



**REPORT TO SHAREHOLDERS**  
**Activities for the Quarter Ended 30 June 2010**

**CEO COMMENTS**

Production during the Quarter averaged 8,207 BOEPD, down 5% compared to the previous quarter. ROC is on target to meet its 2010 production guidance of between 8,000-9,000 BOEPD: year-to-date production to 18 July was 8,545 BOEPD.

Production from Zhao Dong improved significantly, recovering after severe winter weather disruptions and achieving production rates that exceeded 25,000 BOPD at Quarter-end. The level of facility downtime due to unplanned maintenance at the Basker-Manta-Gummy ("BMG") and Enoch fields during the Quarter was disappointing.

Year-to-date sales revenue of US\$100.2 million strengthened ROC's net cash position to US\$52.7 million at Quarter-end. However, development and exploration expenditure is planned to increase during 2H 2010. Exploration and appraisal activity in 3Q 2010 will include the drilling of the Tuatara-1 exploration well in New Zealand and the drilling of the Castanha-2 appraisal well in Angola.

Progress continued on the Beibu Gulf project during the Quarter: commercial terms for sharing facilities with CNOOC were agreed; documentation of the Supplemental Development Agreement progressed; and internal CNOOC review and approval processes continued. First oil production at the Beibu Gulf project is anticipated in 2H 2012.

Engineering evaluation of development options for the BMG Phase-2 Gas project continued during the Quarter.

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**KEY ACTIVITIES**

**1. CONSOLIDATED REVENUE & PRODUCTION**

- 1.1** Total working interest production of 0.747 MMBOE (8,207 BOEPD); down 4% compared to 0.780 MMBOE (8,667 BOEPD) in the previous quarter.
- 1.2** Sales volumes of 0.647 MMBOE; down 4% compared to 0.675 MMBOE in the previous quarter. ROC's net crude oil underlift position at Quarter-end increased by 0.1 MMBOE to 0.3 MMBOE.
- 1.3** Total sales revenue of US\$50.8 million; up 3% compared to US\$49.3 million in the previous quarter.
- 1.4** Average realised oil price (excluding hedging) in the Quarter of US\$78.68/BBL; up 5% compared to US\$74.82/BBL in the previous quarter. The Brent crude oil price averaged US\$78.24/BBL in the Quarter.

## 2. PRODUCTION ASSETS

### 2.1 Zhao Dong C & D Oil Fields, Bohai Bay, Offshore China (ROC: 24.5% & Operator)

Gross oil production averaged 16,633 BOPD (ROC: 4,075 BOPD); up 33% compared to the previous quarter, in which production was affected by severe winter weather conditions. The 2010 drilling programme also contributed to increased production during the Quarter.

The production rate from both the C&D and C4 fields in the final week of the Quarter averaged approximately 25,250 BOPD.

### 2.2 Zhao Dong C4 Oil Fields, Bohai Bay, Offshore China (ROC: 11.575% unitised & Operator)

Gross oil production averaged 3,035 BOPD (ROC: 351 BOPD); up 964% compared to the previous quarter, in which production was affected by severe winter weather and the failure of a power cable from the Zhao Dong facilities to C4 platform. The drilling of two new wells and workovers on two existing wells contributed significantly to production during the Quarter.

### 2.3 Cliff Head Oil Field, WA-31-L, Offshore Western Australia (ROC: 37.5% & Operator)

Gross oil production averaged 4,431 BOPD (ROC: 1,662 BOPD); down 2% compared to the previous quarter. Planning has commenced for a possible workover in 4Q 2010 to install a higher-rate downhole electric submersible pump at the CH12 production well.

### 2.4 Basker-Manta-Gummy ("BMG") Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 30% & Operator)

Gross oil production averaged 1,513 BOPD (ROC: 454 BOPD); down 70% compared to the previous quarter. During the Quarter, the field was shutdown for approximately eight weeks due to maintenance and repair activities on the Crystal Ocean FPSO.

