



**REPORT TO SHAREHOLDERS**  
**Activities for the Quarter Ended 31 December 2008**

**CEO COMMENTS**

During the Quarter, ROC's development and production operations continued to achieve records. Production of 13,763 BOEPD was a record for ROC, with the successful completion and hook-up of the new C4 facilities and production wells at Zhao Dong in the Bohai Bay, offshore China and inclusion of the first full period of production from the Basker-Manta-Gummy ("BMG") project in Bass Strait.

Sales revenue for the Quarter of US\$81 million was down 16% on the prior period despite increased sales volume, largely as a result of a 48% fall in realised oil prices which averaged US\$61.82/bbl.

During the Quarter, the takeover of Anzon Australia Limited ("AZA") was completed.

As part of preparation of the 2008 financial accounts, ROC is currently undertaking its annual review of the carrying value of all assets and expects the prevailing lower oil price at year-end 2008 will result in write downs to the carrying value of exploration and production assets. This is likely to include those assets acquired as part of the AZA takeover. Partially offsetting these potential write downs will be an increase in the mark-to-market valuation of ROC's oil price hedge book.

Despite the impact of possible write downs in asset carrying values, underlying production remains strong. Production at year-end 2008 was at record levels and even at US\$40/bbl oil prices, ROC continues to operate with good margins. In addition, the Company is taking action to reduce its exploration and development expenditure in 2009 to ensure the business is being managed appropriately in the current financial climate.

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**KEY ACTIVITIES**

**1. CONSOLIDATED REVENUE & PRODUCTION**

- 1.1** Total working interest production of 1.266 MMBOE (13,763 BOEPD); up 38% compared to 0.916 MMBOE (9,952 BOEPD) in the previous quarter. The increase was due to production starting at the C4 Oil Field and the Extended Reach Area ("ERA") of the C & D Oil Fields in the Bohai Bay, offshore China and the inclusion of a full quarter of production from the BMG Oil and Gas Fields.
- 1.2** Sales volumes of 1.320 MMBOE; up 61% compared to 0.821 MMBOE in the previous quarter. The increase in sales volume was primarily due to an increase in production together with a small movement in ROC's net crude oil underlift position. ROC's net crude oil underlift position at Quarter-end was 0.305 MMBOE.
- 1.3** Total sales revenue of US\$81.4 million; down 16% compared to US\$96.7 million in the previous quarter.
- 1.4** Average realised oil price in the Quarter of US\$61.82/BBL; down 48% compared to US\$118.69/BBL in the previous quarter. The Brent crude oil price averaged US\$55.48/BBL in the Quarter; down 52% compared to US\$115.08/BBL in the previous quarter.

## 2. PRODUCTION ASSETS

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

Gross oil production averaged 5,714 BOPD (ROC: 2,143 BOPD); down 4% compared to the previous quarter due to natural reservoir decline.

### 2.2 Basker-Manta-Gummy Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 40% & Operator)

Gross oil production averaged 8,747 BOPD (ROC: 3,499 BOPD); up 17% compared to the previous full quarter. The benefit of a full quarter of production from the Basker 6ST1 well was partly offset by a 14 day planned maintenance shut-down of the Crystal Ocean FPSO in November and weather related downtime during December.

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

Gross oil production averaged 19,966 BOPD (ROC: 4,891 BOPD); up 24% compared to the previous quarter. The production increase was the result of the commencement of production from the ERA of the C & D Oil Fields. During the Quarter, seven new wells commenced oil production: one well in the C & D Oil Fields and six wells in the ERA.

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

Gross oil production averaged 2,923 BOPD (ROC: 338 BOPD). This was the first oil production from the C4 Oil Field. Production was established from two wells drilled from the new conductor pod and pipeline terminal facilities commissioned in October 2008. (See also Section 3.2)

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

Gross oil production averaged 6,595 BOPD (ROC: 791 BOPD); up 54% compared to the previous quarter. Gross gas production averaged 2.1 MMSCFD (ROC: 0.25 MMSCFD); up 10% compared to the previous quarter. The production increase was due to the resolution of power generator issues on the Brae A platform which resulted in improved uptime from 70% to 90% during the Quarter.

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

Gross oil production averaged 11,933 BOPD (ROC: 1,492 BOPD); down 9% compared to the previous quarter due to natural decline. Production rates are planned to improve after completion of the Ula Gas Compression Upgrade project and the introduction of gas lift to the wells, both of which are expected in 1Q 2009.

