



21 October 2010

**ROC OIL COMPANY LIMITED ("ROC")**

**STOCK EXCHANGE RELEASE**

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**ASX SMALL TO MID CAPS CONFERENCE HONG KONG PRESENTATION**

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Attached is ROC's presentation to the ASX Small to Mid Caps Conference in Hong Kong. A copy is also available on ROC's website at:

[http://www.rocoil.com.au/Public/Investor\\_Centre/Presentations.aspx](http://www.rocoil.com.au/Public/Investor_Centre/Presentations.aspx)

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# ASX Small to Mid Caps Conference



**Hong Kong  
21 October 2010**



# ROC OIL COMPANY PROFILE

## **ROC is an ASX-listed upstream oil and gas company**

- 160 employees
- Asia-Australasia Focus

## **Production assets**

- 2P Reserves of 13.9 MMBOE @ 31 December 2009
- 6 fields producing 8,000-9,000 BOEPD net to ROC in FY10

## **Proven operational capabilities and experience**

- Operating ~30,000 BOEPD of production
- Operating major projects in Australia and China

## **Health, Safety, Environment and Community (HSEC)**

- LTIFR per million man-hours worked of 2.3 for 1H 2010
- One significant environmental incident during 1H 2010
- Increasing community engagement

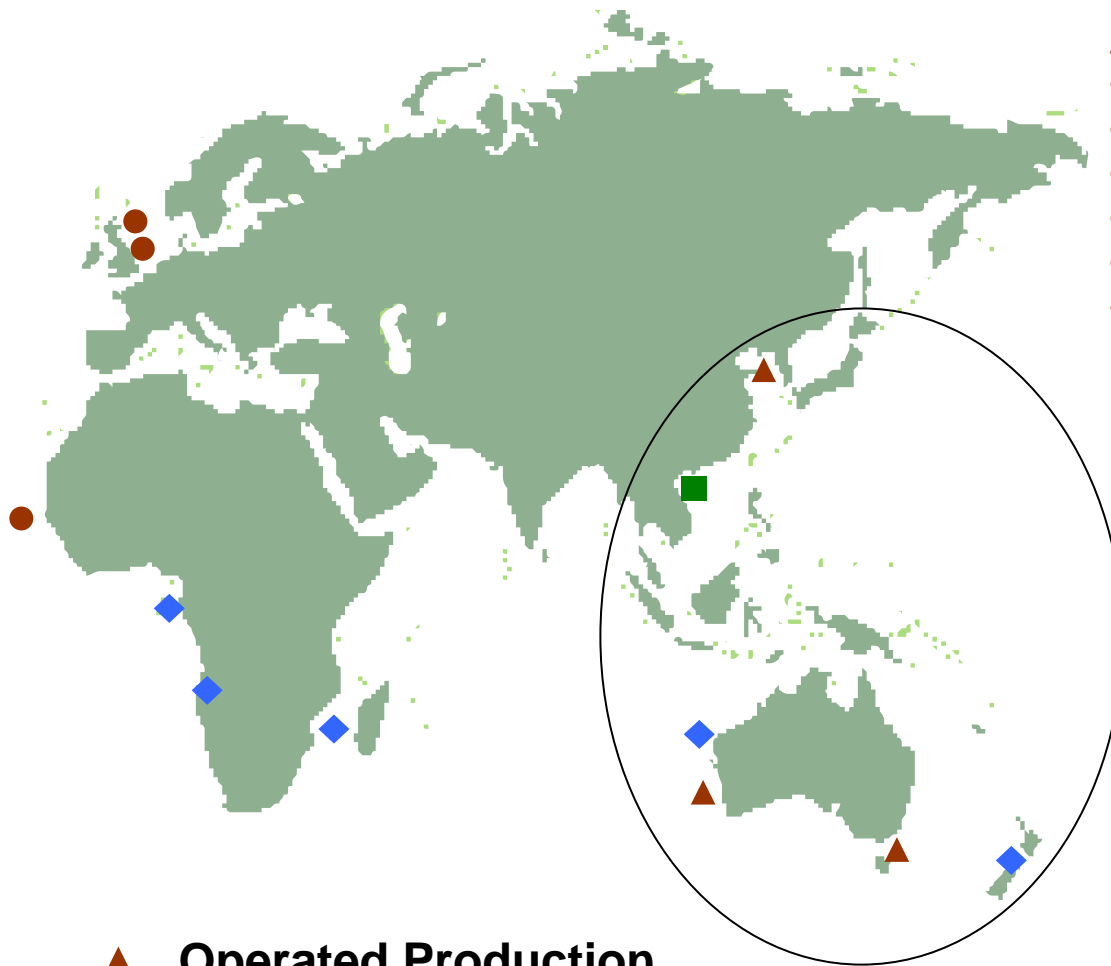
## **Exploration assets**

- Growing inventory of leads and prospects

## **Solid Financial Position**

- Net Cash of US\$53 million @ 30 June 2010
- FY09 net operating cashflow US\$98 million

# INTERNATIONAL ASSET PORTFOLIO



- ▲ **Operated Production**
- **Non-Operated Production**
- **Development Project**
- ◆ **Exploration Assets**

## Production

- Cliff Head oil field
- Basker Manta oil fields
- Zhao Dong oil fields
- Blane oil field
- Enoch oil & gas field
- Chinguetti oil field