A planned shutdown took place in April, during which the Crystal Ocean FPSO entered dry-dock for thruster repairs and maintenance activities. In early May, production was further disrupted while repairs to the Crystal Ocean FPSO's disconnectable turret mooring and mooring buoy were completed.

The field came back online in early June following completion of these repairs and the production rate in the final week of the Quarter averaged approximately 4,700 BOPD.

### 2.5 Blane Oil Field, North Sea (ROC: 12.5%)

Gross oil production averaged 7,325 BOPD (ROC: 916 BOPD); down 28% compared to the previous quarter due to a field shutdown related to planned maintenance activities in the area, which took place throughout June as previously advised.

While production was re-established in early July, further planned repair work on the gas lift pipeline has necessitated another shut-in of production for precautionary safety reasons. Normal production with gas lift capability is planned to resume in early August.

### 2.6 Enoch Oil and Gas Field, North Sea (ROC: 12.0%)

Gross oil production averaged 3,778 BOPD (ROC: 453 BOPD); down 37% compared to the previous quarter due to natural field decline and facility limitations that interrupted and restricted gas lift supply from the Brae host platform. Repairs to the Brae host platform's gas lift supply system are expected to be completed during 3Q 2010.

### 2.7 Chinguetti Oil Field, PSC Area B, Offshore Mauritania (ROC: 3.25%)

Gross oil production averaged 7,853 BOPD (ROC: 255 BOPD); down 8% from the previous quarter due to natural field decline.

### 3. DEVELOPMENT ASSETS

#### 3.1 WZ 6-12 and WZ 12-8 West Oil Field Development (Block 22/12 Petroleum Contract), Beibu Gulf, Offshore China (ROC: 19.6% & Operator)

Following completion of the technical section of the Overall Development Plan ("ODP") in December 2009, negotiations on commercial terms were completed during the Quarter. The agreement with China National Offshore Oil Company Limited ("CNOOC") specifies terms, conditions and tariffs for the joint development of the two fields. CNOOC has elected to participate for its full 51% share in the development and ROC's share will be 19.6%.

The agreed commercial terms have been incorporated into a revised ODP, which is presently subject to Expert Review with CNOOC. A Supplemental Development Agreement ("SDA") to the Petroleum Contract to include the agreed commercial terms is also currently being prepared within CNOOC.

The Final Investment Decision and formal Chinese Government approvals for the project are expected once the SDA has been signed. First oil production is anticipated in 2H 2012.

#### 3.2 Zhao Dong C & D Oil Fields, (ROC: 24.5% & Operator) and C4 Oil Field (ROC: 11.575% unitised & Operator), Bohai Bay, Offshore China

The 2010 drilling programme continued throughout the Quarter on schedule and within budget: nine (seven producers and two injectors) of the planned 24 wells have now been completed and another two are currently being drilled.

Installation of the gas export pipeline and facilities commenced during the Quarter and gas deliveries are planned to begin in 4Q 2010, eliminating the need for gas flaring during normal operations.

#### 3.3 Basker-Manta-Gummy Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 30% & Operator)

The Joint Venture continues to assess various options for the potential future development of the field's gas resource.

### 4. EXPLORATION AND APPRAISAL ASSETS

#### 4.1 PEP38524, Offshore Taranaki, New Zealand (ROC: 15%)

Roc Oil (Tasman) Pty Limited, a wholly owned subsidiary of ROC, farmed into PEP38524 during the Quarter. ROC will contribute towards the cost of the Tuatara-1 exploration well to earn a 15% participating equity interest in the permit.

Tuatara-1 is targeting approximately 80 MMBBL of potential recoverable oil reserves in a typical Taranaki Basin-style trap similar to the producing Maari oil field. Tuatara-1 is expected to be drilled during 3Q 2010.

