

# 2011 Half Year Financial Results



**Presented by**

**Alan Linn**

**Chief Executive Officer**

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**Chief Financial Officer**

# 1H11 Key Messages



## Underlying business performed in line with expectations

- Production of 1.4 MMBOE (7,567 BOEPD) is within guidance
- Sales of US\$131.2 million (average realised oil price of US\$110.41/BBL before hedging)
- Trading profit of US\$51.5 million
- Net cash at Period end of US\$40.6 million
- Higher oil price revenue benefits impacted by tax and derivatives

## Operational achievements

- YTD production costs of US\$19/BOE
- Progress to finalise BMG Non-Production Phase continues, with completion expected 1Q 2012
- Cliff Head workover completed successfully and production rates have increased as expected

## Strategic achievements

- Material progress on divestment of African assets
- Expansion of Zhao Dong asset: first appraisal well in additional acreage successful and producing
- Beibu Gulf project development on track: first oil expected before end of 2012
- Malaysia country entry finalised, with award of Balai Cluster Small Field Risk Service Contract



# 1H11 Financial Results **Overview**

**Anthony Neilson (CFO)**

# Key Financial Summary



	1H11	2H10	1H10
<b>Working Interest Production (MMBOE)</b>	<b>1.4</b>	1.6	1.5
<b>% Government share of production</b>	<b>5.6</b>	8.5	4.6
<b>Sales Volume (MMBOE)</b>	<b>1.2</b>	1.7	1.3
<b>Sales Revenue (US\$M)</b>	<b>131.2</b>	135.2	100.2
<b>Operating Cash Flow (US\$M)</b>	<b>6.8</b>	20.3	38.1
<b>Average Realised Oil Price before Hedging (US\$/BBL)</b>	<b>110.41</b>	80.00	76.76
<b>Production Costs (US\$/BOE)</b>	<b>19.16</b>	22.39	21.33
<b>Amortisation (US\$/BOE)</b>	<b>30.91</b>	25.57	24.10
<b>Exploration &amp; Development Expenditure Incurred (US\$M)</b>	<b>20.6</b>	39.1	15.1
<b>Net Cash Position (US\$M)</b>	<b>40.6</b>	31.3	52.7

# Operational Results



<b>Production</b>	1.4 MMBOE (7,567 BOEPD)
	99% of production was oil
<b>Development</b>	Zhao Dong development drilling programme progressing as planned
	Appraisal well in new Zhao Dong block brought online in August
	Beibu Gulf project development phase commenced (CNOOC operator)
<b>Health, Safety, Environment &amp; Community</b>	LTIFR of 0 (APPEA five-year average is 0.94)
	TRIFR of 2.3 (APPEA five-year average is 5.2)
	No significant loss of containment incidents (>1 BOE)
	Good progress during 1H 2011 implementing HSE and Asset Integrity Expectations
	Cliff Head safety case update approved
	Continued partnerships with Clontarf Foundation and Life Education
Continued support for educational institutions in Australia & China	

# Financial Results



	US\$M	Comment
<b>Sales Revenue</b>	<b>131.2</b>	Average realised oil price of US\$110.41/BBL (before hedging)
<b>Trading Profit</b>	<b>51.5</b>	Production costs of US\$26.2 million (US\$19.16/BOE)
		Amortisation of US\$42.3 million (US\$30.91/BOE)
		Chinese Government special taxes of US\$16.9 million
<b>Net Profit Before Tax</b>	<b>18.8</b>	Derivative loss of US\$14.2 million
		Exploration expense of US\$8.3 million
<b>Net Loss after Tax</b>	<b>(6.6)</b>	Income tax expense of US\$25.4 million, consisting of
		Current income tax of US\$26.8M; deferred tax benefit of US\$7.7M
		Deferred income tax liability relating to UK tax rate change of US\$5.4M
		Deferred tax liability for PRRT of US\$0.9 million
<b>Normalised Net Loss after Tax</b>	<b>(19.8)</b>	ADD: Impairment of exploration US\$0.5 million
		DEDUCT: Unrealised derivative gains of US\$13.7 million
<b>Net Operating Cashflow</b>	<b>6.8</b>	Gross cashflow generated from operations of US\$76.1 million before:
		Income taxes paid of US\$19.7 million
		Derivatives outflow of US\$28.1 million
		Operating exploration expenditure of US\$5.1 million
		Payments for BMG NPP of US\$14.0 million

