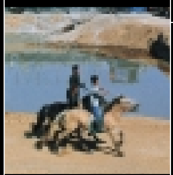
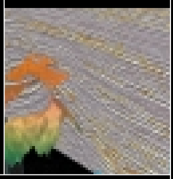
ANNUAL REPORT 2000

ROC OIL COMPANY LIMITED

ACN 075 965 856





FRONT COVER
Wellhead at Saltfleetby
Gas Feild.

CONTENTS:

ANNUAL GENERAL MEETING:

Date: 3 May 2001 Time:11:00 am

Venue: Museum of Sydney cnr Phillip and Bridge Streets Sydney NSW 2000

CORPORATE CULTURE:

The following statement on corporate culture is exactly the same as that which appeared in last year's Annual Report - which is totally appropriate since corporate culture is not something which changes annually.

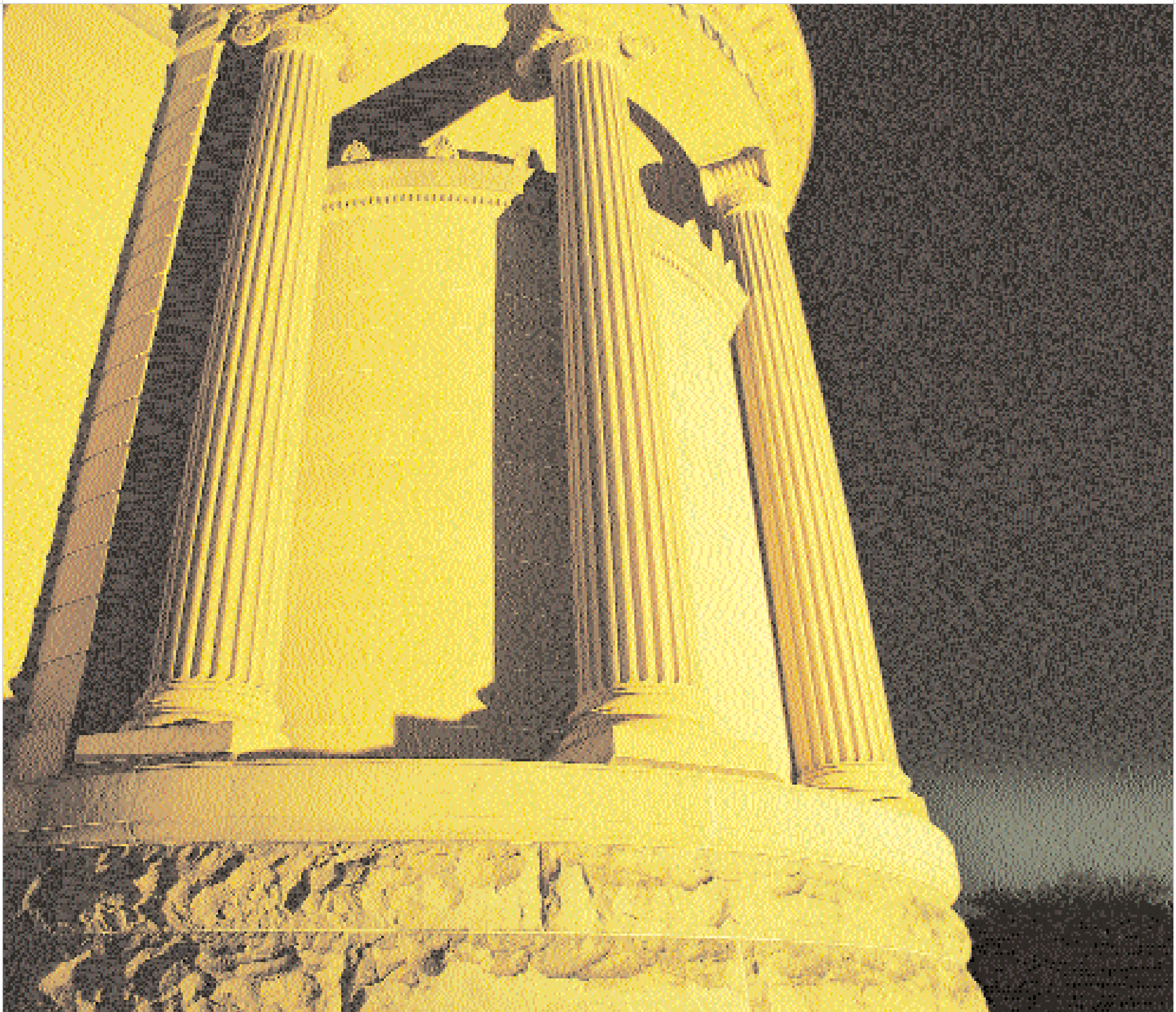
With this in mind, ROC's corporate culture may be summarised as follows:

- an open, honest and communicative working environment within which people are valued and achievement recognised
- a no-nonsense, hard working, high energy, proactive, positive (can do) attitude to our business
- an unbiased, fair minded, attitude to all the people with whom we come into contact
- flexible, nimble, lateral and sensibly contrary thought processes
- an organisational structure which allows a decision orientated team to work through delegation and empowerment with strong leadership shown at all levels

Annual reports are not what they used to be. Once they were the primary means of communicating corporate activities and strategies to all shareholders. Now they are simply a part, albeit an important part, of a data stream which companies distribute into the public domain, both as hard copy and, increasingly, in electronic form. As a result, the tone and content of annual reports are beginning to change although their need to comply with statutory reporting obligations remains constant. This Annual Report fulfils its duty in that regard and it also tries to address the common wish of all shareholders to receive corporate communications in a clear and concise form. Therefore, rather than providing a detailed, and often turgid, narrative of the Company's operational activities during the year, these events are presented in summary form in this Annual Report.

Any shareholder, or potential new investor, who wishes to undertake a more detailed review of the Company's activities is referred to ROC's various releases to ASX, as posted on ROC's website (www.rocoil.com.au). Alternatively, the Company would be pleased to provide hard copies of these ASX releases upon request.

This Annual Report also tries to highlight key elements of ROC's corporate culture and its attitude to business by reference to specific activities which the Company conducted in its various areas of operations during 2000.



SOLID FOUNDATION

ROC started business just over four years ago as a private company with one employee, no tangible assets and several corporate goals, one of which was to publicly list within three years. Thirty-two months later, ROC listed on ASX shortly after raising $150 million through an Initial Public Offering (IPO). Eighteen months after that, ROC reported that its first full year of operation had generated $153 million by way of sales revenue and proceeds from the sale of non-core assets. It also reported that its proved and probable reserves at the end of the year were unchanged from the beginning of the year, largely due to in-field reserve increases.

While ROC would seem to have grown a little from a standing start at the beginning of 1997, as far as ROC's workforce is concerned all that has happened is that a solid foundation has been established upon which a better company can be constructed.

ACTIVITIES:

OPERATIONAL ACTIVITY SUMMARY 2000:

	Australia	North West Europe		North West Africa		West Africa	Asia
	Offshore W. Australia	UK Onshore	UK North Sea	Mauritania	Senegal	Equatorial Guinea	Mongolia
Interest	45%	5%-100%	0.46% to 29.75%	2.0%-2.7%	46.25%	60%	100%
ROC Operator/ Technical Partner	✓	✓			✓	✓	✓
General Comments			Kyle pipeline laid to Curlew		Reprocessed 3,000 km 2D seismic	Purchased 1,559 km of existing seismic 2D data	
3D Seismic		Preparation for 400 sq km 3D survey for 2Q01		3D seismic interpreted		Preparation for 1,380 sq km 3D survey for 1Q01	
DRILLING Exploration	Preparation for Cliff Head-1 for 2Q01		30/22b-2 well				Irwes-1 Temee-1
Appraisal / Development		Keddington-2 Saltfleetby-5	Kyle NE well				
Production Testing			Kyle SW EWT				Completed 12 months production testing & sales

KEY GUIDE:

- OFFICE
- AREA OF ACTIVITY

HIGHLIGHTS 2000:

- $153 million generated from sales revenue ($91 million) and the sale of non-core onshore UK assets associated with the Welton Oil Field ($62 million); $26 million more than the Company's market capitalisation at end-2000.

- 33.6 MMBOE remaining proved and probable reserves at end-2000; unchanged from end-1999 despite strong (9,227 BOEPD) production and the sale of the Welton oil reserves (5.3 MMBO).

- $15.1 million operating profit after tax, exploration expenses, exploration write-offs and abnormal items; up $21 million on 1999. $0.14 earnings per share, a $0.24 turnaround from a negative $0.10 earning per share for 1999. 8.4 Price/Earning ratio at end-2000.

- $17.5 million after tax profit before exploration expenses, exploration write-offs and abnormal items; 33% better than key equivalent Prospectus forecast despite the Welton oil production being sold and the Kyle Oil Field full life of field development being delayed to 2001.

- $38 million trading profit before tax; up 470% on prior financial year. $22.7 million operating profit before tax, up $28.1 million on 1999.

- $56 million cash and short term deposits at end-2000; up 116% on end-1999. No net debt at 31 December 2000 compares to $45 million net debt at end-1999. US$30.5 million bank loan at end-2000, down US$15.5 million (34%) from end-1999.

- $56 million cash flow from operations; $0.53 cash flow per share, both up on end-1999. Price to cash flow at end-2000 was 2.3 times.

- $58 million EBITDA, turnaround on 1999. Enterprise value/EBITDA is 2.2 times.

- Kyle Oil Field full life of field development approved following very encouraging appraisal drilling and production testing results.

- Brovig agreed to fully fund Chestnut Oil Field appraisal drilling, extended well testing, if merited, and initial development costs. Concurrently, ROC increased its equity from 17.75% to 29.75%.

- A new reservoir, below the main producing horizon at the Saltfleetby Gas Field, flowed up to 20 MMSCFD; brought on to production within seven weeks of discovery at more than 10 MMSCFD.

- Higher than expected NGL and gas prices made a strong contribution to financial bottom line.

- Drilled two rank wildcat exploration wells in Mongolia, both proved good reservoir quality sands but both were dry.

- Acquired new interest offshore Equatorial Guinea and an option to acquire interests offshore Mauritania.

- Share price and market capitalisation fell 17% to $1.20 and $127 million respectively, between start and end-2000.

ACTIVITY MATRIX: 2000

		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
UK	Onshore (Operator)			Saltfleetby initial 2P reserves increase to 50.6 BCF up 17.5% on Prospectus	Keddington-2 starts drilling		
UK	North Sea (Non-Operator)	Kyle EWT contract signed		UK Government approves Kyle EWT First North Sea well participation via 30/22b farm-in. Well P&A'd Blenheim Field abandoned on schedule Heads of Agreement (HOA) signed for Chestnut EWT	Contractors invited to submit development proposals for Blane Oil Field	Kyle EWT start-up at 19,000 BOPD with sustained rates at 13,000 BOPD	First significant North Sea oil sale via Kyle EWT
Australia (Operator)			Exercised option to acquire 45% of WA-286-P		ROC appointed operator of WA-286-P		
Mongolia (Operator)		First time production continued through winter			Executed agreement with Sinochem for sale of 30,000 BBLS during 2000		First sale of oil to China for 2000
Mauritania (Under Option)					Acquired option over 2.0%-2.7% of most of offshore Mauritania		
Equatorial Guinea (Technical Partner)					Agreed to acquire 60% of H15 & H16 offshore Rio Muni Basin		
Senegal (Operator)							Representative office opens in Dakar
Other Areas (Operator)							
COMMERCIAL & CORPORATE		Gross sales revenue hits A$279,000 / day. Decline expected through 2000 Patria litigation found in ROC's favour	Barclays US$50MM loan syndicated	Agreement to receive 100,000 Adair Int. shares for pre-IPO work done in Yemen		Sold non-core onshore UK assets for A$57MM for $18MM profit plus upside sharing	Gross sales revenue hits record A$309,000 / day average for month US$15.5MM applied to reduce debt to US$30.5MM
NEW VENTURES		Approximately 60 asset acquisition opportunities, in almost 40 different countries, received at least a cursory review with 15 (25%) being subject to a more detailed evaluation, leading to three (2%) new acquisitions being made with a fourth project pending government approval. In addition, several friendly corporate acquisitions were discussed with relevant parties but none was consummated.					