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

Gross oil production averaged 15,493 BOPD (ROC: 503 BOPD); up 36% to the previous quarter due to the Chinguetti-20 infill well coming online during the Quarter. Further infill drilling is planned for 2010.

## 3. DEVELOPMENT ASSETS

### 3.1 Basker-Manta-Gummy Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 40% & Operator)

During the Quarter, participants in the BMG Project gave notice to BW Offshore of termination of the Letter of Intent ("LOI") signed in July 2008 for the supply of a FPSO for the proposed BMG Phase-2 Project, due to failure of the parties to reach agreement in relation to the FPSO contract. Following the termination of the LOI, the joint venture initiated a review of the development plan for the project and this work was continuing at the end of the Quarter.

Options for further development activities, including the drilling of at least one well and workovers of two existing wells, are under consideration for 1H 2009.

### 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

During the Quarter, the new pipeline terminal (PT1) and pipeline connections for the ERA of the Zhao Dong Oil Field and the C4 Oil Field were successfully commissioned. As a result, first oil

production from the C4 Oil Field and the ERA began in October, increasing overall production from the fields above an average daily rate of 30,000 BOPD for the second half of November.

Expansion work at the existing Zhao Dong platforms also progressed during the Quarter, with the successful installation of the additional 50-slot drilling platform (ODB), which is planned to be commissioned by the end of 1Q 2009. Construction and fabrication of the additional processing platform (OPB), which is to be located next to the existing Zhao Dong platform (OPA), continued and installation and commissioning is scheduled to be completed around the end of 2Q 2009.

### **3.3 Block 22/12, Beibu Gulf, Offshore China (ROC: 40% & Operator - Subject to Government participation in developments for up to 51%)**

Following the formal end to the exploration period for Block 22/12 on 30 September, an extension to the PSC was granted for areas covering the Wei 6-12 and Wei 12-8 discoveries to allow the completion of the joint development feasibility study and the overall development plan with CNOOC.

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

Work on the Ula Gas Compression Upgrade project to improve gas lift availability from the Ula platform for the Blane production wells is targeted for completion in 1Q 2009.

## **4. EXPLORATION AND APPRAISAL ASSETS**

### **4.1 WA-286-P, Perth Basin, Offshore Western Australia (ROC: 37.5% & Operator)**

Work continued to focus on identifying incremental reserve opportunities around the Cliff Head Oil Field and to mature exploration prospects in exploration permit WA-286-P.

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

Acquisition of the 3,493km<sup>2</sup> Aragon 3D seismic survey was completed on 18 November and work continued to mature Triassic gas prospects for potential drilling in 2010.

### **4.3 WA-381-P and WA-382-P, Vlaming Basin, Offshore Western Australia (ROC: 20% & Operator)**

Reprocessing of historical 2D seismic data was completed and interpretation of the data was initiated. Results will be used to plan for a potential 3D seismic programme in late 2009 or early 2010.

### **4.4 EP413, Perth Basin, Onshore Western Australia (ROC: 0.25%)**

Exploration permit EP413 was surrendered on 1 December 2008. ROC retained a 0.25% interest in the production licence L14 containing the Jingemia Oil Field.

### **4.5 TP/15, Perth Basin, Offshore Western Australia (ROC: 20% & Operator)**

ROC withdrew from this permit on 26 October 2008.

### **4.6 Cabinda South Block, Onshore Angola (ROC: 60% & Operator)**

The second Massambala appraisal well was plugged and abandoned in October. The primary target was encountered deep to prediction and below the oil-water contact as determined from Massambala-1 and the first appraisal well. The appraisal programme was suspended as planned.

### **4.7 Offshore Mauritania (ROC: 2 – 5.49%)**

The Banda East appraisal well was drilled in PSC Area A. The well intersected an 86m gross gas column, with 22m (26%) net gas pay and a 19m gross oil column, with 7m net oil pay (37%). Fluid contacts were in line with pre-drill expectations. The well was cased and prepared for gas deliverability testing but was suspended following operational problems during completion. Gas deliverability testing from the well is planned during a future campaign.

The PSC for Block 8 was terminated on 21 January 2009, upon the expiry of the second exploration period, as ROC and the joint venture partners decided not to enter into the final exploration period.