# Hedging



**Remaining hedge positions from 1 July 2011 to 31 December 2012 are 360,000 Brent Oil Price Swaps, at a weighted average Brent price of US\$84.58/BBL.**

- The existing hedge book is largely unwound, with ~2% of remaining 2P reserves hedged
- Majority of 2011 hedges have been settled during 1H11
  - 2011 hedges are primarily a legacy of refinancing that took place in late 2008 during the GFC
  - 210,000 BBLs of remaining hedge positions will be settled during 2H11 at ~US\$63/BBL
  - 150,000 BBLs of remaining hedge positions will be settled during 2012 at ~US\$114/BBL
- Hedge book mark-to-market position at 30 June 2011 was US\$10.0 million liability
- P&L hedge loss for the Period of US\$14.2 million
- Cash outflow for the Period of US\$28.1 million

**Hedging strategy going forward will be consistent with prior periods:**

- Implemented for specific transactions, development projects and high capital expenditure periods
- Majority of production will remain exposed to oil price changes

# Segment Results



	Zhao Dong	Cliff Head	Blane	Enoch	Chinguetti	BMG	Total
<b>US\$M</b>							
<b>Sales</b>	78.1	17.2	26.6	5.9	3.1	0.3	<b>131.2</b>
<b>Production Costs</b>	(7.6)	(12.8)	(3.9)	(0.4)	(1.5)	-	<b>(26.2)</b>
<b>Amortisation</b>	(32.5)	(2.9)	(5.2)	(1.1)	(0.6)	-	<b>(42.3)</b>
<b>Trading Profit</b>	26.3	1.5	17.7	4.8	1.4	0.04	<b>51.5</b>
<b>US\$/BOE</b>							
<b>Production Costs</b>	9.08	72.14 <sup>(1)</sup>	15.63	6.36	35.39	-	<b>19.16</b>
<b>Amortisation</b>	38.62	16.49	21.12	19.12	12.65	-	<b>30.91</b>
<b>Realised Oil Price</b>	112.09	98.23 <sup>(2)</sup>	114.92	109.77	109.98	99.54	<b>110.41</b>

(1) Cliff Head production cost includes expenses associated with

- CH12 workover (ROC: US\$5.6 million)
- Oil contamination (ROC: US\$1.3 million)

Cliff Head production cost excluding these expenses was US\$33.46/BBL

(2) Cliff Head realised oil price negatively impacted by sale of lower quality crude due to contamination (ROC: US\$2.1 million)

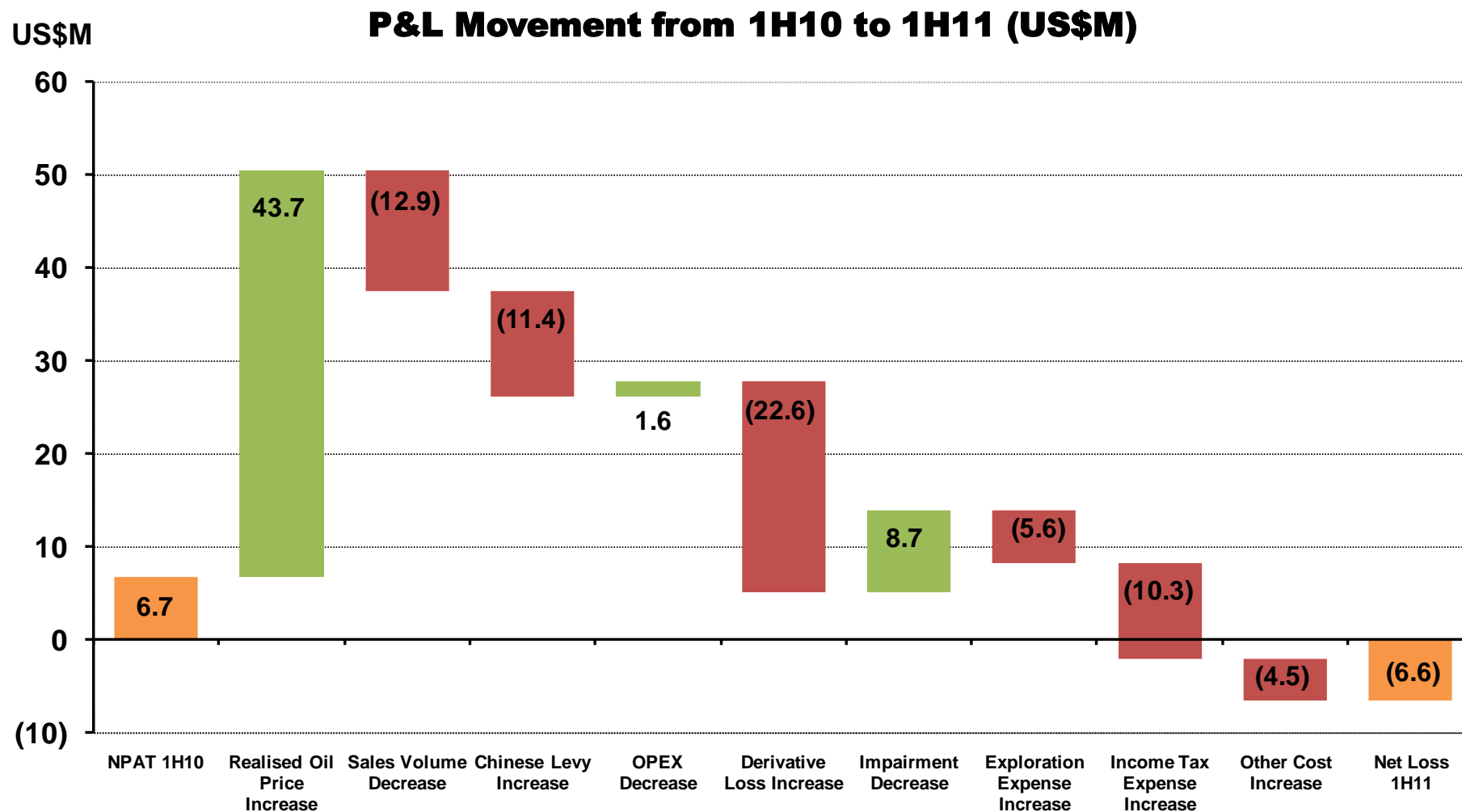
Cliff Head realised oil price excluding this adjustment was US\$110.05/BBL