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY 01
Saltfleetby-5 commences drilling Keddington-2 flows 100-200 BOPD Applications for PEDL075 & 076 successful	Saltfleetby-5 confirms gas in producing reservoir & new, deeper reservoir	Saltfleetby-5 flows up to 20 MMSCFD	Keddington-2 flows gas	Saltfleetby-5 brought onto production at >10 MMSCFD	Eskdale-13 starts drilling	Saltfleetby 2P original in-place gas reserves upgraded to 104 BCF, 73.5 BCF recoverable, up 45% on 1Q00 estimate Company-wide 2P Reserves upgraded to 33.6 MMBOE, same as Jan 2000 despite 3.4 MMBOE production and 5.3 MMBOE sales
HOA signed for Kyle Full Life of Field Development Kyle NE well commences drilling		Kyle NE well confirms oil Chestnut EWT contract signed	Kyle Full Life of Field Development contract signed Kyle NE well flows >10,000 BOPD, constrained by surface facilities, and confirms excellent productivity	Kyle EWT finishes having produced 1.51 MMBO & 1.66 BCF gas Kyle NE well suspended pending development Claymore well starts drilling	UK Government approves Kyle Life of Field Development Kyle pipeline laid to Curlew UK Government approves Chestnut EWT	Claymore well flows > 5,000 BOPD
W.A. Government approves application to drill Cliff Head-1						
	Irwes-1 starts drilling		Irwes-1 P&A'd Temee-1 starts drilling and P&A'd			Production continues through winter
			6,176 km 2D seismic survey starts			
	Equatorial Guinea Government approves farm-in		1,380 km 3D seismic contract awarded		2001 Work Programme & Budget submitted to Government	
		Reprocessing of 3,000 km of 2D seismic starts	Woodside farms in for 50% of ROC's interest. ROC retains operatorship			
			Allowed Moroccan Reconnaissance Licence to expire			
		Agreed to acquire Conoco's 12% interest in Chestnut Oil Field	UK Government approves acquisition of Conoco's 12% of Chestnut		Gross sales revenue for the fourth quarter hits record $25.7MM. Anticipated 2000 decline never happened 0.38 MMBO hedged at US$24.54 from 1 May to 31 December 2001 1.7 BCF gas hedged for 2001 at 23.1 pence / therm ($6.84/MCF)	

ANDREW LOVE

CHAIRMAN'S REPORT:

STRONG RESULTS

The year has been characterised by a strong corporate performance which was not reflected by a generally weak share price performance (see accompanying graphs). Strong corporate results were generated by drill bit success at Saltfleetby, better than expected production from that field, a very profitable sale of peripheral oil reserves, and tangible progress with regard to ROC's North Sea interests, particularly in relation to the Kyle Oil Field.

Higher than anticipated oil and gas prices also made a very strong contribution to ROC's bottom line results.

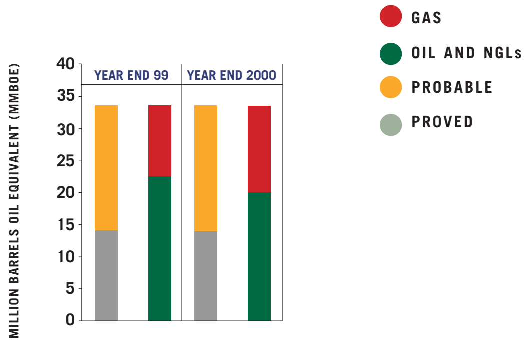
This combination of circumstances, created by fortuitous pricing factors allied to able asset management, more than outweighed the challenges and disappointments which confronted the Company during 2000, including the drilling of two dry wildcat exploration wells in Mongolia.

ROC's Board fully understands that there is often a discrepancy between perceived market value and a company's fundamental worth. It appreciates the fact that many of the smaller, exploration and production companies in other parts of the world have been treated in a similar fashion by their local market. These circumstances, however, only serve to reinforce the view that, even as the Company continues to deliver strong results, it can never be complacent in any way. Until those strong results are reflected in ROC's share price, its shareholders are getting less than full value for their investment. Correcting this situation is one of ROC's main corporate challenges in the year ahead.

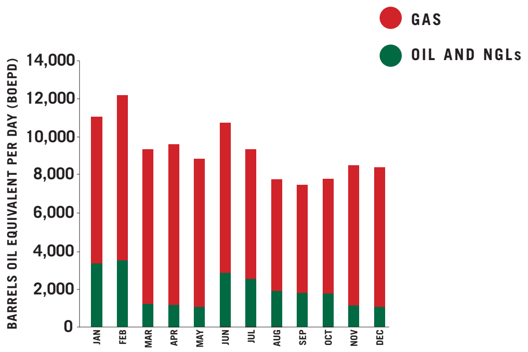
Andrew Love

ROC SHARE PRICE HISTORY (UPDATED TO 28 FEBRUARY 2001)

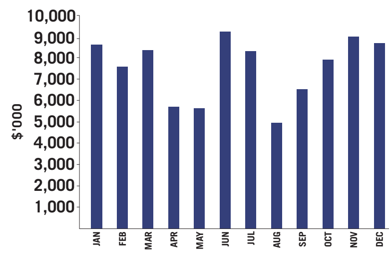
PROVED AND PROBABLE RESERVES



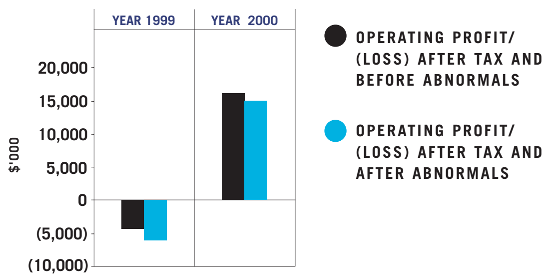
PRODUCTION (2000)



SALES REVENUE (2000)



OPERATING PROFIT



DR JOHN DORAN

CHIEF EXECUTIVE OFFICER'S REPORT:

CONSISTENT STRATEGY

If, starting a company is like going to war – you have to be fully engaged and devote all your resources to the war effort – then growing a company following an IPO also lends itself to a military analogy.

Success depends upon very thoughtfully devising and meticulously implementing an extremely detailed plan – in the full knowledge that the eventual outcome will be decided by the chaos of the battlefield.

During 2000, ROC adhered to the sensibly contrary strategy which it adopted on Day One of its corporate life as a privately owned company and which it reiterated as an integral part of the IPO process. So far, this strategy has generally served the Company very well.

ROC has exceeded, by a reasonable margin, the specific 2000 profit goal contained in its Prospectus. By most conventional financial measurements, a sound business base has been created, characterised by relatively strong sales revenue and no net debt.

Consistent with its original plan, ROC's financial strengths are derived from a part of the world with which the investment community would seem to be comfortable: the UK.

With similar consistency, ROC is using the UK cash flow to fuel a variety of exploration, appraisal and development projects in a number of different countries, including the UK.

Success in any of these areas could materially alter the Company and create significant wealth for all shareholders. If the success we seek is found in the longer rather than the shorter term, the core of the Company's finances is robust enough to withstand a delay.

Quite clearly, ROC's share price performance is disappointing and unsatisfactory. Of itself, however, a lacklustre share price offers insufficient reason to discard a strategy that is working well on most other fundamental fronts, despite – or, perhaps, because of – the chaos of the battlefield.

This strategic consistency means that shareholders are protected from nasty surprises resulting from the sudden changes in corporate direction that can occur when short term share price considerations are allowed to dictate strategy. At the same time, shareholders continue to be exposed to the wealth creation that will occur when the Company and/or the oil and gas sector is re-rated on the basis of fundamental value. During 2001, one of management's goals is to accelerate that recognition process.

Dr John Doran

DRILLING & PRODUCTION TESTING SUMMARY:

Country	Area	%	Well	Operator	Type	Date	Depth (mTVD)	Results
UNITED KINGDOM	ONSHORE	100	KEDDINGTON-2	ROC	E	APRIL TO JUNE	2,194	Tested oil at initial rates averaging 170 BOPD. High associated gas oil ratio developed so well was shut in pending gas handling options.
			SALTFLEETBY-5	ROC	E/A	JULY TO SEPT	2,304	Flowed at initial rate up to 20 MMSCFD. Well brought into production within seven weeks.
	NORTH SEA	10	30/22B-2	KERR McGEE	E	MARCH	2,820	Failed to encounter significant hydrocarbons. Plugged and abandoned.
		12.5	KYLE NE	RANGER	A	JULY TO OCT	2,112	Flowed up to 11,000 BOPD constrained by surface facilities.
			KYLE SW	RANGER	EWT	MAY TO NOV	2,088	Produced approved volumes of 1.51 MMBO and 1.66 BCF gas over 162 days with initial sustained rate of 13,000 BOPD.
MONGOLIA	EAST GOBI BASIN	100	IRWES-1	ROC	E	AUG TO SEPT	1,300	Intersected good reservoir, quality sands but no oil shows. Plugged and abandoned.
			TEMEE-1	ROC	E	OCT	961	Intersected good reservoir, quality sands but no oil shows. Plugged and abandoned.

E: Exploration; A: Appraisal; EWT: Extended Well Test.

1: AUSTRALIA

Cray fishing activities offshore Perth Basin

WORKING A NICHE OPPORTUNITY

AUSTRALIA

PERTH BASIN

45%
Operator

ROC considers Australia, along with the UK, to be a niche area where the considerable local experience of its workforce allows it to unearth opportunities which often display one or more unusual characteristics which, if managed properly, can cause shareholder value to increase.

The ROC-operated permit in the offshore Perth Basin in Western Australia is a good example of a niche opportunity.

The location of the permit, the need to carefully integrate exploration activity with the very important local fishing industry and the nomination of an oil discovery as first prize in a basin that is generally considered to be predominantly gas-prone, are just some of the unusual aspects of the area.

The permit straddles the boundary between the nearer shore shallow water to the east and the somewhat deeper water to the west. This "Transition Zone" is an area where it is generally difficult to acquire seismic, which is why this part of the permit had not been previously specifically targeted for exploration.

In late-1999, this situation changed when ROC provided 100% of the initial funds for the 563 km Michelle 2D Seismic Survey that focussed exclusively on the "Transition Zone".

The survey was designed to elevate to prospect status one or more structural leads seen on the edges of previous surveys. The survey achieved its goal when the interpretation of the data in early-2000 confirmed the presence of several prospects, the most attractive of which is Cliff Head South.

The permit also covers part of an area where a large, locally based, cray fishing industry is very active, mainly between November and June. This means that exploration activities need to be scheduled so as to minimise any interference with the fishing season.

Another unusual feature of the area's location is that, although it is about 10 km offshore, there are areas where water depths are less than 20 metres. These shallow water areas and a swell that rolls in uninterrupted from the distant depths of the Indian Ocean have a direct impact on the type of drilling rig which can be used and make meticulous pre-drill planning absolutely essential.