## FOCUS AREA

## Operating and Joint Venture Relationships

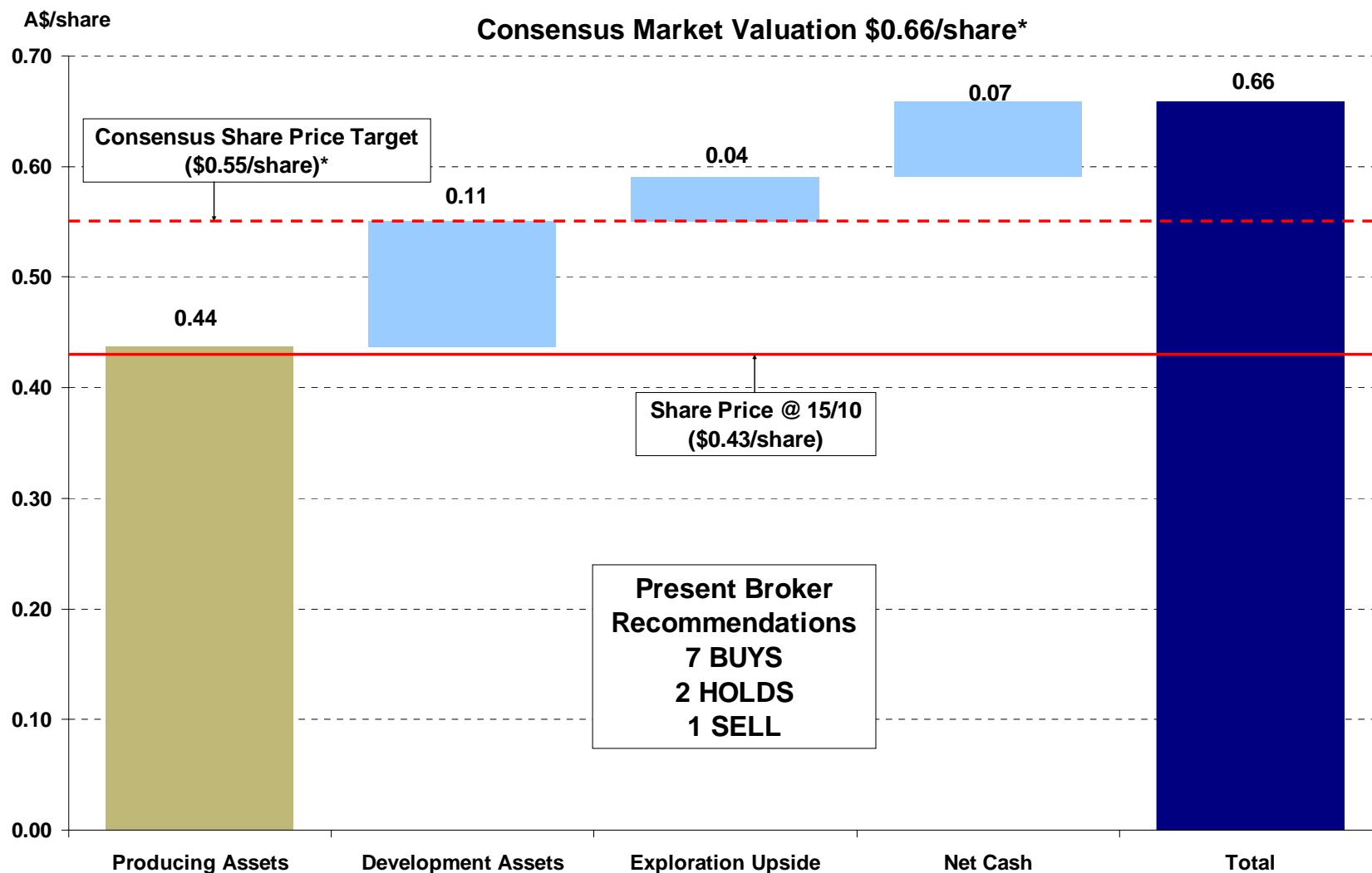
- Several Australian JV partners
- CNOOC (China offshore NOC)
- Petrochina (China onshore NOC)
- Sinochem
- Pertamina (Indonesian NOC)
- Several Japanese JV partners
- Petronas (Malaysian NOC)