#### 4.2 PEP52181, Offshore Taranaki, New Zealand (ROC: 50% & Operator)

The New Zealand Ministry of Economic Development granted PEP52181 to ROC and its joint venture partners during the Quarter. The permit contains the Kaheru prospect, which is on trend with the Rimu oil and gas field and Kauri gas and condensate field. The prospect has 3D seismic coverage and the agreed work programme for the five-year term includes an exploration well (Kaheru-1) by the end of year three.

**4.3 WA-286-P & WA-31-L, Perth Basin, Offshore Western Australia (ROC: 37.5% & Operator)**

The WA-286-P Permit Renewal Application was submitted on 22 April. Pre-stack Depth Migration processing of 150km<sup>2</sup> of the Diana 3D seismic survey in WA-286-P is nearing completion and interpretation of the data over structures in the vicinity of the Frankland gas discovery will be undertaken during 3Q 2010.

In WA-31-L, 220km of reprocessed 2D seismic data is being interpreted in conjunction with the Cliff Head Field 3D survey to assess near-field exploration potential.

**4.4 WA-351-P, Carnarvon Basin, Offshore Western Australia (ROC: 20%)**

The Permit Renewal Application, which included a 50% relinquishment preserving the best leads, was submitted on 1 April. The permit was renewed on 28 June for a five-year term. An exploration well is committed by the end of year three (mid-2013).

**4.5 VIC/P49, Gippsland Basin, Offshore Victoria (ROC: 20%)**

The VIC/P49 permit expired effective 15 April.

**4.6 PEP38259, Canterbury Basin, Offshore New Zealand (ROC: 15%)**

The Joint Venture is obliged to commit by 17 August 2010 to drill one exploration well within the following 12 months or the permit will be relinquished. The Barque-1 prospect is currently being considered as a potential candidate.

**4.7 WA-381-P and WA-382-P, Vlaming Basin, Offshore Western Australia (ROC: 20%)**

ROC's withdrawal from both WA-381-P and WA-382-P was effective 27 April.

**4.8 Cabinda Onshore South Block, Angola (ROC: 10%)**

The Castanha-2 appraisal well is expected to commence drilling during 3Q 2010.

Initial activities are also expected during 3Q 2010 for a 169km<sup>2</sup> 3D seismic acquisition programme (overlapping the north of Castanha-1 discovery) to define new exploration leads and assist with mapping the Castanha-1 discovery.

**4.9 Belo Profond Block, Offshore Madagascar, Mozambique Channel (ROC: 75% & Operator) and Juan de Nova Maritime Profond Block, Mozambique Channel (ROC: 75% & Operator)**

Planning continues for a potential 8,000km 2D seismic survey, which is anticipated to commence during 3Q 2010.

The farmin opportunity continues to be promoted.

**4.10 Block H, Offshore Equatorial Guinea (ROC: 37.5% & Technical Manager)**

Drill planning activities continued during the Quarter. The farmin opportunity continues to be promoted.

**4.11 Offshore Mauritania (ROC: 2 - 5.49%)**

The Cormoran-1 exploration well in Block 7 is planned to commence during 3Q 2010 and a drill rig has been contracted. Cormoran-1 is planned to be followed by an exploration well in Block C6 (most likely Gharabi-1).

The sale of ROC's Mauritanian Assets continues to be promoted.

## 5. CORPORATE

### 5.1 Health, Safety, Environment and Community ("HSEC") Issues

Two lost time injuries ("LTI") took place during the Quarter. At BMG, a LTI occurred on the contracted supply vessel when a crew member placed his hand in a "pinch point" at a door hinge when another crew member shut the door. At Zhao Dong, a "non-work" related LTI occurred when a contractor slipped while descending a bunk-bed ladder in the accommodation quarters.

There were three minor reportable environmental incidents relating to containment issues at ROC-operated assets during the Quarter.

