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ASX RELEASE

ZHAO DONG BLOCK, CHINA: ACREAGE INCREASE, APPRAISAL DRILLING AND TERM EXTENSION

Roc Oil (Bohai) Company, a wholly owned subsidiary of ROC, advises that the existing Petroleum Contract covering the Zhao Dong Block in the Bohai Bay, offshore China, has been modified with the aim of commercialising previous near field discoveries in the area and encouraging further exploration activity. The key elements of the modifications are:

- The existing Zhao Dong Block Contract will include two additional blocks; and
- The term of the Zhao Dong Contract and Production Period will be extended when and as necessary to accommodate any new production from the additional blocks.

The existing Zhao Dong Block contract area (28km²) will be increased to include the adjoining Zhanghai (16km²) and Chenghai (26km²) blocks. Participating interests in the newly added blocks are separate from the existing block; ROC 80% and New XCL (Sinochem) 20%, with PetroChina having an option to back-in for 51% on any future commercial development.

It is anticipated that any potential commercial development in the expanded block would utilise existing Zhao Dong facilities and replicate the cost sharing and tariff arrangements previously implemented for the C4 Unitized Field (ROC: 11.575%). ROC will retain operatorship of the expanded Zhao Dong Block.

The initial work programme for the additional areas includes the drilling of two appraisal wells from an existing Zhao Dong platform over the next two years, with one anticipated in 3Q 2011. Drilling of the appraisal well in 3Q 2011 will initially add 2P Reserves of 0.6 MMBBL to the expanded Zhao Dong block (ROC working interest 0.2 MMBBL following PetroChina back-in for 51%). It is anticipated that these reserves would be brought into production immediately following the successful completion of the well.

Commenting on the Zhao Dong Block modifications, ROC's Chief Executive Officer, Alan Linn, stated:

"One element of ROC's strategy is to generate future growth through appraisal and pre-development opportunities and to commercialise near field opportunities through our existing infrastructure. Extension of the Zhao Dong Block provides the potential to commercialise and incrementally develop a number of small discoveries through Zhao Dong facilities in parallel with ongoing activities. Exploration opportunities within this acreage could also impact the future profitability and recovery life of the existing assets."

"This is a positive outcome for all joint venture partners in the Zhao Dong Block. It represents a vote of confidence for ROC's abilities as an offshore operator in China and highlights the continual strengthening of ROC's relationships with PetroChina and Sinochem."

Alan Linn
Chief Executive Officer

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The reserve and resource information contained in this report is based on information compiled by Bill Billingsley (Chief Reservoir Engineer). Mr Billingsley BSc (Chem) MSc (Petroleum Engineering) DIC (Imperial College), who is a member of the Society of Petroleum Engineers, has more than 16 years relevant experience within the industry and consents to the information in the form and context in which it appears.