# CONSENSUS BROKER VALUATION

A\$0.66/share\*

ROC presently trading at a 22% discount to broker consensus target price

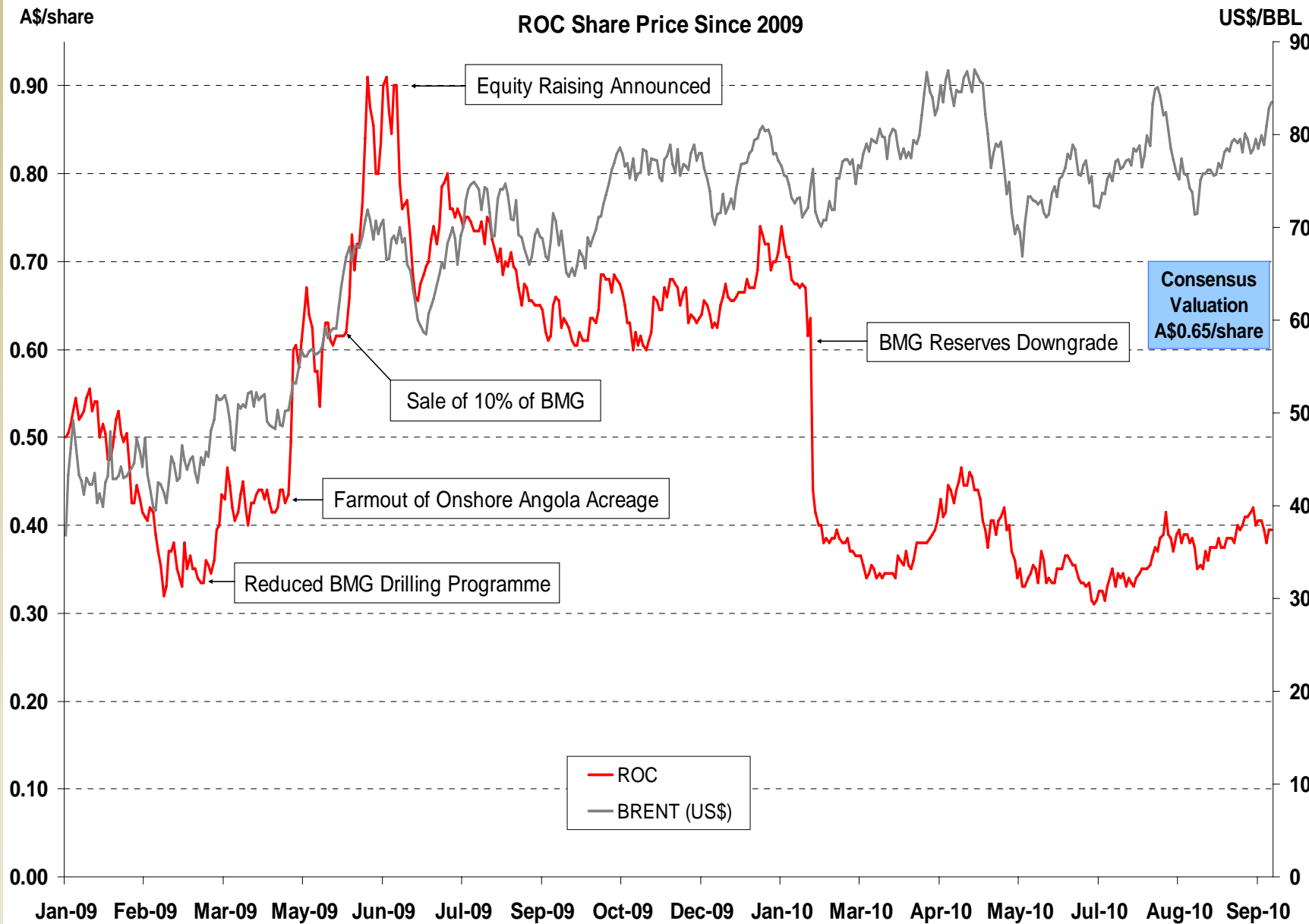


\* Consensus valuation and target price calculated by averaging the valuations of all 10 Australian equity analysts that actively cover ROC as at 15/10/2010. Broker valuations range from A\$0.51/share to A\$0.87/share. Broker target prices range from A\$0.41/share to \$0.68/share.



# SHARE PRICE PERFORMANCE

## BMG Disappointment in February 2009





# IMPROVING ROC'S SHARE PRICE PERFORMANCE

## Rebuild Confidence Through Strategy Delivery

### **MAINTAIN CASHFLOW: Exploit existing reserves & resources**

- Maintain and maximise production
- Commercialise resources

### **BALANCE RISK: Management of resources**

- Financial and operational risk management
- Portfolio management

### **IMPROVE FINANCIAL PERFORMANCE**

- Focus on budget delivery and cost minimisation
- Pro-active capital management

### **GENERATE GROWTH: Leverage competitive advantages**

- Operational and technical capabilities and experience
- Company size and geographic niches
- Industry relationships



# 2009 SCORECARD

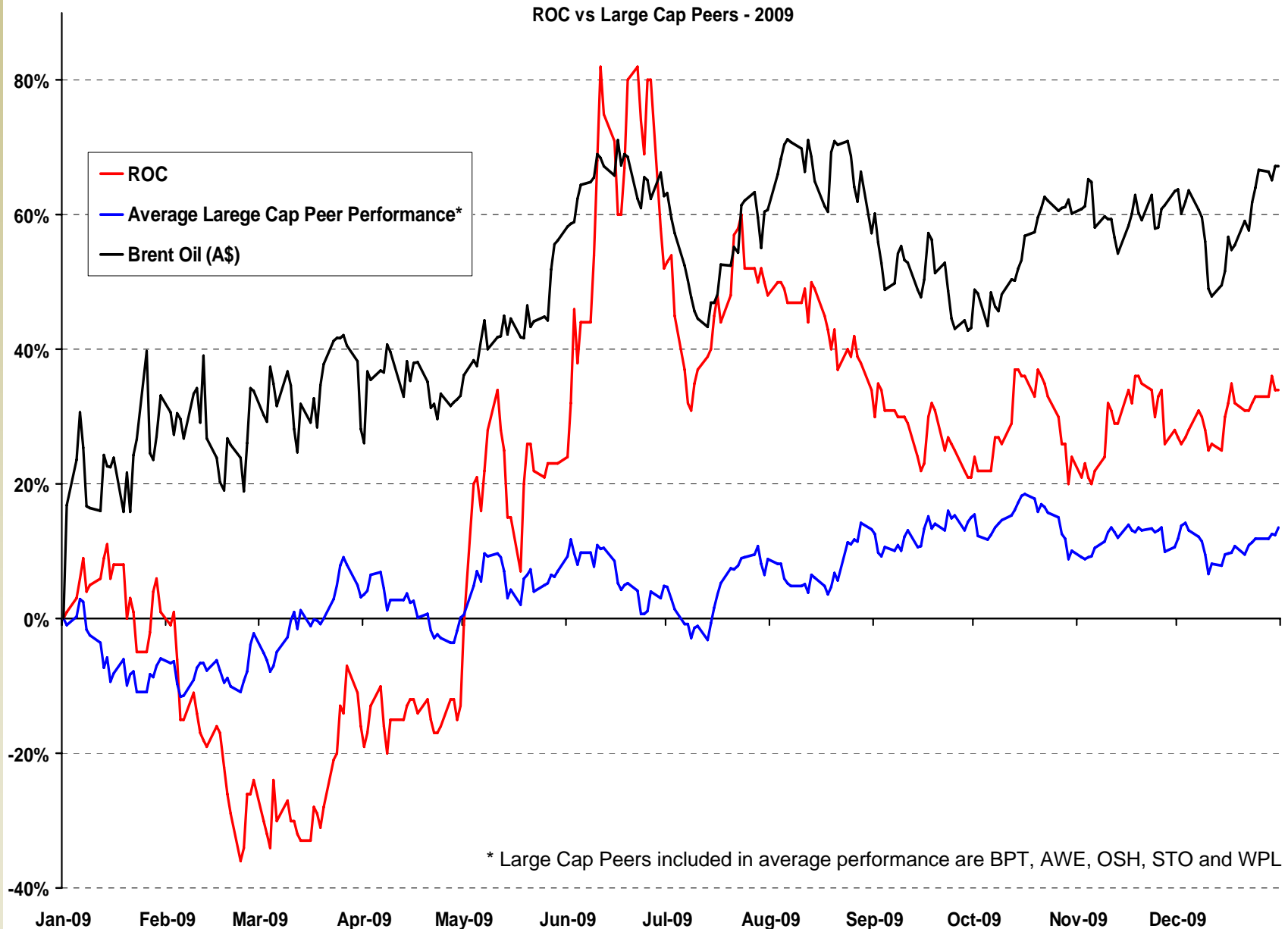
## Delivery of Objectives = Outperformance