A gas discovery at Cliff Head South could be commercially developed if the prospect's volumetric capacity was largely gas-filled. However, ROC is proceeding on the basis that the possibility of finding oil is real. ROC's opinion is based on a technical rationale that encourages the belief that an oil, rather than a gas, discovery is possible, despite the fact that, to date, the Perth Basin would seem to be predominantly gas-prone.

In February 2000, on the basis of the results of the Michelle 2D Seismic Survey, ROC exercised an option, acquired in 1999 prior to the survey, whereby it was entitled to earn a 45% interest in the permit, in return for funding 60% of the cost of the next well, and become operator of the permit. That well is scheduled to be drilled on the Cliff Head South prospect in 2Q01, hopefully during May, subject to rig availability.

2: UNITED KINGDOM: ONSHORE

Flaring gas at Saltfleetby-5

GROWTH

UNITED KINGDOM ONSHORE

5%, but generally 100%
Operator

So far, ROC's Saltfleetby experience has been one of substantial reserve growth and emerging recognition of the significant exploration potential of the surrounding area. However, the most exciting aspect of the Saltfleetby story is that it has only just begun.

Onshore UK's low industry and market profile allowed ROC to establish a dominant position in the South Humber Basin before the full significance of the Saltfleetby Gas Field became apparent.

In early-1999, ROC identified a sensibly contrary portfolio of onshore UK and North Sea assets which was available for purchase. The undeveloped Saltfleetby Gas Field (ROC 100%) was a significant, but not necessarily overwhelming, part of that package. At the time, only two wells had been completed in the field and its proved and probable (2P) ultimate recoverable gas reserves were thought to be a little over 30 BCF. In mid-1999, further technical work, associated with the preparation of ROC's Prospectus, caused the 2P gas reserve estimate to increase to 43 BCF. By end-1999, after two more wells had been drilled, the 2P ultimate recoverable gas reserve estimate rose to 50.6 BCF. By end-2000, information gained from the field's first 12 months of production, the results of a fifth well and a rigorous review of the geological and geophysical database, resulted in the ultimate 2P recoverable gas reserve estimate being increased to 73.5 BCF, 71% above Prospectus estimate. At the same time, the original gas-in-place estimate was increased to 103.6 BCF, 86% above Prospectus estimate.

In this sense, the Saltfleetby Gas Field may prove to be a good example of the old industry adage that *"good fields get better"*.

Today, the Saltfleetby Gas Field is not only recognised as the largest onshore gas field in the UK, but as a field that outranks the next largest by a factor of more than four. In terms of production during late 2000, Saltfleetby outranked many North Sea gasfields.

There can be no guarantee that there are more fields like Saltfleetby awaiting discovery. However, the results of the five exploration wells drilled during the last 30 years (one well per 360 sq km/89,000 acres) make it hard to avoid the conclusion that, if the South Humber Basin is explored and developed carefully with modern 3D seismic and horizontal drilling techniques, it has the potential to become one of ROC's core growth areas.

As a first step towards testing this potential, ROC spent a significant part of late-2000 planning a 400 sq km 3D seismic programme. This programme, which is expected to start in 2001, will be the largest 3D seismic programme ever undertaken onshore UK.

Following production start-up in mid-December 1999, the Saltfleetby Gas Field generated $6.2 million of sales revenue in January 2000. Revenue was expected to reduce during the year in line with anticipated natural field decline which was expected to commence in March. However, the field maintained its plateau production rate until mid-year. Furthermore, the effect of the decline was offset in late-2000 when the Saltfleetby-5 well came on to production from a new reservoir underlying the field's main producing horizon.

Therefore, because of production out-performance and higher than expected gas prices, the sales revenue for December 2000 from the Saltfleetby Gas Field was $8.4 million, even higher than the January 2000 figure. That is what in-field reserve growth can do for a company.

3:

UNITED KINGDOM: NORTH SEA

Kyle Oil Field Extended Well Test

HIDDEN VALUE

UNITED KINGDOM

NORTH SEA

0.46% to 29.75%
Non-Operator

During 2000, several of ROC's North Sea oilfields moved towards appraisal and/or development, partly as a result of strong oil prices but also, in the case of the Kyle Oil Field, very encouraging production testing and drilling results.

ROC's position in the UK North Sea was established when the Company acquired the assets as part of the portfolio upon which the 1999 IPO was based.

At that time, the Company was tempted to regard these assets, with some exceptions, as being unlikely to yield any significant extra value over and above that recognised when they were purchased. Eighteen months later, it seems that this view may prove to be wrong. There appears to be unexpected "nuggets" of hidden value within ROC's North Sea portfolio and, perhaps, in certain other parts of that petroleum province.

The perception of hidden value differs from company to company and is rarely found through the industry auction process. ROC's purchase from Conoco of an additional 12% of the Chestnut Oil Field (ROC 29.75% post-Conoco acquisition) is a good example of the recognition of hidden value in a one-on-one situation. As a result, the September 2000 transaction was completed quickly and smoothly due to both companies being like-minded in terms of getting the deal done with the minimum of fuss.

The Conoco deal highlights another example of hidden value: as a direct result of ROC's entry into the North Sea, the Company finds itself on a much deeper and faster flowing deal stream than could ever be the case if it was on the outside looking in.

During 2000, a number of positive events impacted on the Chestnut Oil Field, chief of which was the transaction entered into with Brovig for it to fund 100% of the cost of a 2001 appraisal well, together with an EWT, if warranted, as well as the initial cost of developing the field, again, if warranted. Through this arrangement, concluded at the same time as the Conoco deal, Brovig has committed to a total expenditure of up to $76 million, subject to drilling results. This would provide an effective net initial capex saving to ROC in the order of $23 million.

To compensate Brovig for the associated risk, it will initially receive a disproportionately greater share of Chestnut production until the commercial viability of the field has been established after which its share of production will reduce. At that stage, ROC will have a residual 19.34% effective interest in the field's production, compared to the 17.75% interest it held prior to the Conoco deal, but it will not have been required to fund any of the appraisal or development activity.

At first glance, the Kyle Oil Field can hardly be described as an asset with hidden value, since its potential was well recognised when ROC acquired its interest in mid-1999. In fact, the problem with Kyle has been that for the next 12 months it failed to live up to its potential, albeit for reasons relating to operational difficulties at the nearby Banff Oil Field through which Kyle oil production was originally going to flow. During the latter part of 2000, appraisal drilling and testing at Kyle provided some very encouraging results which propelled the field into a full life of field development, scheduled for the first part of 2001. Development, however, will be through the facilities at the nearby Curlew Oil Field, rather than the Banff facilities.

In this sense, the Kyle development is another illustration of the hidden value of ROC's North Sea assets: several of its fields are so close to existing infrastructure that some have more than one development option. This type of project flexibility represents real value in an industry where, all too often, there is rarely more than one development option available.

4: MONGOLIA

Drilling in the Gobi Desert

OPERATING CAPABILITY

ASIA

MONGOLIA

100%
Operator

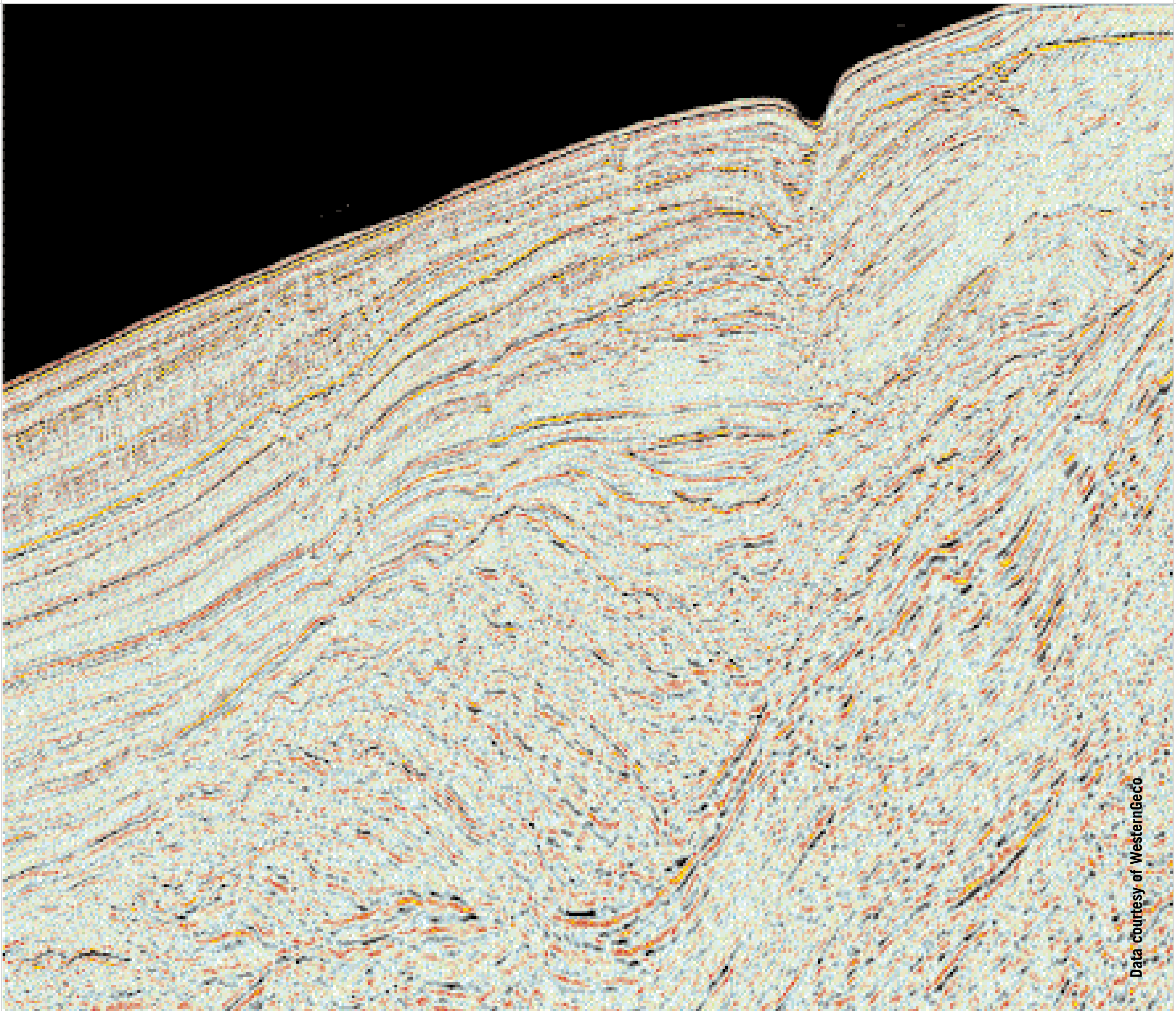
Looking for oil in Mongolia involves working with a Government that is supportive and with people who are warm hearted, in the knowledge that a significant discovery would transform the country.

For the last three years, Mongolia has featured prominently in ROC's schedule of activities, enabling ROC to demonstrate its capacity to operate safely and efficiently in a remote area with difficult logistics and a very harsh climate. During this time, ROC has acquired a total of 2,479 km of 2D seismic; drilled five wells (two development, one appraisal and two exploration); maintained production generally in excess of 100 BOPD; and exported oil at international prices to China through new contracts negotiated with the relevant Chinese authorities. This is a more intense and more complex level of operating activity than is usually experienced by most start-up companies.

