



8 May 2014

ASX RELEASE

LETTER TO SHAREHOLDERS

Attached is a copy of a letter to shareholders from the Chairman of the Board. A copy of the letter is also available on ROC's website: <http://www.rocoil.com.au/Investor--Media-Centre/Announcements/>

Alan Linn
Executive Director
& Chief Executive Officer

For further information please contact:
Renee Jacob
Group Manager
Investor Relations & Corporate Affairs
Tel: +61-2-8023-2096
Email: rjacob@rocoil.com.au



8 May 2014

Dear Shareholder

Proposal to create leading Asian E&P company

I am pleased to inform you that on 29 April 2014, Roc Oil Company Limited (**ROC**) and Horizon Oil Limited (**Horizon**) announced a proposal for a nil premium merger of equals that will see the creation of a leading independent Asian E&P company with a market capitalisation of approximately \$800 million.

This is an exciting transaction and one that your Board and management team are passionate to complete on your behalf.

ROC and Horizon have complementary teams and assets in China, Malaysia, PNG and Australia/New Zealand, the combination of which make this transaction a compelling and unique opportunity for both companies. The merged entity will have a high quality portfolio of producing assets, a pipeline of major development projects and attractive exploration assets placing it in an excellent position to generate exceptional value for all shareholders.

I have worked in the domestic and international oil and gas sector for over 35 years and I can honestly say that this transaction with Horizon is one of the best value accretive and complementary deals that I have seen.

Put simply, I believe it's a cracking deal which has been 12 months in the making. Over the last few years the ROC Board and management team have pursued a clear regional value growth strategy and has successfully delivered both value growth and consistent profitability. Following an extensive due diligence process, the Board and management team concluded that the merger was fully aligned with our strategy and clearly demonstrable as a significant value addition for all ROC shareholders.

Your Board and management team are united in their view that the merger is in the best interests of all shareholders.

Transaction structure

The merger will be implemented by ROC acquiring all of the shares in Horizon under a scheme of arrangement between Horizon and its shareholders. The ASX does not require a vote by ROC shareholders. ROC shareholders will own 42.1% of the merged group.

There is nothing unusual about this transaction structure. ROC is the bidder and will continue to be listed on ASX and operate as the merged group. ROC is an experienced and respected operator in Asia and it is important for the merger that ROC continues to maintain key relationships with national oil companies in Asia such as PetroChina, CNOOC and PETRONAS that have been built up over many years.

The transaction is subject to a number of conditions including Horizon shareholder and regulatory approvals, and is scheduled to be completed in August 2014.

Full details of the merger and other terms of the Scheme are set out in the Merger Implementation Deed which was released to the ASX on 29 April 2014 and is available on ROC's website at www.rocoil.com.au.

Significant benefits to ROC shareholders

On completion of the merger ROC shareholders will participate in a larger and stronger oil and gas company with the following key benefits:

- **Value accretion** – the merger is based on current market valuations and is value accretive to ROC shareholders. There is potential for further value for all shareholders through a market re-rating of the merged entity.
- **Increased production base** – long-term production profile from discovered and appraised projects. CY14 indicative production of 5.5 mmbœ¹ (predominantly oil).
- **Platform for growth** – attractive well balanced growth pipeline with material projects in China, Malaysia and PNG.
- **Strong balance sheet and cashflow** – with sufficient liquidity to fund the growth profile and support a sustainable dividend policy.
- **Substantial increase in scale** – combined ROC and Horizon net 2P reserves of 36.9mmbœ and combined ROC and Horizon net 2C contingent resources of 120.7mmbœ (61% oil and 39% gas)².
- **Experienced leadership group** – experienced and complementary operational and technical teams combining to support the expertise within the ROC and Horizon board and leadership teams.

Your views on the merger

As I hope you know from your previous dealings with your Board and management team at ROC, we are totally committed to transparency and open dialogue with all of our shareholders.

ROC's Annual General Meeting will be held in Sydney (and webcast live) on 27 May 2014. I will be opening the floor during the course of the AGM for your views, discussion and questions in relation to this transaction. Any shareholders who are unable to attend the AGM in person should feel free to write to me with any views, questions or comments on this subject, which, subject to time reasonably permitting, I commit to reading out to the meeting on their behalf. Please address any correspondence to my attention at the company's address or to rocagmquestions@rocoil.com.au.

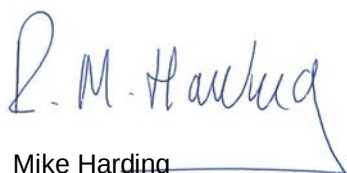
What should you do now?

If you have any questions about the merger process you can call the ROC Shareholder Information Line on 1300 667 556 (toll free). Full details of the ROC merger are available on our website www.rocoil.com.au.

There is no action required by you at this stage but again I would encourage you to contact the shareholder information line detailed above and write to me with any questions or comments you have in relation to this transaction.

I would like to take this opportunity to thank you for your support of ROC.

Yours sincerely,



Mike Harding
Chairman

¹ Reference Joint ROC and Horizon ASX Announcement and Investor Presentation released on 29 April 2014.

² Reference Joint ROC and Horizon ASX Announcement and Investor Presentation released on 29 April 2014 noting PNG reserves and resources of 70.5 mmbœ are subject to PNG state nominee participation at 22.5%. ROC estimates are as at 1 January 2014. Horizon estimates are as at 30 June 2013. The probabilistic method was used to determine the Horizon estimates and the deterministic method was used for ROC estimates. Reserves are reported net of lease fuel. ROC confirms that it is not aware of any new information or data that materially affects the estimates of reserves and resources for ROC included in the Investor Presentation and that all the material assumptions and technical parameters underpinning the estimates in the Investor Presentation continue to apply and have not materially changed. Horizon confirms that it is not aware of any new information or data that materially affects the estimates of reserves and resources for Horizon included in the Investor Presentation and that all the material assumptions and technical parameters underpinning the estimates in the Investor Presentation continue to apply and have not materially changed.