HSEC	<ul style="list-style-type: none"><li>✓ Reduce LTI and TRI frequency rates</li><li>✓ Zero significant environmental incidents</li><li>✓ Broaden community engagement</li></ul>
Deliver Operating Budget	<ul style="list-style-type: none"><li>✓ Production within guidance (lower end of range)</li><li>✓ Control development and exploration expenditure</li><li>~ Operating costs contained (per BOE increased due to BMG)</li></ul>
Exploit Existing Reserve Base	<ul style="list-style-type: none"><li>✓ Zhao Dong facilities installation and drilling programme</li><li>✓ Cliff Head workovers (CH-10 and CH-6)</li><li>✗ BMG Phase-1 oil project production</li></ul>
Pursue Growth Opportunities	<ul style="list-style-type: none"><li>✓ Beibu Gulf ODP technical section completed</li><li>~ Beibu Gulf commercial negotiations: <b>COMPLETED 1H 2010</b></li><li>✗ BMG Phase-2 gas project progressed: UNDER REVIEW</li></ul>
Strengthen Balance Sheet	<ul style="list-style-type: none"><li>✓ Successful equity capital raising</li><li>✓ Net cash position at year end</li></ul>
Rebalance Asset Portfolio	<ul style="list-style-type: none"><li>✓ Sale of 10% participating interest in BMG</li><li>✓ Angola farm out</li><li>✓ Assessing opportunities in SE Asia-Australasia</li><li>~ Reduce exposure in African permits: ONGOING</li></ul>



# 2009 RELATIVE SHARE PRICE PERFORMANCE

## Delivery of Objectives = Outperformance





# EXPERIENCED & CAPABLE OPERATOR

## Delivering the Strategy

### **Cliff Head Producing Oil Field (37.5% and operator)**

- Discovered, appraised, developed and now operated
- 14 months from FID to first oil in May 2006
- Workovers delivered increased production in 2010

### **Zhao Dong Producing Oil Field (24.5% and operator)**

- Operated since acquisition in 2006
- 4 platforms and 2 pipelines installed in 2009 on budget and on schedule
- Ongoing development drilling programme through until 2013

### **Beibu Gulf Development Project (19.6% - formerly operator)**

- Exploration and appraisal wells between 2002-2006
- Development of project in close cooperation with CNOOC (now operator)
- Completion of Overall Development Plan and FID before end of 2010

### **Exploration**

- 2 new permits in New Zealand during 2010
- 3 exploration wells in 2010 (Tuatara, Cormoran and Gharabi)
- 2 appraisal wells in 2010 (Castanha-2 and Castanha-3)
- Seismic programmes (onshore Angola and Mozambique Channel)



# AUSTRALIA – CLIFF HEAD

## Producing Oil Field

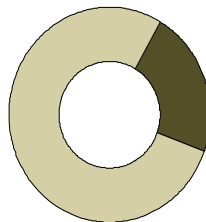
Location:	Offshore Perth Basin
Working Interest:	37.5%
Operator:	ROC
Development:	<ul style="list-style-type: none"><li>• Unmanned platform</li><li>• Pipeline to onshore stabilisation plant</li><li>• Oil trucked to BP Kwinana Refinery</li></ul>

% of ROC

2P Reserves:

ROC Net: 3.1 MMBBL  
(as at 31 December 2009)

Other  
78%



Cliff  
Head  
22%

Gross 2P Reserves: 8.3 MMBBL  
(as at 31 December 2009)

Gross Production: 4,475 BOPD  
(for 1H 2010)

Activity: Two coiled tubing workovers successfully completed in 2009 from unmanned platform without the need for a rig. Another workover is planned for 1H 2011