ROC was able to achieve operating success in Mongolia largely because of the people working on the project, not only in Sydney and in ROC's office in the Mongolian capital of Ulaanbaatar, but, especially, at ROC's field camp in Zuunbayan in the Gobi Desert. Here, a truly dedicated team of Mongolians, Filipinos, Australians and Americans overcame significant challenges to drill wells and operate facilities to generate test production revenue that significantly lowered the net cost of exploring in this high risk - high reward basin. In particular, the continuation of production through the last two Mongolian winters, when the temperature fell below - 40°C for prolonged periods represented a "first" which contradicts the previous consensus of opinion that it could not be done without incurring huge capital expenditures.

ROC's Mongolian activity reached a culmination in late-2000 when it drilled two rank wildcat exploration wells that were the first of their kind ever drilled in the East Gobi Basin. Neither well drilled deeper than 1,300 metres and both were dry, but both demonstrated that, contrary to previous technical opinion, good to excellent reservoirs do exist within the sedimentary sequence of the East Gobi Basin. It is very hard to dismiss the potential of such a large (65,000 sq km/16 million acres) under-explored, area on the basis of two, relatively shallow, dry holes that were not without encouragement.

As ROC's first project, Mongolia played an important role in establishing the Company and its identity, including its capacity to operate. However, since going into Mongolia, ROC's company-wide acreage portfolio and operating responsibilities have grown almost exponentially. ROC now operates onshore UK, offshore Australia and offshore Senegal. The Company is also the Technical Partner in deep-water Equatorial Guinea; a non-operating participant in the UK North Sea; and an option holder offshore Mauritania. With this growth comes increased internal competition for ROC's discretionary dollar and a heightened requirement to carefully balance the Company's risk-reward exposure. Such considerations have led ROC to conclude, somewhat reluctantly, that it is inappropriate for it to continue funding 100% of the exploration programme in the East Gobi Basin. Consequently, at end-2000, ROC was preparing to discuss with the Mongolian Government the possibility of reducing or curtailing its activities unless a third party can be found to share the risk-reward potential of ROC's Mongolian exploration effort.



5:

WEST AFRICA: EQUATORIAL GUINEA

Deep-water seismic section offshore Rio Muni

SENSIBLY CONTRARY

WEST AFRICA

EQUATORIAL GUINEA

60%
Technical Partner

Equatorial Guinea is emerging as a significant African oil and gas producer, partly because of recent exploration success in the deep water Rio Muni Basin where virtually all the acreage is held by just seven companies, one of which is ROC.

As a result of stunning success during the last six years offshore Angola and, to a lesser extent, offshore Nigeria, the deep-water areas along West Africa's Atlantic Margin are now acknowledged to be one of the world's most promising exploration frontiers.

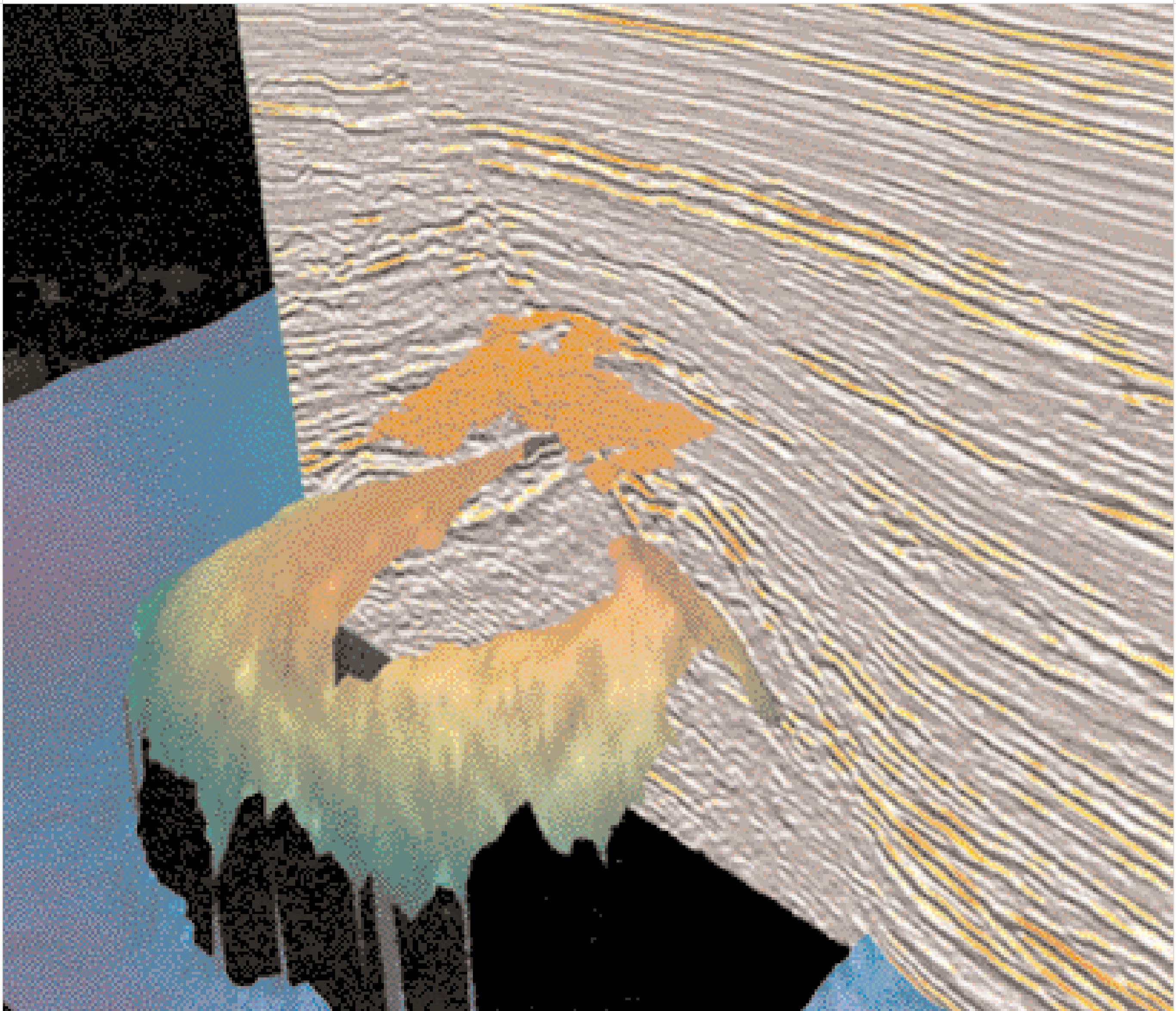
The industry players which are actively exploring these areas represent a relatively select group drawn almost entirely from the ranks of the world's largest oil companies. This is because deep-water operations are very costly and generally involve lengthy project development periods. For these reasons, the few smaller companies involved in this arena have generally gained entry at an early stage. For a company like ROC to seek to enter into this region is a good example of the Company's "sensibly contrary" acquisition strategy in action.

In early-2000, ROC formed the view that its global exploration portfolio would not be complete without some exposure to West Africa's deep-water potential. The challenge was to find a suitable area. The area had to provide at least five elements: genuine prospectivity as opposed to simply a deep-water address; the opportunity to acquire technical partnership or operatorship, at least in the pre-drill phase; acceptable fiscal terms; co-venturers with a common goal; and a host government that wishes to develop an oil and gas industry within which companies smaller than the super-majors could play a meaningful role.

The April 2000 farm-in, via the Atlas Group, to Blocks H15 and H16 in the Rio Muni Basin, offshore Equatorial Guinea, enabled ROC to achieve its deep-water West African goal.

ROC's blocks are located approximately 90 km along broad geological trend to the north of the Ceiba Oil Field, which was discovered in late-1999 and brought on to production prior to end-2000. In August 2000, the Government of Equatorial Guinea approved ROC's farm-in, and the Company, in its capacity as Technical Partner, started preparation for a 1,380 sq km 3D seismic survey, scheduled to commence in early-2001.

The 3D survey, which will cover almost the entire area of the two contiguous blocks, is designed to fine-tune several leads identified from 2D seismic purchased by the Company prior to the farm-in. The main targets include Tertiary channel traps and structural-stratigraphic plays which may bear some similarity to the Ceiba Oil Field.



6: NORTH WEST AFRICA: SENEGAL & MAURITANIA

3D Seismic: offshore Mauritania

CONTACTS

NORTH WEST AFRICA

SENEGAL & MAURITANIA

46.25%
Operator

2.0%-2.7%
Under Option

Asset acquisition opportunities present themselves in many forms, but almost all of the good ones originate from personal contacts and ROC's involvement offshore North West Africa is a good example of this process.

Sometimes an area attains a relatively high profile within the industry and/or investment community, even before the key exploration concept is tested by the drill bit. During the last several years, the Woodside-operated deep-water areas offshore Mauritania have acquired this status within parts of the Australian oil and gas investment community. The effect has been seen at both ends of the industry spectrum. The acreage has featured in the well publicised battle for control of Woodside being waged between that company's management and its largest shareholder, Royal Dutch/Shell. At the other end of the scale, the same acreage forms part of the portfolio of Fusion Oil & Gas plc, which recently listed on the AIM Board in London. The acreage is also thought to be the main reason why Hardman Resources NL's share price has risen more than six-fold since mid-1999.

When areas become "hot" in this sense, it is usually too late for a new entrant to gain a foothold on reasonable terms. Therefore, ROC was pleased to be able to purchase a three year option to acquire all the shares of Elixir Corporation Pty Ltd (Elixir), the sole asset of which is its exploration acreage offshore Mauritania where Elixir holds interests ranging from 2.0% to 2.7% covering most of offshore area, including the Woodside-operated permits. The initial cash consideration was US$200,000 plus an undertaking from ROC to provide a series of loans to Elixir, so as to enable it to meet its permit obligations which are not excessive, because it is scheduled to be free carried through the next two wells due to be drilled in 2001.

ROC's Mauritanian transaction is a good example of the benefits which can be derived from a network of personal contacts. One of the principal shareholders of Elixir is Mr Max de Vietri who, in 1996, originally identified the Mauritanian opportunity through his own network of contacts in that country. Another key Elixir shareholder has had an intermittent association with some of ROC's senior executives for the last 20 years. Because of this prior personal contact, both of these Elixir shareholders felt very comfortable about working with ROC to construct an innovative deal, which neatly met the commercial requirements of all parties.

Although different in detail, the origin of ROC's interest offshore Senegal can also be traced back to initial personal contact, in this case between one of the Company's key overseas shareholders and relevant authorities in that country.

While Mauritania and Senegal are good examples of the benefits which a company can derive from a deep and wide network of industry contacts, such contacts can only serve to direct the corporate attention to an opportunity because, regardless of prior personal contacts, transactions are invariably conducted in a manner which reflects the commercial realities of the farmee and the farmor or, in the case of acreage applications, the company and the host government.

NEW VENTURES

The essence of New Ventures

PROACTIVE, HIGH ENERGY

NEW VENTURES

New Venture programmes need to be pursued within a very focussed and very well defined strategic framework that recognises the fact that the long term future of the Company depends upon their success.

During 2000, ROC's New Venture activity was designed to achieve three goals:

- acquisition of a new core asset to complement the Company's onshore UK gas production and exploration potential;
- establishment of a presence in deep-water West Africa; and
- construction of a larger presence in one, or both, of ROC's two niche areas: Australia and/or the UK.