Safety inspections took place at BMG and Zhao Dong during the Quarter. At BMG, the National Offshore Petroleum Safety Authority ("NOPSA") performed an inspection on the Crystal Ocean FPSO. At Zhao Dong, a combined inspection was performed by the Chinese State Administration for Worker Safety and the Chinese Offshore Operations Safety Office. The inspections did not identify any significant issues at either ROC-operated facility. Chinese authorities commended ROC for the continuing improvement in HSEC management at the Zhao Dong field.

During the Quarter, ROC entered a partnership with the Clontarf Foundation. The Foundation seeks to improve the education, discipline, self esteem, life skills and employment prospects of young Aboriginal men and by doing so, equip them to participate more meaningfully in society. The Foundation's programmes are delivered through a network of football academies, each of which operates in partnership with a school or college. The Foundation operates academies in Geraldton (near the Cliff Head oil field in Western Australia) and Bairnsdale (near the BMG field in Victoria).

The Company compiled and submitted its response for the 2010 Carbon Disclosure Project ("CDP") during the Quarter, fulfilling one of the objectives outlined in ROC's inaugural Sustainability Report that was released in May 2010.

### 5.2 Annual General Meeting

ROC's Annual General Meeting was held at 11.00am on Thursday 13 May 2010 at the National Maritime Museum in Darling Harbour, Sydney.

## 6. FINANCIAL

At Quarter-end ROC had net cash of US\$52.7 million: US\$102.2 million of cash offset by gross debt of US\$49.5 million.

### 6.1 Production (Working Interest)

	2Q 2010	1Q 2010	YTD	% Change (1Q10 to 2Q10)
<b>Oil Production (BBL)</b>				
Zhao Dong C&D Fields	370,833	275,597	646,430	35%
Zhao Dong C4 Field	31,964	2,987	34,951	970%
Cliff Head	151,206	152,514	303,720	(1%)
Blane	83,319	113,677	196,996	(27%)
BMG	41,309	137,778	179,087	(70%)
Enoch	41,259	64,460	105,719	(36%)
Chinguetti	23,225	24,996	48,221	(7%)
Other	98	113	211	(13%)
<b>Total Oil Production</b>	<b>743,213</b>	<b>772,122</b>	<b>1,515,335</b>	<b>(4%)</b>
<b>Gas Production (MSCF)</b>				
Enoch	1,769	28,456	30,225	(94%)
<b>NGL Production (BOE)</b>				
Blane	3,304	3,169	6,473	4%
<b>Total BOE</b>	<b>746,812</b>	<b>780,034</b>	<b>1,526,846</b>	<b>(4%)</b>
<b>BOEPD</b>	<b>8,207</b>	<b>8,667</b>	<b>8,436</b>	<b>(5%)</b>

## 6.2 Sales

	2Q 2010		1Q 2010		YTD	
	BOE	US\$'000	BOE	US\$'000	BOE	US\$'000
<b>Oil Sales (BBLs)</b>						
Zhao Dong C&D Fields	252,441	19,510	208,461	15,018	460,902	34,528
Zhao Dong C4 Field	32,404	2,434	262	19	32,666	2,453
Cliff Head	150,902	11,671	153,195	11,566	304,097	23,237
BMG	106,572	8,736	75,130	5,543	181,702	14,279
Enoch	47,609	3,798	74,344	5,703	121,953	9,501
Chinguetti	28,507	2,306	18,657	1,450	47,164	3,756
Blane	27,832	2,397	107,636	8,409	135,468	10,806
Other	98	7	113	9	211	16
<b>Total Oil Sales</b>	<b>646,365</b>	<b>50,859</b>	<b>637,798</b>	<b>47,717</b>	<b>1,284,163</b>	<b>98,576</b>
<b>Gas Sales (MSCF)</b>						
Enoch	1,769	1	28,456	149	30,225	150
<b>NGL Sales (BOE)</b>						
Blane	71	(15)	31,970	1,481	32,041	1,466
<b>Total Sales</b>	<b>646,731</b>	<b>50,845</b>	<b>674,511</b>	<b>49,347</b>	<b>1,321,242</b>	<b>100,192</b>