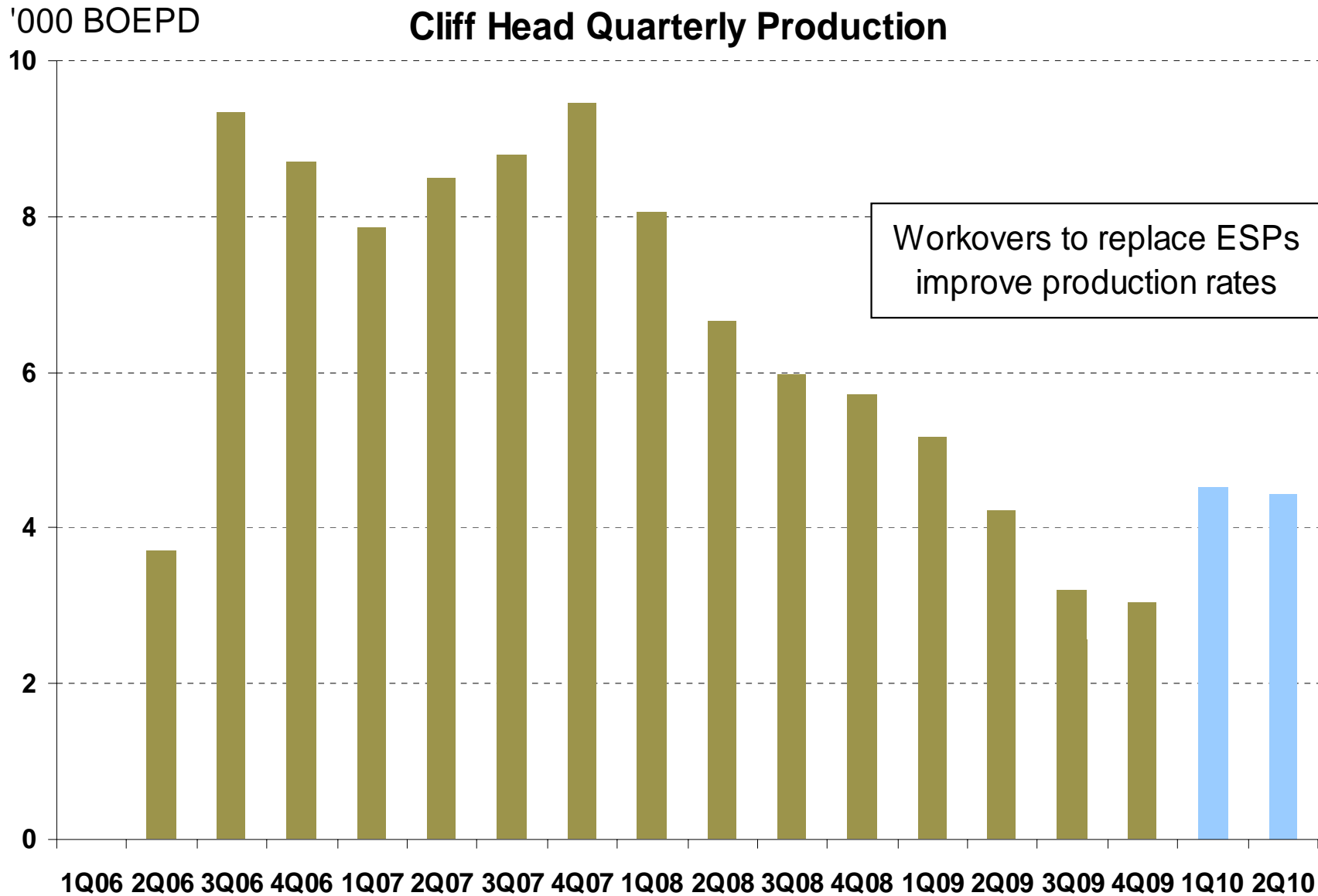


**Established production with enhancement from workovers**



# CLIFF HEAD

## Workovers Arresting Production Decline





# ZHAO DONG

## Producing Oil Fields

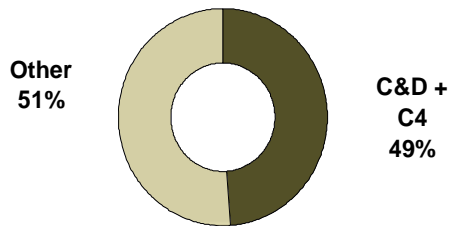
<b>Location:</b>	Offshore Bohai Bay
<b>Working Interest:</b>	<ul style="list-style-type: none"> <li>C&amp;D (+ERA) 24.5%</li> <li>C4 Field 11.6% (unitised)</li> </ul>
<b>Operator:</b>	ROC
<b>Development:</b>	<ul style="list-style-type: none"> <li>4 linked platforms: 2 for drilling &amp; accommodation; 2 for production &amp; processing</li> <li>C4 platforms connected by pipelines</li> <li>Oil barged to Tanggu Port</li> </ul>



% of ROC

2P Reserves:

ROC Net: 6.8 MMBBL  
(as at 31 December 2009)



**Gross 2P Reserves:**

- C&D (+ERA) 24.9 MMBOE
- C4 Field 6.0 MMBOE

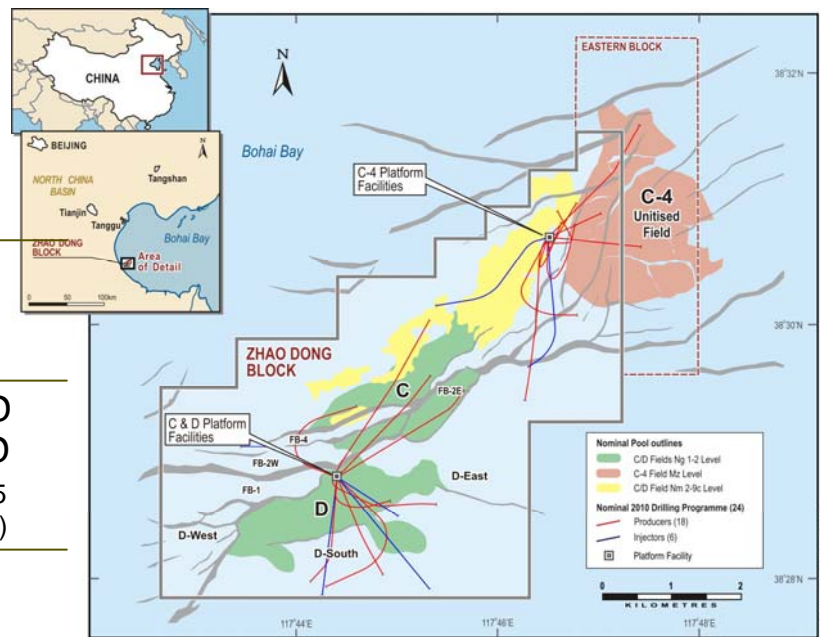
(as at 31 December 2009)

**Gross Production:**

- C&D (+ERA) 14,577 BOPD
- C4 Field 1,668 BOPD

(for 1H 2010 – severe sea-ice caused 35 days of lost production during the period)

**Activity:** 2010 drilling programme on schedule and on budget



**Future production upside from continued development drilling**



# ZHAO DONG

## Successful Facilities Development



24.5% (C&D and ERA) and  
11.575% (C4) and Operator

In 2009, the 3 year facilities  
development was completed  
on schedule and on budget,  
installing four platforms and  
two pipelines