Despite reviewing approximately 60 opportunities in almost 40 countries, mainly in Australia, the UK, West Africa, the Middle East and selected parts of Asia, the Company at year-end was still looking for its second core asset. If this is a source of near term frustration to ROC and its shareholders, it is as nothing compared to the frustration that would be felt if the Company allowed itself to make an inappropriate acquisition, simply because it felt a need to do "something".

In any event, ROC is inclined to the view that the flow of suitable opportunities is likely to increase, rather than decrease, through 2001 as the knock-on effect of the mega-mergers which have characterised the industry in recent times, continues to cause opportunities to break away from the large portfolios of the big multi-nationals.

The Company's acquisition of an option over most of offshore Mauritania and an equity position and Technical Partner designation, in the Rio Muni Basin, offshore Equatorial Guinea, has satisfied its acquisition needs in relation to deep-water West Africa.

The Chestnut transaction in the UK North Sea and the successful application to the UK Government for two new permits adjacent to the Company's existing acreage in the South Humber Basin are two other successful outcomes of the niche aspect of ROC's New Venture strategy, as is exercising of ROC's option over the Perth Basin in February 2000.

One of the main points which became apparent as a result of ROC's pursuit of its New Venture strategy through 2000, is the relatively unusual position that the Company occupies in the hierarchical feeding chain which is the international oil industry.

The Company can be found towards the lower end of the size spectrum, which allows it to be nimble and decisive, but it occupies a somewhat higher level in terms of technical and operating capabilities. This combination of corporate characteristics allows ROC to consider opportunities which are not always available to similar-sized companies.

The other factors which are not always associated with companies of ROC's size include a relatively strong balance sheet, an eclectic shareholder base and a cadre of senior technical and management personnel, many of whom have had long and successful careers working for larger oil companies.

Because of these corporate characteristics, ROC has been able to establish and/or expand its excellent working relationships with a number of multi-nationals, some of which are rationalising, or planning to rationalise, their portfolios. ROC's aim is to be one of the preferred partners that such companies will be inclined to call upon during their acreage rationalisation process.

Control panel on the *Crystal Ocean*

RESPECTING PEOPLE

CORPORATE GOVERNANCE

HEALTH SAFETY & ENVIRONMENT

***"The Company pays great attention to resolving the social problems of its employees".* Extract from November 2000 report by Mongolia's State Inspector of Labour and Social Security following an independent Government audit of ROC's field operations in the Gobi Desert.**

The corporate governance, health, safety and environmental issues which impact upon oil and gas companies can all be distilled down to two basic concepts: the Company's duty to respect all individuals and environments with which it comes into contact with and the individual's right to expect that the Company will act appropriately in this regard.

In ROC's opinion, this common goal should be achievable without any undue corporate angst or conflict of interest. A company that manages these vitally important issues well has a higher likelihood of ultimately providing shareholders with an optimum return. Conversely, a company which is in any way delinquent with regard to corporate governance, health, safety and/or environmental issues is unlikely to provide a satisfactory long term return to its shareholders. This is not a radical view. In fact, it may be one of the reasons why every oil company of any significance now tries to manage these issues to the very best of its ability. ROC is no exception.

Every single day of its corporate life, in many different parts of the world, ROC interfaces with health, safety and environmental issues.

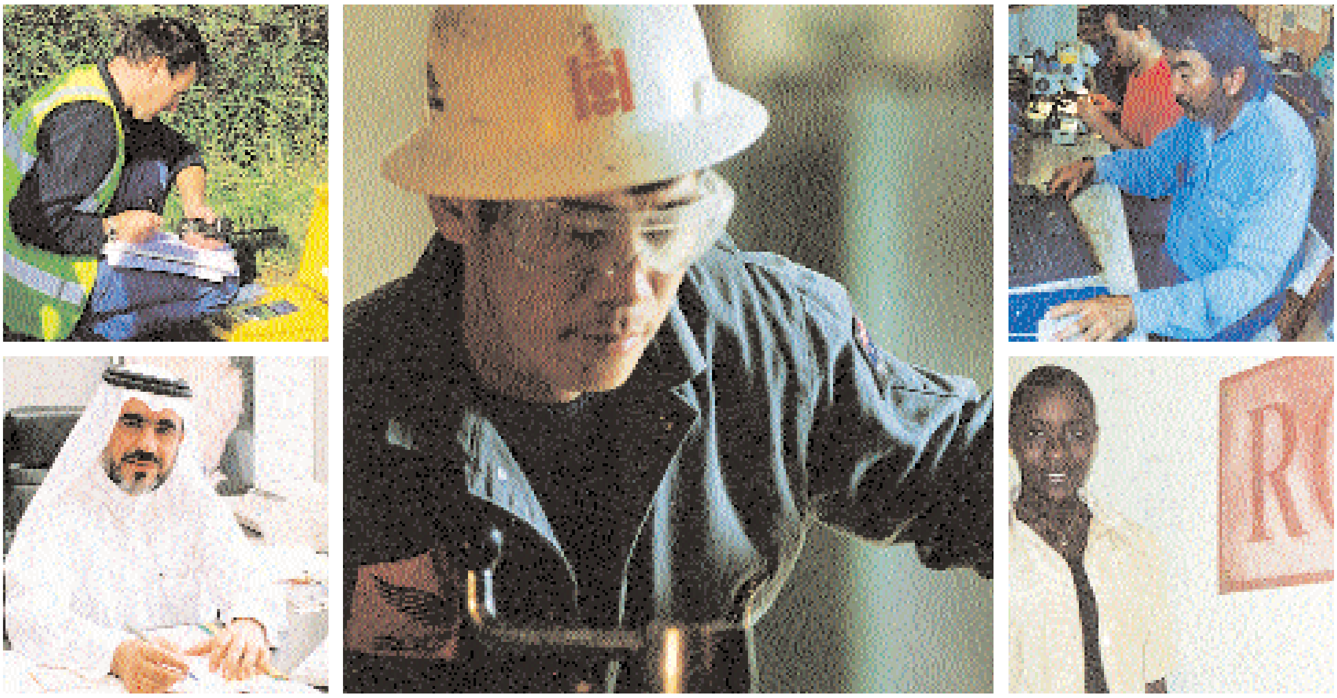
It does not matter whether the Company is producing gas in eastern England, acquiring 3D seismic offshore West Africa, drilling in the Gobi Desert of Mongolia or preparing to drill offshore Western Australia – these issues are of paramount importance. Details may be different in different places, but regardless of details and geographic location, there is a consistent common theme: people want respect.

In ROC's case, that person may be a herder in Mongolia, a shareholder in the Middle East, rural Michigan, or Armidale, in country New South Wales. He or she could be an analyst working on Wall Street or a fund manager working in Elizabeth Street, Sydney. All have the same right to expect the Company to conduct its affairs in a transparent and straightforward manner – and that is exactly how ROC runs its business.

However, none of the above should be taken to imply that ROC believes it has an obligation to absolutely agree all of the time with everybody with whom it comes into contact. In fact, if the secret of corporate success is elusive, the secret of corporate failure is probably easier to identify: trying to please everyone. Therefore, while ROC always tries to act in a prudent and proper manner, it always does so with a view to what is appropriate and reasonable for the majority of the people in any particular circumstance.

For further details on the Company's corporate governance practices, see pages 34 and 35.

ROC
IN AN INTERNATIONAL CONTEXT



English

During the last decade, the world of international oil and gas has changed: economic barriers between countries have been broken, technical frontiers have fallen and large multi-national companies have grown even larger. Consequently, an increasing number of companies are seeking access to more and more countries, many of which had previously been beyond their reach.

The relationship between oil companies and the countries in which they operate has also undergone profound change. One of the main changes is the growing presence of smaller independent oil companies with corporate characteristics which are quite different from those of large multi-nationals. Many international projects can only be efficiently undertaken by large multi-nationals, but many governments also recognise the advantages of creating a domestic oil and gas industry composed of a variety of different sized companies with different corporate strengths. ROC believes that this trend towards increasing corporate diversity in the international arena fits well with one of its key areas of expertise: working closely and constructively with relevant government authorities to generate mutual benefit for both the government and people of the host country as well as all ROC shareholders.

Mongolian

Оччлийн арван жилд олон улсын газрын тосны болоод хийн зурвасны зах зээлд: улс хоорондын эдийн засгийн харилцаа өргөжин сайжирч бусад саад тотгор арилан, олон улсын компаниуд улам өргөжин хөгжсөн өөрчлөлтччд гарлаа. Тийм учраас, чйл ажиллагааныхаа хчрээг олон улс, оронд тэлэх боломжийг хайж буй компаниудын тоо нэмэгэсээр байна.

Газрын тосны компаинууд болон тэдний газрын тогоо олборлож буй орнуудын хоорондын харилцаанд ч гчн гчнзгий өөрчлөлт гарлаа. Жижиг биез даасан корпорацийн шинж чанартай компаниудын тоо улам өсч байгаа нь дээрх гол өөрчлөлтччдийн нэг юм. Том хэмжээний компаниуд нь олон улсын тосны маш олон төслччдийг чр ашигтай хэрэгжччлж байгаа ч дотоодын тосны болоод хийн зурвасны чйлдвэрлэлийг бий болгоход янз бчрийн корпорацын чадал бчхий том, бага компаниудтай хамтран ажиллах нь давуу талтайг олон улс, орны засгийн газрууд олж харж байна. Энөчч олон улсын тавцан дээр гарч буй шинэ чиглэлччд нь ROC компаны гол зорилготой ч уялдан тохирч байна: энэ нь холбогдох орнуудын засгийн газартай ойр дотно харилцаа ччсгэн тухайн засгийн газар тэдний хчн ам болон ROC-ийн хувьцаа эзэмшигч ч чр өгөөжтэй байхаар ажиллахад оршино.

French

La dernière décennie a été une période de changements pour le secteur mondial des hydrocarbures : les barrières économiques sont tombées, les obstacles techniques ont disparu et les grandes multinationales sont devenues encore plus grandes. Si bien que le nombre de sociétés cherchant à s'établir dans de nouveaux pays, dont un grand nombre était jusqu'alors hors de leur portée, n'a fait que croître.

La relation entre les sociétés pétrolières et les pays où elles sont implantées a également été profondément modifiée. Des petites sociétés pétrolières indépendantes, très différentes des grandes multinationales, ont ainsi accru leur présence. De nombreux projets internationaux ne peuvent être entrepris efficacement que par des grandes multinationales mais bien des gouvernements reconnaissent également l'avantage de créer une industrie pétrolière et gazière composée de sociétés de tailles variées et ayant des atouts différents. ROC pense que cette tendance vers une diversité croissante des acteurs sur la scène internationale s'accorde bien avec l'un de ses principaux domaines de compétence : travailler de manière étroite et constructive avec les autorités publiques pertinentes pour le profit mutuel du gouvernement et de la population du pays hôte ainsi que de tous les actionnaires de ROC.

Spanish

Durante la última década el mundo del petróleo y gas internacionales ha cambiado: se han derrumbado las barreras económicas entre los países, las fronteras técnicas han desaparecido y las grandes compañías multinacionales han crecido aún más. Por consiguiente, un mayor número de compañías está tratando de ganar acceso a más y más países, muchos de los cuales estaban antes fuera de su alcance.