## 6.3 Expenditure Incurred

	2Q 2010 US\$'000	1Q 2010 US\$'000	YTD US\$'000
<b>Exploration</b>			
Mozambique Channel	627	539	1,166
New Zealand	620	-	620
China	304	379	683
Australia	262	459	721
Equatorial Guinea	134	136	270
Angola	25	(999)	(974)
Mauritania	(133)	133	-
Other	865	18	883
<b>Total Exploration</b>	<b>2,704</b>	<b>665</b>	<b>3,369</b>
<b>Development</b>			
Zhao Dong C&D Fields	7,645	1,373	9,018
Zhao Dong C4 Field	1,230	661	1,891
BMG	989	(226)	763
Chinguetti	12	(22)	(10)
Blane	(10)	-	(10)
Enoch	-	3	3
<b>Total Development</b>	<b>9,866</b>	<b>1,789</b>	<b>11,655</b>
<b>TOTAL EXPLORATION &amp; DEVELOPMENT</b>	<b>12,570</b>	<b>2,454</b>	<b>15,024</b>

## 6.4 Hedging

Remaining hedge positions from 30 June 2010 to 31 December 2011 are:

Brent Oil Price Swaps		
	Volume	Weighted Average Brent Price USD/BBL
2010	561,993	67.03
2011	875,997	63.71
	1,437,990	65.01

Hedge book mark-to-market valuation at 30 June 2010 was a liability of US\$17.8 million.

## 7 POST QUARTER EVENTS

### 7.1 PEP38524, Offshore Taranaki, New Zealand (ROC: 20%)

On 23 July, Roc Oil (Tasman) Pty Limited, a wholly owned subsidiary of ROC, exercised an option under the existing farm-in agreement to acquire a further 5% in PEP38524 thereby taking its participating equity interest in the permit to 20%.

### 7.2 BMG Project Litigation Update

A court ordered mediation in respect of the BW Offshore Claim against the BMG Joint Venture has been scheduled for 9 August 2010. The mediator has been agreed between the parties as Ian Callinan, QC. The outcome of the mediation is to be advised to the Federal Court by 17 August. If no agreement is reached, the trial is set down to commence on 30 August.

## 8 FURTHER INFORMATION

For further information please contact ROC's Chief Executive Officer, Bruce Clement, on:

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*The reserve and resource information contained in this report is based on information compiled by Mr John Mebberson (General Manager Exploration). Mr Mebberson (BSc Geology), who is a member of the American Association of Petroleum Geologists, has more than 30 years relevant experience within the industry and consents to the information in the form and context in which it appears.*

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### DEFINITIONS

A\$	Australian dollars
ASX	Australian Stock Exchange
BBL(S)	barrel(s)
BCF	billion cubic feet
BFPD	barrels of fluid per day
BMG	Basker-Manta-Gummy Oil and Gas Fields, Bass Strait, Australia
BOE	barrels of oil equivalent (6 MSCF = 1 BOE)
BOPD	barrels of oil per day
BOEPD	barrels of oil equivalent per day
CNOOC	China National Offshore Oil Company Limited
ERA	Extended Reach Area
FPSO	Floating production, storage and offloading vessel
LTI	Lost time injury
mBRT	metres below rotary table
MSCF	thousand standard cubic feet
MMSCF	million standard cubic feet
MMSCFD	million standard cubic feet per day
MMBBL	million barrels
MMBO	million barrels of oil
MMBOE	million barrels of oil equivalent
PSC	Production Sharing Contract
Quarter	the period 1 April 2010 to 30 June 2010
ROC	Roc Oil Company Limited and includes, where the context requires, its subsidiaries
TCF	trillion cubic feet
US\$	US dollars
YTD	year to date