Above: Zhao Dong C&D  
field platform facilities

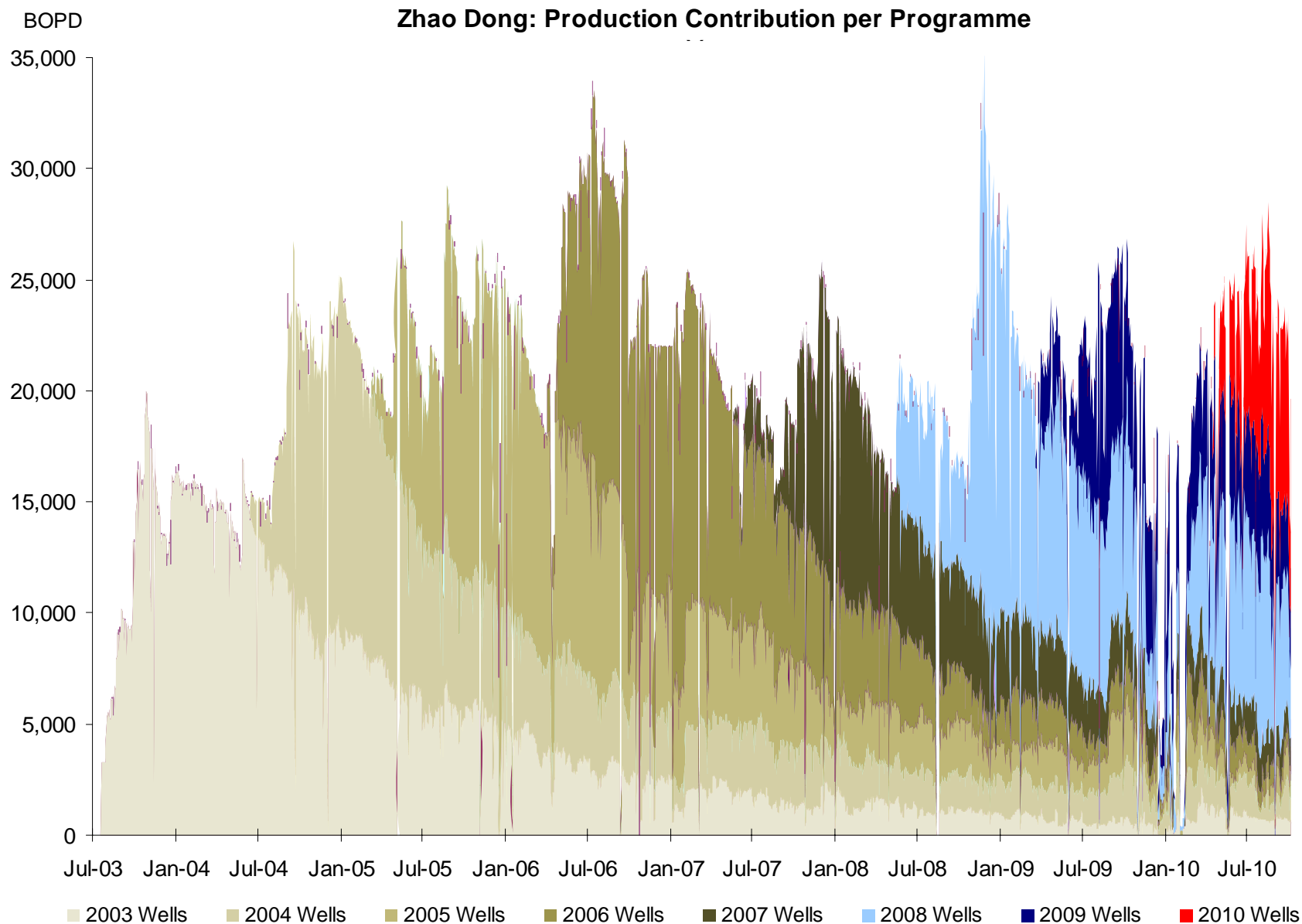
Right: C4 and ERA  
platform facilities



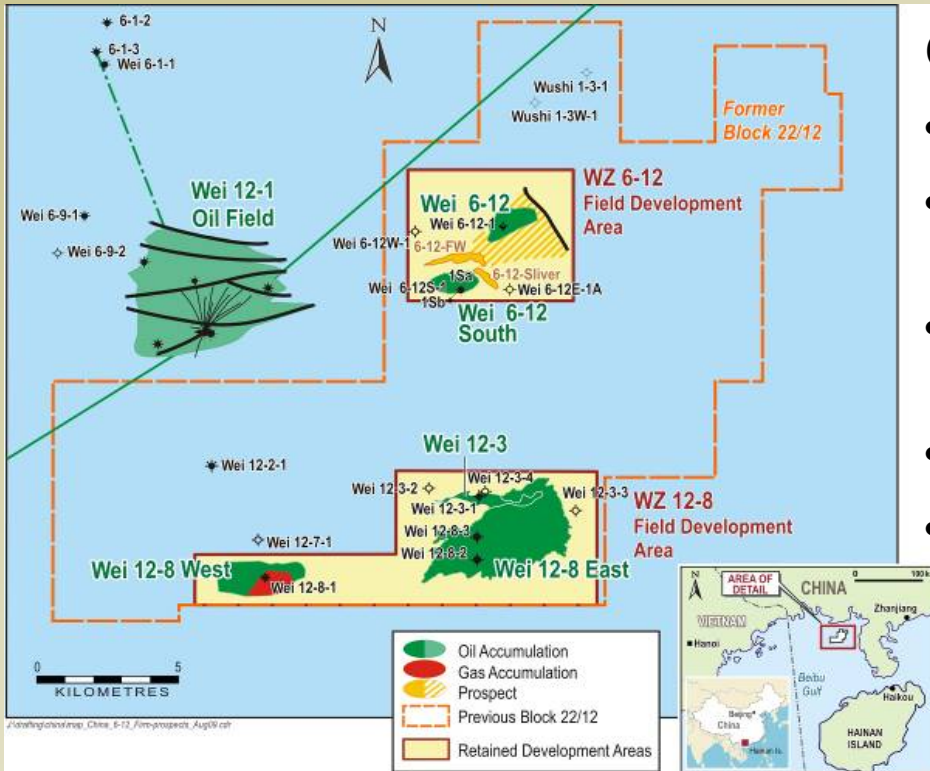


# ZHAO DONG

## Ongoing Development Drilling Maintains Production



# BEIBU GULF OIL FIELDS Development Project



## Cooperation / Integration / Sharing

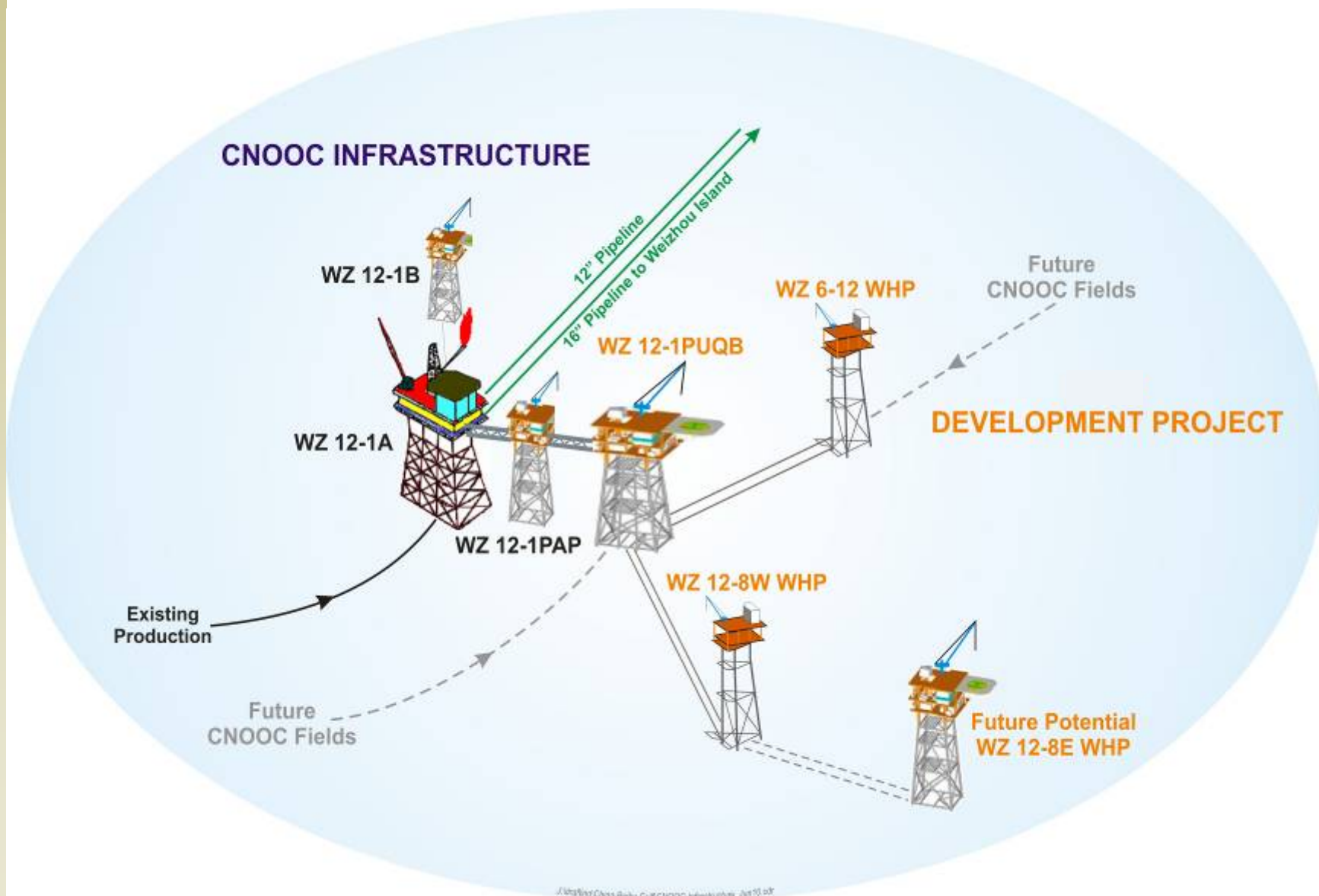
- Share new processing platform
- Agreed common technical and technology standards
- Use existing CNOOC production facilities
- Share services
- CNOOC to operate: ROC to participate in development

- **Project 2C Resources ~26.5 MMBBLs (ROC: 5.2 MMBBLs)**
- **ROC will book 5.2 MMBBL as 2P Reserves on FID completion**
- **Potential exploration upside in 3 prospects**
- **Potential production upside through 12-8 East field development**

