance of this deed poll, or any instruments entered into under this deed poll and in respect of a transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify on demand each Scheme Participant against any liability arising from failure to comply with clauses 7.1(a).

## **7.2 Waiver**

- (a) A waiver of any right arising from a breach of this deed poll or of any right, power, authority, discretion or remedy arising upon default under this deed poll must be in writing and signed by the party giving the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
  - (i) a right arising from a breach of this deed poll; or
  - (ii) a right, power, authority, discretion or remedy created or arising upon default under this deed poll,does not result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this deed poll or on a default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right, power, authority, discretion or remedy by that other party.

## **7.3 Variation**

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless:

- (a) the variation is agreed to by Horizon and Roc Oil in writing; and
- (b) the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Roc Oil must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.



#### **7.4 Remedies cumulative**

The rights, powers and remedies of Roc Oil and the Scheme Participants under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

#### **7.5 Assignment**

The rights and obligations of Roc Oil and each Scheme Participant under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity and no person may attempt or purport to do so without the prior written consent of Roc Oil and Horizon.

#### **7.6 Governing law and jurisdiction**

This deed poll is governed by the law in force in New South Wales. Roc Oil irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

#### **7.7 Further action**

Roc Oil must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

**EXECUTED** as a deed poll

# Deed Poll

## Signing page

DATED: \_\_\_\_\_

### EXECUTED AS A DEED POLL

EXECUTED by **ROC OIL COMPANY  
LIMITED ACN (ACN 009 799 455)** in  
accordance with section 127(1) of the  
Corporations Act 2001 (Cwlth) by  
authority of its directors:

.....  
Signature of director

.....  
Name of director (block letters)

.....  
Signature of director/company  
secretary

.....  
Name of director/company secretary  
(block letters)

Deed Poll

Annexure A - Scheme