La relación entre las compañías petroleras y los países en que operan ha experimentado profundos cambios. Uno de los cambios es la presencia creciente de compañías independientes más pequeñas con características empresariales bastante diferentes de aquéllas de las grandes compañías multinacionales. Muchos proyectos internacionales sólo pueden ser realizados eficientemente por las grandes compañías multinacionales, pero muchos gobiernos reconocen también las ventajas de crear una industria doméstica de petróleo y gas, compuesta de una variada gama de compañías de distintos tamaños y con diferentes fuerzas como empresas. ROC cree que esta tendencia hacia una creciente variedad empresarial en el terreno internacional concuerda bien con una de sus áreas claves de pericia: el trabajo en colaboración estrecha y constructiva con autoridades gubernamentales competentes a fin de generar beneficios mutuos, tanto para el gobierno y los habitantes del país anfitrión como para todos los accionistas de ROC.

Arabic

خلال العقد الماضي تغيّرت الخارطة العالمية لتجارة النفط والغاز، فقد تحطّمت الحواجز الاقتصادية بين البلدان، وهوت الحدود التكنولوجية، وتعاظم حجم الشركات المتعددة الجنسيات بصورة أكبر. نتيجةً لذلك، يسعى عدد متزايد من الشركات إلى دخول عدد أكبر من البلدان التي كان الوصول إلى العديد منها بعيد المنال في السابق.

إضافةً إلى ذلك، مرّت العلاقة بين شركات النفط والبلدان التي ينشط عملها فيها بتغييرات جذرية. من التغييرات الرئيسية الحضور المتنامي لشركات نفط مستقلة أصغر حجماً لها مواصفات الشركات لكن تختلف إلى حدّ كبير عن مواصفات الشركات المتعددة الجنسيات. ورغم عدم إمكانية تنفيذ عدد كبير من المشاريع العالمية بفعالية سوى على يد شركات ضخمة متعددة الجنسيات، فإنّ العديد من الحكومات يعترف أيضاً بفوائد إنشاء قطاع نفط وغاز محلي مكوَّن من شركات متعددة مختلفة الأحجام تتميّز بقوى مؤسساتية مختلفة. وتؤمن ROC بأن هذا التوجّه نحو زيادة تنوّع الشركات على الساحة العالمية يتوافق تماماً مع أحد المجالات الرئيسية التي تملك خبرة واسعة فيها: ألا وهي العمل عن كثب وبشكل بنّاء مع السلطات الحكومية المعنية في سبيل المنفعة المشتركة لحكومة وشعب البلد المضيف ولحاملي أسهم ROC على السواء.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

CONCISE REPORT

CONTENTS

SHAREHOLDER INFORMATION

This report is a Concise Report which has been derived from the Annual Financial Report of Roc Oil Company Limited for the financial year ended 31 December 2000. The Concise Financial Report has been prepared in accordance with Australian Accounting Standard AASB1039 'Concise Financial Reports' and the relevant provisions of the Corporations Law. The financial statements included in the Concise Report cannot be expected to provide as full an understanding of the consolidated entity's performance, financial position and financial and investing activities, as provided by the Annual Financial Report.

ANNUAL FINANCIAL REPORT

Further financial information can be obtained from the Annual Financial Report, which is available, free of charge, on request to the Company. A copy of the Annual Financial Report, including the independent audit report, may be requested by calling (02) 8356 2000 or faxing (02) 9380 2066. It can also be accessed at www.rocoil.com.au via the Internet.

The Directors of Roc Oil Company Limited ("Company" or "ROC") have pleasure in submitting the Concise Report for the financial year ended 31 December 2000.

DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Andrew J Love, BCom, FCA, MAICD (Non-Executive Director, Chairman), 47

Mr Love is Chairman of the Board of ROC, a Fellow of The Institute of Chartered Accountants in Australia and a Senior Partner in the firm of Ferrier Hodgson, Chartered Accountants. Mr Love is also a non-executive director of a number of other public companies.

Mr William G Jephcott, BCom, FCPA, FAICD (Non-Executive Director, Deputy Chairman), 50

Mr Jephcott is an investment banker who has provided merger and acquisition advice to a number of leading Australian companies. He has particular experience in the financing and structuring of major resource projects, including those in the oil and gas industry. Mr Jephcott is currently a senior advisor to Merrill Lynch International (Australia) Limited and also non-executive chairman of Mobile Innovations Limited.

Dr R John P Doran, BSc, MSc, PhD, FAICD (Executive Director and Chief Executive Officer), 54

Dr Doran is Chief Executive Officer and a Director of ROC. He has almost 30 years' experience in international oil exploration and development in many countries, including Libya, Iran and Norway as well as, during the past 20 years, Australia, Papua New Guinea, New Zealand and India. Dr Doran has been directly involved with - and responsible for - several significant corporate expansions and a number of commercial oil discoveries and developments in various parts of the world.

Mr Richard J Burgess, BSc (Non-Executive Director), 69

Mr Burgess is a geologist by training and was, until his retirement, President and Chief Executive Officer of CMS Nomeco Oil & Gas Co, a North American-based oil and gas exploration and production company. He has extensive exploration experience in North and South America, Australasia, East Asia and China.

Mr Ross Dobinson, BBus, CA (Non-Executive Director), 48

Mr Dobinson has extensive corporate advisory and investment banking experience, most recently as director of Corporate Advisory at Dresdner Australia Limited. In early 1999, Mr Dobinson became Managing Director of TSL Group Ltd, a corporate advisory company specialising in establishing and advising biotechnology companies. Mr Dobinson is also a director of Starpharma Pooled Development Limited and Acrux Limited.

Mr Sidney J Jansma Jr, MBA (Non-Executive Director), 57

Mr Jansma began his oil career in 1959 working for his father's private oil company. In 1978, Mr Jansma purchased the entire company from his father and during the ensuing 19 years, the company grew to become the third largest gas producer in the state of Michigan. In 1996, Mr Jansma merged the assets of his company with those of Dominion Resources, Inc. In addition to dealing with broad oil and gas industry issues at both state and national levels, Mr Jansma is also President and Chief Executive Officer of Wolverine Gas and Oil Corporation, his family owned company, which is exploring for oil and gas in North America. Mr Jansma is a member of the Board of Governors of the Independent Petroleum Association of America and chairman of its Environmental Committee. He also serves on the Board of Governors of the American Petroleum Institute and on US Secretary of Energy Abraham's Transition Team.

Mr Adam C Jolliffe (Non-Executive Director), 44

Prior to joining Cargill Financial Markets plc ("Cargill"), Mr Jolliffe worked for Consolidated Gold Fields trading non-ferrous materials. At Cargill, Mr Jolliffe joined the non-ferrous metals department as Manager – Aluminium Trading, where he was responsible for East and West Europe, Asia and Africa. In 1986, he transferred to the rubber trading business as Manager of the London office. In 1990, Mr Jolliffe joined Cargill's financial trading unit and is currently that company's Manager of Western European Equity Trading.

Mr Bun C Hung, BA, LLB, MInstP (Executive Director), 50

Mr Hung, a lawyer by training, graduated from Sydney University in 1974. Since 1982, Mr Hung has worked exclusively within the Australian and international oil and gas industry, holding senior executive positions with Nomeco Oil & Gas and Command Petroleum Limited and, most recently, Cairn Energy Asia Limited where he was Managing Director.

The abovenamed Directors held office during and since the end of the financial year, except for:

• Mr B C Hung who resigned effective 16 February 2001.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director (while they were a Director):

Name	Directors	Audit Committee	Remuneration Committee	Occupational Health, Safety and Environment Committee	Finance and Risk Management Committee
	Number of Meetings Held				
	13	2	2	1	2
	Number of Meetings Attended				
Mr A J Love	13	2	2	N/A	2
Mr W G Jephcott	12	2	2	N/A	2
Dr R J P Doran	13	N/A	N/A	N/A	N/A
Mr R J Burgess	13	N/A	N/A	N/A	1
Mr R Dobinson	11	2	N/A	1	N/A
Mr S J Jansma Jr	10	N/A	N/A	1	N/A
Mr A C Jolliffe	12	N/A	N/A	N/A	2
Mr B C Hung	12	N/A	N/A	N/A	N/A

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities in the course of the financial year were oil and gas exploration, development and production. There were no significant changes in the nature of those activities during the financial year.

RESULTS

The operating profit of the consolidated entity for the financial year after income tax expense was $15,082,843 (1999: $5,963,028 loss). The result for the financial year included a net abnormal expense after income tax expense amounting to $1,056,800 (1999: $1,658,280 expense).

DIVIDENDS

No dividends have been paid or declared since the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 31 December 2000.

REVIEW OF OPERATIONS

A review of the consolidated entity's operations during the financial year and the results of those operations are included in the Concise Financial Report on pages 40 to 42.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the financial year, there were no significant changes in the state of affairs of the consolidated entity other than those referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

Since the end of the financial year, the significant events referred to in Note 12 to the Concise Financial Report have occurred.

Except for the matters referred to in Note 12, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in financial years subsequent to 31 December 2000.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations, is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in the Concise Report.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulations under Commonwealth legislation. The consolidated entity is also a party to various production sharing contracts and exploration and development licences in the countries in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the consolidated entity's contracts or licences.

DIRECTORS' REMUNERATION

Details of the nature and amount of each element of the remuneration for the financial year of each Director of the Company are:

	Directors' Fees $	Salary and Other Related Benefits including Fringe Benefits Tax $	Superannuation Contributions $	Total $
Non-Executive Directors				
Mr A J Love	65,000	-	-	65,000
Mr W G Jephcott	45,000	-	3,375	48,375
Mr R J Burgess	35,000	-	-	35,000
Mr R Dobinson	35,000	-	2,625	37,625
Mr S J Jansma Jr	35,000	-	-	35,000
Mr A C Jolliffe	35,000	-	-	35,000
Executive Directors				
Dr R J P Doran	-	447,157	29,827	476,984
Mr B C Hung	-	416,225	30,885	447,110

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for Executive and Non-Executive Directors. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors.

The rates of directors' fees currently being paid are as follows:

Chairman – $65,000 per annum;
Deputy Chairman – $45,000 per annum; and
Non-Executive Director – $35,000 per annum.

In accordance with Australian Accounting Standard AASB1017 'Related Party Disclosures', any person required to be a director of a wholly owned controlled entity in order to discharge his or her duties as an 'executive officer' of the Company is excluded from the determination of directors' remuneration.

DIRECTORS' INTERESTS

As at the date of this Directors' Report, the following Directors hold the number of fully paid ordinary shares in the Company and options over unissued ordinary shares in the Company shown in the table below:

Director	Ordinary Shares (Fully Paid)	Options over Ordinary Shares (10)
Mr A J Love	545,690 (1)	25,231
Mr W G Jephcott	644,930 (2)	54,691
Dr R J P Doran	4,773,960 (3)	20,829
Mr R J Burgess	589,870 (4)	25,150
Mr R Dobinson	752,092 (5)	143,102
Mr S J Jansma Jr	3,875,380 (6)	999,640
Mr A C Jolliffe	127,860 (7)	47,671
Mr B C Hung	50,000 (8)	350,000 (9)

Notes:

1 468,480 Darcy Petroleum Pty Limited in trust for Tangarr Pty Ltd as trustee for Love Family Trust (Mr A J Love – director)
22,810 Tangarr Pty Ltd as trustee for Love Family Trust (Mr A J Love – director)
40,980 Love Superannuation Pty Ltd (Mr A J Love – director)
13,420 Ferrier Hodgson – Partner.

2 468,480 Darcy Petroleum Pty Limited in trust for En-Dev Finance Consultants Pty Limited (Mr W G Jephcott – director)
176,450 (Mr W G Jephcott).

3 4,685,010 Darcy Petroleum Pty Limited in trust for Celtic Energy Pty Ltd (Dr R J P Doran – director)
63,700 Celtic Energy Pty Ltd (Dr R J P Doran – director)
25,250 J Doran Superannuation Fund.