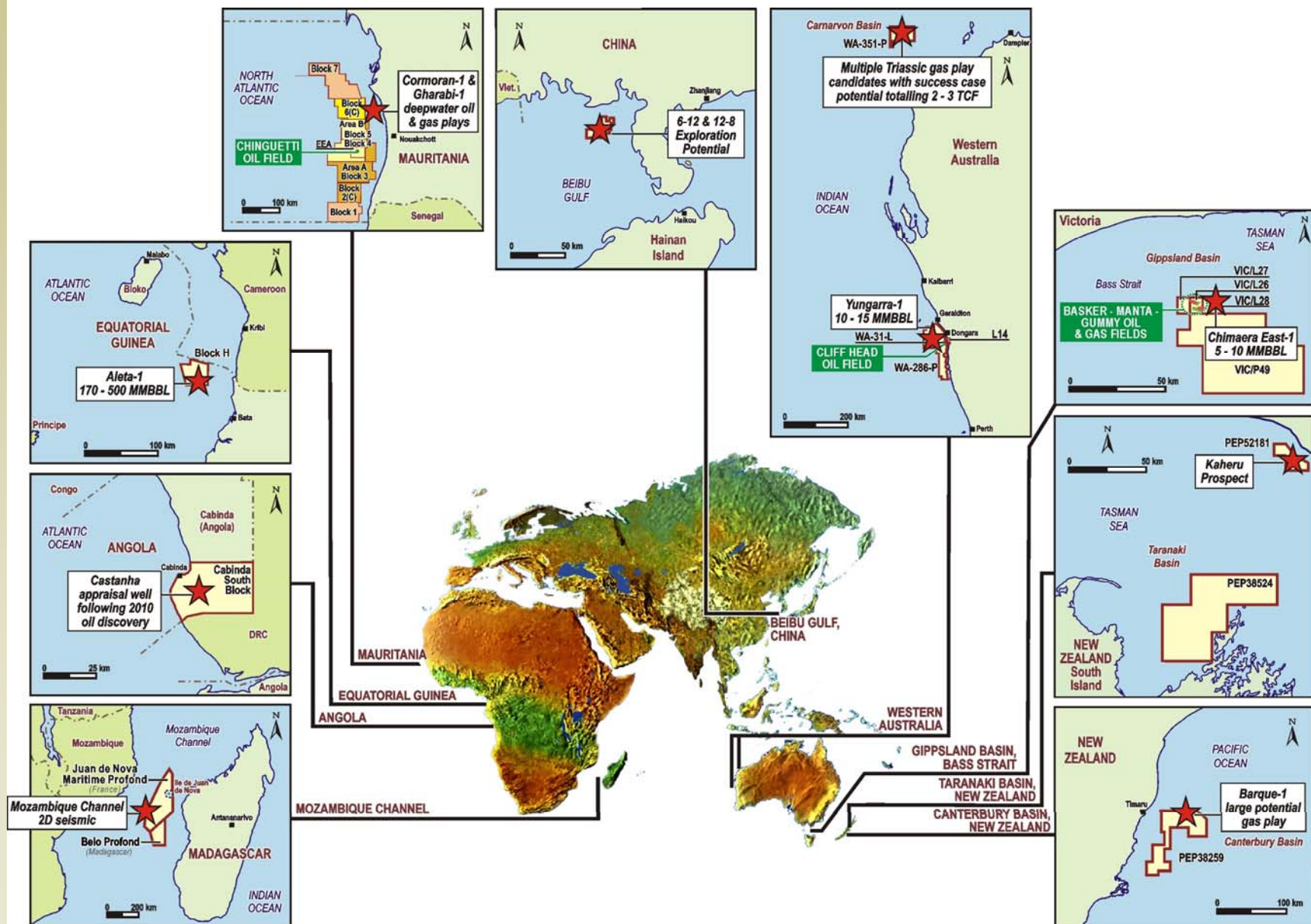


# BEIBU GULF OIL FIELDS

## Development Plan



# FIRM and CONTINGENT EXPLORATION





# **PURSUE NEW OPPORTUNITIES**

## **Leverage Competitive Advantages for Growth Beyond Beibu**

### **Asia and Australasia Focus**

- Offices in Sydney and Beijing
- Operate fields in Australia and China
- Existing relationships in the region (PetroChina, CNOOC and Petronas)

### **Offshore Continental Shelf**

- Experience at Cliff Head and Zhao Dong
- Shallower water depths mitigate risks and costs

### **Target Exploration / Appraisal / Pre-Development Assets**

- Experience in developing challenging and/or marginal fields
- Prefer not to acquire existing production or facilities
- Fields material to ROC (20-40 MMBBL), yet too small for NOCs and IOCs

### **New Venture Team Actively Pursuing Opportunities**

- Anticipate increasing acreage position in 2011



# ROC'S 2010 PLANS and OBJECTIVES

HSEC	<ul style="list-style-type: none"><li>• Maintain and improve safety and environmental performances</li><li>• Build upon existing relationships with host communities</li></ul>
Deliver Operating Budget	<ul style="list-style-type: none"><li>• Production of between 8,000-9,000 BOEPD</li><li>• Development and exploration expenditure &lt;US\$80 million</li><li>• Contain and control operating costs</li></ul>
Exploit Existing Reserve Base	<ul style="list-style-type: none"><li>• Zhao Dong development drilling</li><li>• Pursue further Cliff Head workover opportunities</li></ul>
Pursue Growth Opportunities	<ul style="list-style-type: none"><li>• Beibu Gulf project FID and commencement of development</li><li>• Conclude BMG review</li><li>• Reserve replacement opportunities</li></ul>
Increase Exploration Activity	<ul style="list-style-type: none"><li>• Castanha appraisal well and 3D seismic in Angola</li><li>• Finalise drillable prospects in WA-351-P, Carnarvon Basin</li><li>• Farm out and drill Aleta-1 prospect offshore Equatorial Guinea</li><li>• Acquire seismic in offshore Mozambique Channel permits</li></ul>
Build on Existing Relationships	<ul style="list-style-type: none"><li>• Petrochina and CNOOC in China</li><li>• Existing joint venture partners (domestic and international)</li></ul>
Rebalance Asset Portfolio	<ul style="list-style-type: none"><li>• Reduce exposure to Africa through farm outs</li><li>• Increase presence in SE Asia-Australasia focus area</li></ul>

## **1) Trading at discount to consensus valuation**

- BMG disappointment
- Rebuilding confidence

## **2) Strategy in place**

- Create value
- Provide future growth

## **3) Strategy implementation**

- Experienced and capable operator
- Strong relationships

## **4) Recent track record**

- Achieved most objectives in 2009
- Delivery on objectives = Share price outperformance



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The reserve and resource information contained in this announcement is based on information compiled by Neil Seage (Chief Reservoir and Planning Engineer). Mr Seage (BA, BEng (Hons), MBA and Dip App Fin), who is a member of the Society of Petroleum Engineers, 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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