

Important matters for ROC Shareholders to consider

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5.1 Fosun's Offer

Fosun announced its intention to make off-market takeover offers for the ROC Shares on 4 August 2014. A summary of the key features of the Offer is contained in section 6 of this Target's Statement.

Fosun's Offer is open for acceptance until 7.00pm (Sydney time) on 15 October 2014, unless it is extended or withdrawn (sections 6.6 and 6.7 of this Target's Statement describe the circumstances in which Fosun can extend or withdraw its Offer).

5.2 ROC share price following the close of the Offer

While there are many factors that influence the market price of ROC Shares, your ROC Directors believe that, following the close of the Offer, the market price of ROC Shares may fall significantly if:

- Fosun acquires more than 50% (but less than 100%) of the ROC Shares;
- Fosun acquires less than 50% of the ROC Shares and waives the 50% Minimum Acceptance Condition; or
- the Takeover Bid is otherwise unsuccessful or is withdrawn (and no Superior Proposal is received).

5.3 Your choices as a ROC Shareholder

Your ROC Directors unanimously recommend that you accept the Offer, and each ROC Director intends to accept the Offer in respect of the ROC Shares that they own or control, in the absence of a Superior Proposal.

However, as a ROC Shareholder you have three choices currently available to you:

(a) Accept the Offer

ROC Shareholders may elect to accept the Offer in respect of some or all of their ROC Shares.

Details of the cash consideration (that is, the payment) that will be received by ROC Shareholders who accept the Offer are set out in section 6.1 of this Target's Statement and in the Bidder's Statement.

ROC Shareholders who accept the Offer may be liable for CGT on the disposal of their ROC Shares (see section 10 of the Bidder's Statement for further details). However, they will not incur any brokerage charge.

The Bidder's Statement contains details of how to accept the Offer in section 12.3.

(b) Sell your ROC Shares on market

ROC Shareholders may elect to sell some or all of their ROC Shares on market for cash through the ASX if they have not already accepted the Offer in respect of those ROC Shares.

On 10 September 2014, ROC's share price closed at \$0.685, a 0.7% discount to Fosun's Offer Price of \$0.69 per ROC Share. The latest price for ROC Shares may be obtained from the ASX website www.asx.com.au.

ROC Shareholders who sell their ROC Shares on market may be liable for CGT on the sale (see section 10 of the Bidder's Statement for further details) and may incur a brokerage charge.

ROC Shareholders who wish to sell their ROC Shares on market should contact their broker for information on how to effect that sale.

(c) Do nothing

ROC Shareholders who do not wish to accept the Offer or sell their ROC Shares on market should do nothing.

ROC Shareholders should note that if Fosun and its Associates have a Relevant Interest in at least 90% of the ROC Shares during or at the end of the Offer Period, Fosun will be entitled to compulsorily acquire the ROC Shares that Fosun and its Associates do not already own. See section 6.13 of this Target's Statement for further details in relation to the compulsory acquisition process.

5.4 ROC employees

If you are a ROC employee and you are a participant in any of ROC's employee incentive plans, please refer to section 8.6 of this Target's Statement for information regarding the effect of the Takeover Bid on your interest in ROC Options or ROC Rights (as the case may be).

5.5 Risk factors

There are risks which are specific to ROC and other risks which apply to investments generally which may materially and adversely affect the future operating and financial performance of ROC and the value of ROC Shares. Those risks (and other risks) will continue to be relevant to ROC Shareholders who do not accept the Offer and retain their current investment in ROC. These risks will also continue to be relevant to all ROC Shareholders if the Offer does not proceed. While some of these risks can be mitigated, some are outside the control of ROC and the ROC Directors and cannot be mitigated.

The principal risks associated with an investment in ROC include, but are not limited to, those detailed below. Prior to deciding whether to accept the Offer, sell your ROC Shares on the ASX or maintain an investment in ROC in the present circumstances, you should carefully consider this section 5.5 as well as other information contained in this Target's Statement (including section 5.2 in relation to the view of the ROC Directors on what may happen to the ROC share price following the close of the Offer and section 5.6 in relation to the possible implications of becoming a minority ROC Shareholder) and the Bidder's Statement.