# Profit and Loss



	1H11 US\$M	2H10 US\$M	1H10 US\$M
Sales (including hedging loss)	131.0	135.2	100.2
Trading Profit	51.5	38.5	30.6
EBITDAX + Impairments	72.7	42.2	71.6
Exploration Expense	(8.3)	(17.8)	(2.7)
EBITDA + Impairments	64.4	24.8	68.9
Amortisation/Depreciation	(42.7)	(40.5)	(37.1)
Impairments before tax	(0.5)	1.6	(9.2)
EBIT	21.2	(14.1)	22.6
NPAT	(6.6)	(42.6)	6.7

# P&L Movements

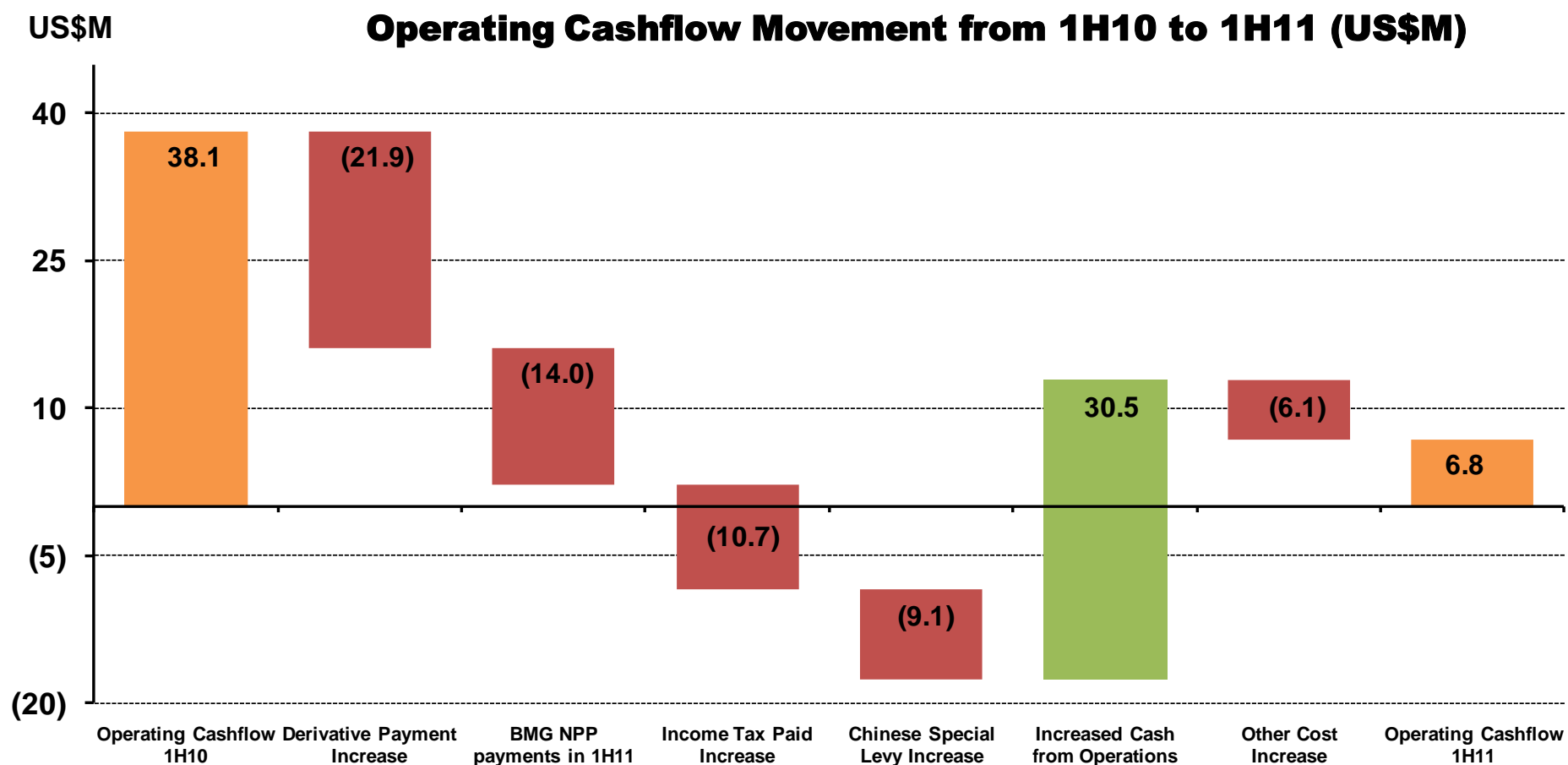


# Cashflow



	1H11 US\$M	2H10 US\$M	1H10 US\$M
<b>Opening Cash</b>	<b>81.0</b>	102.2	67.1
<b>Net Cash from Operating Activities</b>	<b>6.8</b>	18.1	38.1
<b>Net Repayments of Borrowings</b>	<b>(45.0)</b>	-	-
<b>Investment Activities</b>			
<b>Development Expenditure</b>	<b>(7.7)</b>	(26.5)	(1.1)
<b>Initially Capitalised Exploration Expenditure</b>	<b>(6.1)</b>	(11.9)	(2.2)
<b>Proceeds from sale of WA-351-P</b>	<b>15.8</b>	-	-
<b>Other</b>	<b>(1.4)</b>	(0.9)	0.3
<b>Closing Cash (Gross)</b>	<b>43.4</b>	81.0	102.2
<b>Closing Debt Position</b>	<b>(2.8)</b>	(49.7)	(49.5)
<b>Net Cash (Debt) Position</b>	<b>40.6</b>	31.3	52.7

# Operating Cashflow Movements



# Balance Sheet



	1H11 US\$M	2H10 US\$M	1H10 US\$M
Cash Assets	43.4	81.0	102.2
Capitalised Exploration Expenditure	6.3	4.9	16.8
Oil and Gas Assets	215.6	247.6	219.7
Interest Bearing Debt	(2.8)	(49.7)	(49.5)
Net Deferred Tax Liability	(33.0)	(34.4)	(28.5)
Net Derivative Liability	(10.0)	(27.3)	(17.8)
Provisions	(79.0)	(91.0)	(56.4)
Net Other Asset / (Liability)	(5.2)	10.9	(11.6)
Total Equity	135.3	142.0	174.9



# A unique strategy for **growth**

**Alan Linn (CEO)**



# A unique set of competitive advantages for a mid-sized company

**Operational experience**

**Technical capabilities**

**Industry relationships**

**Geographically focused**



# Malaysia entry



## Small Field Risk Service Contract (SFRSC) for “Balai Cluster” fields awarded

- The Balai Cluster comprises a cluster of oil and gas fields in the areas around the Balai and West Acis discoveries
- Contractor group interests are ROC 48%, Dialog 32% and PETRONAS Carigali 20%
- Vote of confidence in ROC’s proven abilities as an operator of small fields
- First mover advantage
- Future cashflows, the existing debt facility, as well as potential project financing through the Joint Venture Company should adequately fund capital costs associated with the pre-development phase