### **4.8 Belo Profond Block, Offshore Madagascar (ROC: 75% & Operator)**

Planning for a 2,000km<sup>2</sup> 2D seismic acquisition programme in late 2009 progressed.

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

The Government has approved the assignment of the interest of Pioneer Natural Resources Equatorial Guinea Limited in the Block to the remaining joint venture participants. As a result, ROC's interest increased from 18.75% to 37.5%.

Planning continued for the drilling of the Aleta-1 prospect possibly in 2H 2009 and an option for a slot on the Aban Abraham rig was confirmed.

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

Planning continued for a 480km 2D seismic survey to be acquired in 1Q 2009 over the Barque prospect.

**5. CORPORATE****5.1 Completion of Anzon Australia Limited ("AZA") Off-Market Takeover**

ROC's off-market takeover offer for AZA was completed. AZA was suspended from trading on the ASX on 17 October and delisted on 26 November.

**5.2 Board Changes**

Mr Adam Jolliffe and Dr Douglas Schwebel resigned as non-executive Directors of the Company effective 3 December 2008. Mr Robert Leon was appointed a non-executive Director of the Company effective 3 December 2008. Mr Leon has over 30 years of experience in business and government administration. The ROC Board now comprises two executive Directors and four non-executive Directors.

**5.3 Juan de Nova Maritime Profond Block, Mozambique Channel (ROC: 75% & Operator)**

On 22 December, the Government of France awarded an exploration permit to ROC and Marex Petroleum Corporation for a five year term. The Juan de Nova Maritime Profond offshore exploration permit is located in the French Exclusive Economic Zone off the coast of Juan de Nova Island in the Mozambique Channel and is adjacent to the Belo Profond Block, offshore Madagascar, in which ROC has a 75% interest. The Juan de Nova Maritime Profond Block covers an area of 52,990km<sup>2</sup>. ROC is operator of the permit with an initial working interest of 75%, which may increase to 90% under certain circumstances.

The first-year work programme will involve the study of existing geological and geophysical data.

**6. FINANCIAL**

At Quarter-end, ROC had approximately US\$54.3 million in cash and gross debt of US\$168.8 million.

**6.1 Production**

	4Q 2008	3Q 2008	YTD	% Change (3Q08 to 4Q08)
<b>Oil Production (BBL)</b>				
BMG (*)	321,883	105,541	427,424	205
Cliff Head	197,139	205,555	903,506	(4)
Zhao Dong C&D Fields	450,030	361,843	1,618,506	24
Zhao Dong C4 Field	31,124	-	31,124	N/A
Chinguetti	46,324	33,970	138,889	36
Blane	137,231	151,339	608,545	(9)
Enoch	72,811	47,205	259,303	54
Other	174	201	908	(13)
<b>Total Oil Production</b>	<b>1,256,716</b>	<b>905,654</b>	<b>3,988,205</b>	<b>39</b>
<b>Gas Production (MSCF)</b>				
Enoch	23,017	20,964	121,503	10
<b>NGL Production (BOE)</b>				
Blane	5,671	6,398	26,018	(11)
<b>Total BOE</b>	<b>1,266,223</b>	<b>915,546</b>	<b>4,034,473</b>	<b>38</b>
<b>BOEPD</b>	<b>13,763</b>	<b>9,952</b>	<b>11,023</b>	<b>38</b>

**Note:** Production quoted is ROC's working interest share of total production. ROC's net entitlement production for the period was 1,208,362 BOE (3Q 2008: 867,990 BOE; YTD: 3,833,832 BOE) after taking out governments' share of profit oil.

\*BMG Production from 8 September (when the AEL merger became effective).

**6.2 Sales**

	4Q 2008		3Q 2008		YTD	
	BOE	US\$'000	BOE	US\$'000	BOE	US\$'000
<b>Oil Sales (BBLs)</b>						
BMG (*)	426,004	32,789	-	-	426,004	32,789
Cliff Head	201,289	10,615	204,502	23,713	904,424	88,511
Zhao Dong C&D Fields	365,996	17,808	410,295	49,301	1,433,221	127,609
Zhao Dong C4 Field	31,044	1,062	-	-	31,044	1,062
Chinguetti	27,029	1,195	26,993	2,486	105,142	9,014
Enoch	60,578	3,491	46,390	5,228	259,476	25,316
Blane	203,623	14,368	124,531	15,729	698,310	70,818
Other	174	9	201	24	908	93
<b>Total Oil Sales</b>	<b>1,315,737</b>	<b>81,337</b>	<b>812,912</b>	<b>96,481</b>	<b>3,858,529</b>	<b>355,212</b>
<b>Gas Sales (MSCF)</b>						
Enoch	23,017	47	20,964	194	121,503	651
<b>NGL Sales (BOE)</b>						
Blane	-	-	4,443	36	17,742	981
<b>Total Sales</b>	<b>1,319,573</b>	<b>81,384</b>	<b>820,849</b>	<b>96,711</b>	<b>3,896,522</b>	<b>356,844</b>