(a) General economic and market risk factors**(1) Economic conditions**

ROC may be affected by general business cycles and a range of other factors beyond ROC's and the ROC Directors' control, including economic and political factors in Australia and overseas, such as economic growth, inflation, interest rates, employment levels, changes in government policies or regulatory regimes, changes in accounting or financial reporting standards and changes in taxation laws (or their interpretation) or regulations in the oil and gas industry. Deterioration of general economic conditions, adverse foreign exchange rate movements, the Australian and overseas stock markets, natural disasters and catastrophic events and changes in industry and commercial factors may also affect ROC's operating and financial position and the value of ROC Shares.

(2) Share market fluctuations

The value of ROC Shares is determined by the share market and will be subject to a range of factors beyond the control of ROC and the ROC Directors. Such factors include, but are not limited to, the demand for and availability of ROC Shares, movements in domestic interest rates and exchange rates and fluctuations in the Australian and international share markets.

See section 5.2 of this Target's Statement for further details in relation to the view of the ROC Directors on what may happen to the ROC share price following the close of the Offer.

(b) Specific risks**(1) Oil and gas industry risk**

The exploration, development and production of oil and gas involves numerous risks specific to that industry sector which even a combination of experience, knowledge and careful evaluation may be unable to protect against, and which may be outside the control of ROC and the ROC Directors. Such risks include, but are not limited to:

- (A) **Commodity price:** The demand for, and price of, oil is highly dependent on a variety of factors, including international supply and demand, transmission and distribution costs, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Historically, international oil prices have been volatile and may continue to fluctuate significantly in the future. Any substantial decline in the prices of oil or gas could have a material adverse effect on ROC and the value of ROC Shares.

- (B) **Exploration and production:** Oil and gas exploration and production involves significant risk. The future profitability of ROC and the value of ROC Shares are directly related to the results of exploration and production activities. There are inherent risks in these activities. No assurances can be given that funds spent on exploration will result in discoveries that will eventually be commercially viable. In addition, disruptions to ROC's expected production may occur due to numerous factors which may result in variations to ROC's expected revenue and could have an adverse effect on ROC's financial performance and ongoing operations.
- (C) **Drilling:** ROC may encounter hazards inherent in oil and gas drilling activities. Examples of such hazards include the risk of unusual or unexpected formations, abnormal pressures or rock properties, adverse weather conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment, or shortages or delays in the delivery of rigs and/or other equipment. Drilling may result in wells that, while encountering oil and gas, may not achieve economically viable results.
- (D) **Field development:** ROC has a number of field development opportunities which, if progressed, may result in variations to ROC's expected revenue, as a result of, for example, increases in development costs and delays to development timetables. These variations could have an adverse impact on ROC's financial performance and ongoing operations.
- (E) **Operational:** Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations, environmental hazards, limitations of activities due to seasonal weather conditions, unanticipated operational and technical difficulties, mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes, riots and other force majeure events and unexpected shortages or increases in the costs of labour, consumables or plant and equipment. The occurrence of any of these risks or events could result in legal proceedings being instituted against ROC and substantial losses to ROC due to injury or loss of life, damage to or destruction of property, natural resource or equipment, pollution or other environmental damage, clean up responsibilities, regulatory

investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against ROC. The occurrence of any of these risks or events could also have an adverse impact on ROC's financial performance and ongoing operations.

- (F) **Reserves and resources estimates:** Reserves and resources estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, while valid when made, may change significantly when new information becomes available through additional fieldwork or analysis. Reserves and resources estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Actual Reserves and resources may differ from those estimated which could have a positive or negative impact on ROC's financial performance.
- (G) **Environment:** Oil and gas exploration, development and production can be potentially environmentally hazardous, giving rise to substantial costs for environmental rehabilitation, damage control and losses. ROC is subject to environmental laws and regulations in connection with its operations and could be subject to liability due to risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances.
- (H) **Commercialisation and infrastructure:** The business of oil and gas development and production involves a degree of risk. Amongst other factors, success is dependent on successful design, construction and operation of efficient gathering, processing and transportation facilities. Even where ROC recovers commercial quantities of oil or gas, there is no guarantee that ROC will be able to successfully and economically transport the oil or gas to commercially viable markets or sell the oil or gas to customers to achieve a commercial return.
- (I) **Legislation, regulation and tenure:** ROC's activities in the oil and gas industry are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing law or policies or changes in the interpretation of those laws or policies could have a material adverse effect on ROC. In addition, ROC requires various