4 76,390 Burgess Investments, Inc. (Mr R J Burgess – director)
468,480 Darcy Petroleum Pty Limited in trust for Burgess Investments, Inc. (Mr R J Burgess – director)
45,000 F H Nominees Pty Ltd on account for Mr R J Burgess.

5 752,092 Espasia Pty Ltd (Mr R Dobinson – director).

6 3,125,380 Wolverine Global Energy LLC (Mr S J Jansma Jr – director)
500,000 Mr S J Jansma Jr
250,000 Mr S J Jansma III.

7 127,860 Mr A C Jolliffe.

8 50,000 Mr B C Hung.

9 Mr B C Hung's options were issued to him under the Company's Employee Share Option Plan, prior to him being appointed as a Director of the Company, and will expire on 16 March 2001, being one month after his resignation from the Company.

10 During the prior financial year, 1,318,924 options over unissued ordinary shares were issued to Directors and their director-related entities by the Company pursuant to the options offered to shareholders under the Prospectus dated 21 June 1999.

OFFICERS' REMUNERATION

Remuneration levels are competitively set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities. The Remuneration Committee is responsible for reviewing compensation arrangements for senior executives on an annual basis, and otherwise as required.

Remuneration packages of senior executives include performance-based components in the form of bonuses. No bonuses were paid or payable during the financial year ended 31 December 2000.

Details of the nature and amount of each element of the remuneration for the financial year of each of the five officers of the Company receiving the highest remuneration are:

Name	Position	Base Remuneration (1) $	Other Benefits (2) $	Superannuation $	Total $
Mr B Clement	Chief Financial Officer	258,599	5,285	19,332	283,216
Mr W Jamieson	General Manager – Exploration	211,966	8,051	15,899	235,916
Dr K Hird	General Manager – Business Development	216,000	-	16,200	232,200
Mr N Seage	Senior Reservoir Engineer	174,599	5,285	13,032	192,916
Mr R Gerrard *	General Counsel and Company Secretary	13,562	-	1,085	14,647

* Appointed as Company Secretary on 29 November 2000.

Notes:

1 Base remuneration includes base salary.

2 Other benefits are non-base remuneration benefits including packaged benefits and fringe benefits tax (where applicable).

3 The terms 'director' and 'officer' have been treated as mutually exclusive for the purpose of this disclosure.

4 There were no options granted during the financial year.

OPTIONS OVER UNISSUED ORDINARY SHARES

Details of the Employee Share Option Plan are disclosed in the Annual Financial Report.

During the financial year, 180,000 options were issued under the Employee Share Option Plan. Since the end of the financial year, 1,274,000 options were issued under the Employee Share Option Plan.

During the financial year, an aggregate of Nil (1999: 949,910) options were issued to the Directors and five most highly remunerated officers of the Company. Since the end of the financial year, 644,000 options were issued to the five most highly remunerated officers of the Company under the Employee Share Option Plan.

As at the date of this Directors' Report, there were 4,073,910 options (representing 3.8% of the issued capital of the Company) granted over unissued ordinary shares of ROC under the Employee Share Option Plan at the following exercise prices:

Number of Options	Exercise Price	Expiry Date
475,000	$1.85	17 March 2003
455,000	$3.33	10 June 2003
110,000	$3.33	2 September 2003
16,740	$3.33	15 January 2004
5,320	$3.48	15 January 2004
60,000	$2.00	15 July 2004
1,415,000	$2.00	19 July 2004
82,850	$3.48	29 July 2004
50,000	$1.16	1 March 2005
30,000	$1.34	1 June 2005
100,000	$1.47	1 September 2005
1,274,000	$1.25	10 January 2006

1,225,793 options remain available for issue under the Employee Share Option Plan.

Optionholders do not have any right, by virtue of the option, to participate in any share issues of the Company or any related body corporate or in the interest issue of any other registered scheme.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

An indemnity agreement has been entered into between an insurance company and the current Directors of the Company named earlier in this Directors' Report and with the full time executive officers and directors and secretaries of all Australian group companies. Under this agreement, the Company has agreed to indemnify these directors and officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an auditor of the Company or of any related body corporate against a liability incurred as such by an auditor.

CORPORATE GOVERNANCE

The Board of Directors

The Board is responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and the monitoring of the business and affairs of the Company on behalf of its shareholders. The Board delegates responsibility for the day-to-day management of ROC to the Chief Executive Officer. In addition, the Board has established a number of committees to support it in matters which require more detailed consideration. All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports from senior management during the year on a monthly basis.

The Board is comprised of one Executive Director and six Non-Executive Directors including the Chairman. In accordance with the Company's Constitution and the ASX Listing Rules, the Directors (other than the Chief Executive Officer) are subject to re-election by shareholders every three years.

The Board usually meets on a monthly basis, and where appropriate, hears presentations from senior staff who may be questioned directly by Board members on operational and commercial issues.

Board Committees

The Board has established four committees: an Audit Committee, a Remuneration Committee, a Finance and Risk Management Committee, an Occupational Health, Safety and Environment Committee and a Continuous Disclosure Committee.

Audit Committee

The Audit Committee comprises Mr A J Love (Chairman), Mr W G Jephcott and Mr R Dobinson.

The Committee has direct access to the Company's auditors. It determines the appropriateness and effectiveness of internal and external audit procedures, reviews compliance with statutory financial requirements, and ensures that the system of control safeguards is effective and that financial information provided to shareholders and regulatory authorities is accurate and reliable. The Committee invites the Chief Executive Officer, Chief Financial Officer and external auditors to attend Committee meetings.

Remuneration Committee

The Remuneration Committee comprises Mr W G Jephcott (Chairman) and Mr A J Love. The Committee considers and sets the remuneration of the Chief Executive Officer and reviews the remuneration of other key executives. It also administers the Company's Cash Bonus Plan and the issue of options under the Company's Employee Share Option Plan. The aggregate annual maximum fees of the Non-Executive Directors is set by shareholders.

Finance and Risk Management Committee

The Committee comprises Mr W G Jephcott (Chairman), Mr A J Love, Mr R J Burgess and Mr A C Jolliffe. It is responsible for monitoring the operational and financial aspects of the Company's activities and considers recommendations and advice of internal and external advisors on the operational and financial risks of ROC. The Committee evaluates management's assessment of risk and its recommendations in relation to the management of that risk including hedging policies and the nature and level of insurance cover.

Occupational Health, Safety and Environment Committee

This Committee's responsibility is to ensure that occupational health, safety and environmental standards of the Company's operations are maintained at a level equal to, or above, accepted industry standards and that the Company complies with all relevant governmental requirements in the areas in which it operates.

The current members of the Committee are: Mr S J Jansma Jr (Chairman) and Mr R Dobinson. Mr S J Jansma Jr is currently chairman of the Environmental Committee of the Independent Petroleum Association of America.

Continuous Disclosure Committee

This Committee is comprised of the Chief Executive Officer (who is the Chairman of the Committee) and the Company Secretary. The purpose of the Committee is to ensure that the Company complies with the continuous disclosure requirements of the Corporations Law and the ASX Listing Rules. Since listing, the Company has adopted guidelines and policies on a number of issues relating to corporate governance and ethical standards, including:

Share Trading

ROC's share trading policy prohibits ROC personnel buying and selling shares in ROC other than in the two weeks immediately after a quarterly, half yearly or annual report has been released to ASX. This policy extends to immediate family and close relatives.

Anti-Corruption

ROC has adopted a policy to ensure its operations are conducted with honesty and integrity and with a commitment to ethical business standards. In particular, this policy is aimed to ensure compliance with the Criminal Code Amendment (Bribery of Foreign Officials) Act 1999.

Equal Opportunity and Harassment

ROC has adopted a policy to ensure it maintains an equal employment opportunity environment and does not tolerate any discrimination or harassment in the work place.

ROUNDING

The Company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100, dated 10 July 1998 and, in accordance with that Class Order, amounts in the Concise Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors:

Mr A J Love
Chairman
Sydney, 9 March 2001

Dr R J P Doran
Director and Chief Executive Officer

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Deloitte Touche Tohmatsu

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ROC OIL COMPANY LIMITED

Scope

We have audited the concise financial report of Roc Oil Company Limited for the financial year ended 31 December 2000 as set out on pages 37 to 49, in order to express an opinion on it to the members of the Company. The concise financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Roc Oil Company Limited for the financial year ended 31 December 2000. Our audit report on the full financial report was signed on 9 March 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of Roc Oil Company Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".

DELOITTE TOUCHE TOHMATSU

Johan Duivenvoorde
Partner
Chartered Accountants
Sydney, 9 March 2001

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

PROFIT AND LOSS STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

		CONSOLIDATED	
	NOTE	2000 $'000	1999 $'000
Operating profit (loss) before abnormal items	2	24,601	(3,722)
Abnormal items before income tax expense	3	(1,940)	(1,721)
Operating profit (loss) before income tax expense		22,661	(5,443)
Income tax expense attributable to operating profit (loss)		(7,578)	(520)
Operating profit (loss) after income tax expense		15,083	(5,963)
Accumulated losses at beginning of financial year		(25,077)	(19,114)
Accumulated Losses at End of Financial Year		**(9,994)**	**(25,077)**

The above Profit and Loss Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2000

	NOTE	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000
Current Assets			
Cash		2,272	2,768
Short term deposits		53,614	23,095
Inventories		756	1,677
Receivables		25,232	7,860
Investments		58	15
Prepayments		724	727
Total Current Assets		82,656	36,142
Non-Current Assets			
Development expenditure	7	175,531	190,870
Exploration expenditure	8	34,260	34,955
Receivables		2,457	1,800
Materials inventory		49	2,329
Property, plant and equipment		1,995	13,505
Future income tax benefit		519	1,230
Total Non-Current Assets		214,811	244,689
Total Assets		297,467	280,831
Current Liabilities			
Accounts payable		14,857	14,733
Borrowings		18	8,861
Provisions		2,798	246
Deferred purchase consideration	11	14,287	-
Total Current Liabilities		31,960	23,840
Non-Current Liabilities			
Borrowings		55,057	61,690
Provisions		13,027	10,819
Deferred purchase consideration	11	-	13,246
Total Non-Current Liabilities		68,084	85,755
Total Liabilities		100,044	109,595
Net Assets		**197,423**	**171,236**
Equity			
Issued capital		197,597	197,597
Accumulated losses		(9,994)	(25,077)
Foreign currency translation reserve		9,820	(1,284)
Total Equity		**197,423**	**171,236**

The above Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2000

	CONSOLIDATED	
	Inflows (Outflows) 2000 $'000	Inflows (Outflows) 1999 $'000
Cash Flows from Operating Activities		
Receipts from customers	98,984	17,668
Payments to suppliers and employees	(38,317)	(21,431)
Interest received	2,816	1,580
Interest paid (net of capitalised amounts)	(4,377)	(2,219)
Tariff and other receipts	967	1,519
Other taxes paid	(3,822)	-
Bank charges	(369)	(72)
Net cash provided by (used in) operating activities	55,882	(2,955)
Cash Flows from Investing Activities		
Payment for plant and equipment	(1,030)	(1,450)
Payment for development expenditure	(30,084)	(20,091)
Payment for exploration expenditure	(21,205)	(15,557)
Recoupment of exploration expenditure	485	2,249
Payment for operated joint venture exploration expenditure	(819)	(785)
Payment for development studies	(762)	(97)
Reimbursement from operated joint venture operations	669	1,636
Payment for acquisition of controlled entities	-	(104,395)
Payment for materials inventory	(5,305)	(789)
Proceeds from sale of non-core onshore UK assets	57,944	-
Proceeds from disposal of non-current assets	321	1
(Payment) refund for security deposits on operating leases	(44)	71
Payment of deposit for dataroom access	(139)	-
Loan to other entities	(336)	-
Net cash used in investing activities	(305)	(139,207)
Cash Flows from Financing Activities		
Proceeds from share issues	-	156,674
Share issue expenses	-	(9,902)
Bank loan repayment	(26,882)	-
Other payments	(169)	(32)
Net cash (used in) provided by financing activities	(27,051)	146,740
Net Increase in Cash Held	28,526	4,578
Cash at Beginning of Financial Year	25,863	22,666
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,497	(1,381)
Cash at End of Financial Year	**55,886**	**25,863**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This discussion and analysis is provided to assist readers in understanding the Concise Financial Report.