## ROC worked productively with PETRONAS and DIALOG Group throughout the process

### Malaysia entry is a first step in pursuing ROC’s strategy to grow the business in SE Asia

- Pre-development phase is scheduled to commence in 2H 2011
  - Expected to take up to 18 months
  - Total cost of pre-development phase is estimated to be between US\$200–250 million
- On the successful completion of the pre-development phase and agreement on the project viability of the fields, the contractor group will submit a field development plan
- Fields are anticipated to be in production within 24 months of the start of the development

### ROC is pursuing further Malaysian growth opportunities in addition to the Balai Cluster

- Appraisal and development opportunities, including further SFRSCs
- Mature field rejuvenation projects
- Shallow water exploration
- Primary focus upon opportunities with potential synergies with the Balai Cluster

# Africa exit



**Africa exit will allow redeployment of capital and resources to pursue opportunities more consistent with ROC's strategy to generate future growth through exploration, appraisal and pre-development opportunities located in China, South East Asia and Australasia.**

- Sold remaining 10% interest in Cabinda Onshore South Block, **Angola**
  - Sale price US\$5 million
  - Announced in May 2011
- Sold and withdrew from **Mozambique Channel** exploration blocks
  - Sale price between US\$8.0–8.5 million for 75% interest in Juan de Nova Maritime Profond Block
  - Withdrew from 75% interest in Belo Profond Block
  - Announced in July 2011
- Farmed down interest in Block H, offshore **Equatorial Guinea**
  - From 37.5% to 20.0% for a free carry through the drilling of an exploration well in 2012
  - ROC will receive upfront payment of US\$0.9 million plus additional bonuses subject to well success
  - Block H contains several prospects and leads, including the undrilled Aleta-1 prospect
  - Announced in August 2011
- Confident that interests in offshore **Mauritania** Blocks will be divested before the end of 2011

# China expansion



**An important element of ROC's strategy is to generate future growth through the commercialisation of near field opportunities through existing infrastructure.**

- In March, the **Zhao Dong block was expanded** through the addition of the Zhanghai and Chenghai adjacent blocks with the aim of:
  - Commercialising previous near field discoveries in the area; and
  - Encouraging further exploration activity.
- **First appraisal well** in the new Zhanghai block was successful
  - Production was brought online in August
  - Interests in the new blocks are PetroChina 51%, ROC 39.2% and Sinochem 9.8%
  - Another appraisal well is planned to be drilled in the new blocks during 2012

**Another element of ROC's strategy is to generate future growth through exploration, appraisal and pre-development opportunities located in China.**

- In February, the Final Investment Decision for the **Beibu Gulf project** was approved
  - Development phase of the Beibu Gulf project has commenced
  - CNOOC has assumed operatorship
  - Five ROC employees have been seconded to the subsidiary operating company
  - First oil is anticipated before the end of 2012

# ROC's 2011 achievements



**ROC has already delivered against the goals set as part of the renewed strategy.**

- ✓ **Appointed new CEO (Feb)**
- ✓ **FID for Beibu Gulf Project (Feb)**
- ✓ **Expanded Zhao Dong Block acreage (Mar)**
- ✓ **Sold onshore Angola asset (May)**
- ✓ **Refinanced debt facility (May)**
- ✓ **Implemented share buy-back (May)**
- ✓ **Exited offshore Mozambique Channel assets (Jul)**
- ✓ **Increased Cliff Head production following workover (Aug)**
- ✓ **Awarded Malaysian Small Field RSC (Aug)**
- ✓ **Farm down of Equatorial Guinea Block H (Aug)**
- ✓ **First production from new Zhao Dong block (Aug)**

# ROC's 2011 objectives



<b>Generate Opportunities</b>	Conduct reviews and/or bid on new business opportunities
<b>Capture Value</b>	Deliver risked recoverable 2C resources from new exploration assets
	Deliver new production or pre-development opportunity in SE Asia or Australasia
	Deliver new production or pre-development opportunity in China
<b>Deliver Excellence</b>	Meet production target (7,000-8,000 BOEPD)
	Control costs across the business (opex <US\$17/BOE; capex <US\$120 million)
	Maintain and improve overall HSEC and process safety performance
	Focused portfolio management through divesting/farming down non-core assets
<b>Enhance Effectiveness</b>	Review organisational structure; engagement and culture to suit growth strategy
	Build new executive capacity and capability to deliver strategy and value growth



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