government regulatory approvals for its operations and must comply with those approvals, applicable laws, regulations and policies. The impact of actions, including delays and inactions, by governments may affect ROC's activities including such matters as access to land and infrastructure, compliance with environmental regulations and production and exploration activities. This may affect the timing and scope of work that can be undertaken.

- (J) **Capital expenditure:** Substantial capital expenditure is required for oil and gas exploration, development and production. ROC may be unable to meet future capital requirements once current cash reserves are fully expended. In that event, ROC may be required to raise future additional capital. There are no guarantees that ROC will be able to raise additional capital on acceptable terms or at all. In the event such funds are not forthcoming, ROC may seek to divest all or part of its interests or reduce its commitments.
- (K) **Joint venture risk:** ROC participates in several joint venture arrangements and may enter into further joint venture agreements in the future. Under these agreements, ROC may be voted into programmes and budgets which it does not necessarily agree with or have the cash reserves to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, the situation could arise where any or all of the joint venture parties are unable to fund their percentage interest contributions to expenditure, in which case ROC may have to make increased contributions to ensure that the programmes proceed.
- Other companies may from time to time be operators under joint venture operating agreements and, to the extent that ROC is a minority joint venture partner, ROC will be dependent to a degree on the efficient and effective management of those operating companies as managers. The objectives and strategy of these operating companies may not always be consistent with the objectives and strategy of ROC, however, the operators must act in accordance with the directions of the relevant majority of joint venturers.

ROC is required under joint venture agreements to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with joint venture activities. In common with other joint venture parties, if ROC fails to pay its share of any costs and liabilities, it may be obliged to transfer its interest in the relevant permits and joint venture agreements to other joint venture participants.

- (L) **Competition:** ROC operates in a competitive market which includes major oil and gas companies. Many of these companies may have greater financial strength and resources available to them than ROC and, as a result, may be in a better position than ROC to compete for future business opportunities.
- (M) **Sole contractors:** Certain aspects of ROC's business rely on contractors for whom there is no reasonably available alternative, in particular oil and gas transport, oil refining and drilling contractors. If any of these contractors are unable to perform their obligations, this may have a material adverse effect on ROC's business.
- (N) **Insurance:** Insurance of all risks associated with oil and gas exploration, development and production is not always available and, where available, the cost can be high. ROC will not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue.
- (O) **Taxation:** In addition to normal income taxes imposed on all industries by Federal, State or foreign governments, the oil and gas industry is required to pay government royalties, indirect taxes, sales taxes and other imposts which generally relate to revenue or cash flows. ROC's operations and profitability may be affected by changes in government taxation policies, including changes to taxation regimes designed to address climate change and greenhouse gas emissions.

(2) Sovereign risk

ROC operates in countries outside Australia and there are risks that changes in the legal and business environment in those places such as currency and price controls, fiscal, monetary and regulatory policy changes and political changes may adversely affect the ability to develop and produce oil and gas reserves and thus the value of ROC's assets. Some of the jurisdictions in which ROC operates have legal systems and laws different to Australia that may lead to uncertainty for ROC in enforcing legal and contractual rights in those jurisdictions. Local laws in some foreign jurisdictions may also limit ROC's ability to hold a majority interest in its projects. In addition, contracts with host country governments or national oil companies may contain provisions that give host governments or national oil companies contractual rights to assume ownership of property and/or operatorship of assets which may have a material adverse effect on ROC's revenue.