\*BMG sales from 8 September (when the AEL merger became effective) including crude stock acquired of 123,876 BBLs.

**6.3 Stock**

ROC's net entitlement crude stock position decreased by 111,211 BBLs during the Quarter. At Quarter-end ROC was in an underlift position of 305,137 BBLs.

**6.4 Expenditure Incurred**

	4Q 2008 US\$'000	3Q 2008 US\$'000	YTD US\$'000
<b>Exploration</b>			
Angola	11,771	17,471	61,340
China	(469)	1,536	14,822
Mauritania	3,192	447	6,767
Australia	1,870	2,677	25,781
UK	6	-	162
Equatorial Guinea	95	105	437
Madagascar	1,548	1,208	3,643
Other	1,155	363	2,258
<b>Total Exploration</b>	<b>19,168</b>	<b>23,807</b>	<b>115,210</b>
<b>Development</b>			
BMG	4,267	6,107	10,374
Zhao Dong C&D Fields	14,338	8,423	39,813
Zhao Dong C4	5,556	2,713	11,944
Blane	115	783	8,419
Enoch	4	55	502
Chinguetti	473	2,828	5,222
<b>Total Development</b>	<b>24,753</b>	<b>20,909</b>	<b>76,274</b>
<b>TOTAL EXPLORATION &amp; DEVELOPMENT</b>	<b>43,921</b>	<b>44,716</b>	<b>191,484</b>

**6.5 Hedging**

ROC's remaining hedge positions for the period from 1 January 2009 to 31 December 2011 are summarised below.

	Brent Oil Price Swaps		Tapis Oil Price Puts	
	Volume	Weighted Average Brent Price USD/BBL	Volume	Weighted Average Tapis Price USD/BBL
2009	851,998	70.01	37,500	113.50
2010	966,990	66.27	-	-
2011	875,997	63.71	-	-
	2,694,985	66.62	37,500	113.50

As a result of the weakening Brent crude oil price, the mark-to-market valuation of ROC's hedge book as at 31 December 2008 has resulted in an asset of US\$19.1 million.

A net derivative gain of US\$44.0 million will be reflected in the 2008 full year income statement.

During the Quarter, ROC executed an additional 699,996 BBLs of crude oil price swap contracts at a weighted average Brent Oil price of US\$60.90/BBL for the period 1 January 2010 to 31 July 2011. This additional hedging is reflected in the above table.

## 7. POST QUARTER EVENTS

### 2008 Financial Results

As part of preparation of the 2008 financial accounts, ROC is currently undertaking its annual review of the carrying value of all assets and expects the prevailing lower oil price at year-end 2008 will result in write downs to the carrying value of exploration and production assets. This is likely to include those assets acquired as part of the AZA takeover. Partially offsetting these potential write downs will be an increase in the mark-to-market valuation of ROC's oil price hedge book.

### FURTHER INFORMATION

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#### DEFINITIONS

AEL	Anzon Energy Limited
ASX	Australian Stock Exchange
AZA	Anzon Australia Limited
BBL(S)	barrel(s)
BCF	billion cubic feet
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
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 October to 31 December 2008
ROC	Roc Oil Company Limited and includes, where the context requires, its subsidiaries
SCF	standard cubic feet
TCF	trillion cubic feet
US\$	US dollars
YTD	year to date
\$	Australian dollars

*In accordance with ASX and AIM Rules, the information in this Release has been reviewed and approved by Mr Neil Seage, Chief Reservoir Engineer, Roc Oil Company Limited, BA, BEng (Hons), MBA and Dip App Fin. Mr Seage, who is a member of the Society of Petroleum Engineers, has more than 30 years of relevant experience within the industry and consents to the information in the form and context in which it appears.*