(3) Foreign exchange risk

ROC and its Subsidiaries are exposed to foreign exchange risk on sales and purchases that are denominated in a currency other than the respective functional currencies of ROC and its Subsidiaries. The majority of the ROC Group's revenues and purchases are denominated in US\$, although the ROC Group is exposed to certain non-US\$ cash balances. The ROC Group's cash flows are therefore exposed to fluctuations and volatility in the exchange rates between the United States dollar and the currencies in which the remainder of ROC's cash flows are denominated.

(4) Litigation risk

ROC may be the subject of complaints or litigation by shareholders, customers, suppliers, government agencies or third parties. Such matters may have an adverse effect on ROC's reputation, divert its financial and management resources from more beneficial uses, or have a material adverse effect on ROC's future financial performance or position.

(5) Financing risk

ROC (and other members of the ROC Group as guarantors) entered into a Syndicated Loan Facility Agreement dated 9 May 2011 with Commonwealth Bank of Australia, Sumitomo Mitsui Bank and BNP Paribas, Sydney Branch (**Facility**). The current total undrawn debt Facility limit is US\$60 million. The Facility has not been utilised as at the date of this Target's Statement. You should refer to section 8.2 of this Target's Statement for information on the change of control provision in the Facility that may be triggered as a result of, or as a result of acceptances of, the Offer.

(6) Taxation risk

There are potential tax implications for ROC if Fosun acquires more than 50% but less than 90% of the ROC Shares. ROC currently has tax losses that have not been brought into account in Australia. The utilisation of these tax losses to set off against future Australian taxable income is dependent upon a number of factors and will only be relevant to you if you remain a ROC Shareholder following the close of the Offer Period. These factors include whether the applicable requirements of the Australian tax legislation for utilisation of tax losses are able to be satisfied. In particular, tax losses may only be used by ROC where the requirements of either the 'continuity of ownership test' or 'same business test' are satisfied. There is a risk that these legislative tests will not be satisfied and, accordingly, the tax losses will not be able to be utilised in future years. As at the date of this Target's Statement, ROC's Australian taxable income is primarily derived from its Cliff Head Oil Field operations.

(c) Other risks

Additional risks and uncertainties not currently known may also have an adverse effect on ROC's business and the value of ROC Shares. The information set out in this section 5.5 does not purport to be, nor should it be construed as representing, an exhaustive summary of the risks that may affect the performance of ROC and ROC Shares.

5.6 Minority ownership consequences

If Fosun acquires more than 50% but less than 90% of the ROC Shares then, assuming all other conditions to the Offer are fulfilled or freed, Fosun will acquire a majority shareholding in ROC but will not be entitled to acquire the ROC Shares that have not been accepted into the Offer. If Fosun acquires a majority shareholding in ROC and does not become entitled to acquire the ROC Shares that have not been accepted into the Offer, ROC Shareholders who do not accept the Offer will become minority ROC Shareholders. This has a number of possible implications, including:

- Fosun will be in a position to cast the majority of votes at a general meeting of ROC. This will enable Fosun to control the composition of ROC's board of directors and senior management and control the strategic direction of the businesses of ROC and its Subsidiaries;
- the price of ROC Shares may fall immediately following the end of the Offer Period and it is unlikely that the price of ROC's Shares will contain any control premium;
- the liquidity of ROC Shares may be lower than at present, and there is a risk that ROC could be fully or partially removed from certain S&P/ASX indices due to lack of free float and/or liquidity;
- there may be limited institutional support for ROC Shares;

- there may be limited analyst coverage of ROC Shares;
- if the number of ROC Shareholders is less than that required by the Listing Rules to maintain an ASX listing, then Fosun may seek to have ROC removed from the official list of the ASX. If this occurs, ROC Shares will not be able to be bought or sold on the ASX;
- if Fosun acquires 75% or more of the ROC Shares it will be able to pass a special resolution of ROC. This will enable Fosun to, among other things, change ROC's constitution; and
- if Fosun acquires a majority of the ROC Shares, your ROC Directors believe that it is unlikely that a subsequent takeover bid for ROC will emerge at a later date from a Third Party.

5.7 Taxation consequences of accepting the Offer

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 10 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer contained in the Bidder's Statement. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.