KEY POINTS

The consolidated entity experienced strong growth in revenue and profit after income tax expense during the financial year ended 31 December 2000. Sales revenue of $90.9 million and an after tax profit, including abnormals, of $15.1 million were achieved for the financial year, compared with sales revenue of $16.6 million and an after tax loss of $6.0 million for the financial year ended 31 December 1999.

Net cash from operating activities was $55.9 million, up $58.8 million on the prior financial year.

At the end of December 2000, the consolidated entity was in a sound financial position with a cash and short term deposit balance of $55.9 million and no net debt.

The strong operating results were underpinned by the excellent performance from the 100% owned and operated Saltfleetby Gas Field, onshore in the UK, which was enhanced by the successful Extended Well Test ("EWT") on the Kyle Oil Field (ROC beneficial interest 12.5%) in the UK North Sea. Following the EWT and the successful drilling and testing of the Kyle Northeast appraisal well, the Kyle Oil Field full life of field development was approved.

Total production from the UK operations for the financial year was 3.4 million barrels of oil equivalent (9,227 barrels of oil equivalent per day). The Saltfleetby Gas Field produced at an average rate of 43.7 million standard cubic feet per day and remained at this production rate through to the end of December 2000.

During the financial year, ROC's wholly owned UK subsidiaries sold a number of non-core onshore UK assets, effective 1 March 2000, including the Welton Oil Field and the Welton Gathering Centre. The sale realised proceeds of $62.3 million (£23.9 million), producing an abnormal after tax profit of $22.0 million.

The consolidated entity's exploration portfolio was expanded during the financial year with the acquisition of a 60% interest in two blocks offshore Equatorial Guinea, the farm-in for a 45% interest in the WA-286-P block offshore Western Australia and the execution of an option agreement over acreage offshore Mauritania. Offsetting this expansion was the surrender of the Moroccan acreage during October 2000, when it was agreed that ROC would not seek to convert its Reconnaissance Licence into an Exploration Licence. In addition, the Company successfully farmed out 46.25% of its 92.5% interest in Senegal and retained operatorship of the acreage.

Effective 6 September 2000, the consolidated entity increased its equity in the Chestnut Oil Field from 17.75% to 29.75% through the acquisition of another 12% interest for an upfront cash payment of US$0.5 million and the transfer of associated exploration acreage. The Chestnut Joint Venture also executed an agreement with Brovig Production Services Limited ("Brovig") under which Brovig will fund 100% of the costs of drilling an appraisal well and conducting an EWT on the field during 2001 in return for a share of production from the field.

PROFIT AND LOSS STATEMENT

The consolidated entity recorded an operating profit after income tax expense of $15.1 million. The operating profit before abnormal items and income tax expense was $24.6 million.

	$Million
Operating Profit Before Tax and Before Abnormal Items	24.6
Operating Profit After Tax and Before Abnormal Items	16.1
Abnormal Items (After Tax)	
Profit on Sale of Non-Core Onshore UK Assets	22.0
Net Foreign Currency Losses	(0.9)
Exploration Expenditure Written Off or Expensed and Materials Inventory Written Off	(22.1)
Operating Profit After Income Tax Expense	15.1

Sales revenue for the financial year was $90.9 million, comprising $88.7 million from the UK operations and $2.2 million from Mongolia. Production from the UK operations comprised 0.7 million barrels of oil and natural gas liquids and 16.0 billion cubic feet of gas. UK revenue was constrained by a 1,000 barrels per day oil price hedge, at a Brent oil price of US$14.35 per barrel, put in place by the previous owners of the UK assets, which terminated on 31 December 2000. The effect of this hedge was offset to some extent by an average of US$28.78 per barrel received for non-hedged oil production. Gas prices received averaged $4.37 per thousand cubic feet.

The revenue performance is particularly noteworthy given the sale of the Welton Oil Field, effective 1 March 2000. The result reflected the continuing strong performance of the Saltfleetby Gas Field, the production from the Kyle EWT and increases in UK spot gas prices, which were, for the financial year, approximately 50% above prior financial year spot prices.

Other operating revenue of $0.5 million includes revenue from electricity generation and sales and from the processing of third party crude oil in the UK at the Welton Gathering Centre, prior to the sale of these assets effective 1 March 2000.

UK operating costs for the financial year were $18.8 million. Amortisation, restoration and depreciation costs were $33.3 million. Other costs, including general and administrative costs, were $8.3 million.

Net financing costs for the financial year were $2.5 million, including interest income of $2.8 million.

Exploration expenditure of $20.0 million was written off or expensed during the financial year, in accordance with ROC's accounting policy, and was largely attributable to Mongolia ($15.3 million), Morocco ($3.1 million) and the UK ($1.0 million) areas of interest.

As noted above, the consolidated entity recorded an abnormal profit after income tax expense of $22.0 million on the sale of non-core onshore assets in the UK. In addition to the $57.0 million upfront proceeds from the sale, the consolidated entity will receive an additional bonus payment of $5.2 million (£1.9 million) during March 2001. ROC will potentially receive a second bonus during the 2002 year if the average Brent oil price exceeds US$18.50 per barrel, with the maximum bonus payable (£3.0 million) if the average price exceeds US$28.50 per barrel, subject to the Welton oil fields achieving certain minimum production targets. The potential second bonus has not been included in the above profit.

Abnormal net foreign currency losses, after an income tax credit, of $0.9 million were recorded, which was primarily attributable to the revaluation of the US$ syndicated bank loan in the UK, resulting from the unfavourable movement in the British pound against the United States dollar (from £1:US$1.6149 as at 31 December 1999 to £1:US$1.4913 as at 31 December 2000) and the impact of the movement in the British pound against the United States dollar (from £1:US$1.6149 as at 31 December 1999 to £1:US$1.4945 at the end of May 2000) on the US$15.5 million repayment made on the US$ syndicated bank loan in the UK; partially offset by foreign currency gains on US$ cash and short term deposits attributable to the strengthening of the United States dollar against the Australian dollar.

Income tax expense for the financial year was $7.6 million, relating to the UK operations with a corporate tax rate of 30%.

BALANCE SHEET

During the financial year, total assets increased from $280.8 million to $297.5 million, total liabilities decreased from $109.6 million to $100.0 million and total equity increased from $171.2 million to $197.4 million. In addition to the changes resulting from production operations, the major net changes in the balance sheet resulted from the sale of non-core onshore UK assets, development and exploration expenditure and the depreciation of the Australian dollar against the British pound from A$1:£0.4048 as at 31 December 1999 to A$1:£0.3715 as at 31 December 2000.

Additions to development expenditure of $26.3 million were made during the financial year in the UK. This expenditure primarily relates to the completion of the Saltfleetby Gas Field development, drilling of the Saltfleetby-5 well, drilling of the Keddington-2 well, drilling of the Northeast appraisal well at the Kyle Oil Field and payment for the additional equity in the Chestnut Oil Field.

Exploration expenditure of $23.5 million was made during the financial year, with major expenditure in the following geographical areas:

- Equatorial Guinea, the Company acquired a 60% interest in offshore blocks H15 and H16 and undertook preparatory exploration work prior to a planned 3D seismic survey in 2001 for a total cost of $8.9 million;
- The Perth Basin, offshore Western Australia, the consolidated entity undertook preparatory work, including 2D seismic data processing, and planning for the Cliff Head-1 exploration well in WA-286-P at a cost of $1.1 million;
- Morocco, technical studies were completed, including depth migration of seismic data in the Cap Juby area, at a cost of $0.6 million, prior to the surrender by the Company of its Reconnaissance Licence;
- Senegal, the consolidated entity continued its technical review of the area at a cost of $0.3 million;
- Mongolia, the consolidated entity continued to maintain field facilities and drilled two exploration wells at a cost of $10.5 million; and
- The UK, the consolidated entity participated in the 30/22b-2 exploration well in the North Sea, completed interpretation and reprocessing of 2D seismic over parts of its onshore acreage, continued interpretation of the 3D Saltfleetby-Southeast seismic data and began preparations for 2D and 3D onshore seismic acquisition programmes at a cost of $2.1 million.

The majority of the $55.1 million debt outstanding as at 31 December 2000 relates to the US$ syndicated bank loan (US$30.5 million). Under the terms of the loan facility, no repayments of the loan principal are required to be made until 2002.

The issued capital of the Company was unchanged during the financial year at $197.6 million. The market capitalisation of the Company was $127.2 million based on the 31 December 2000 share price of $1.20 and 105,994,060 fully paid ordinary shares on issue.

STATEMENT OF CASH FLOWS

Net cash increased by $30.0 million over the financial year and as at 31 December 2000 the consolidated entity held a cash and short term deposit balance of $55.9 million.

Net cash from operating activities was $55.9 million. The major cash flows from operating activities included gross receipts from the sale of oil and gas in the UK of $99.0 million and payments to suppliers and employees of $38.3 million.

Net cash used in investing activities was $0.3 million. Proceeds from the sale of non-core onshore UK assets received during the year amounted to $57.9 million (£22.5 million). The major investments during the financial year were the payments for development expenditure ($30.1 million) and payments for exploration expenditure ($21.2 million).

A net total of $27.0 million was used in financing activities. $26.9 million (US$15.5 million) of the proceeds from the sale of non-core onshore UK assets was used to repay part of the US$ syndicated bank loan.

FINANCIAL RATIOS

Basic earnings per share for the financial year was 14.2 cents, based on a weighted average number of fully paid ordinary shares on issue of 105,994,060.

The price to earnings ratio, based on the 31 December 2000 share price, was 8.4.

Cash flow from operations [1] for the financial year was $55.9 million, or 52.8 cents per share.

EBITDA [2] for the financial year was $58.4 million, which included exploration expenditure written off or expensed and materials inventory written off of $23.8 million as well as $22.7 million profit before tax on the sale of non-core onshore UK assets.

The debt to equity ratio as at 31 December 2000 was 28%. Based on cash and short term deposits of $55.9 million, the consolidated entity had no net debt as at 31 December 2000.

HEDGING

Oil price

The consolidated entity's oil price hedging for the financial year consisted of a 1,000 barrels of oil per day hedging arrangement at a Brent oil price of US$14.35 per barrel which was entered into prior to the acquisition of Morrison Middlefield Resources Limited by ROC. The hedging contract was financially settled monthly and payments under the hedge totalled $9.0 million during the financial year.

Future oil price hedging in place as at 31 December 2000 comprises 383,000 barrels of oil over the period from 1 May 2001 to 31 December 2001 at an average Brent oil price of US$24.54 per barrel.

Gas

The UK subsidiaries of ROC sell gas production from the Saltfleetby Gas Field under a fixed price, take or pay contract with Northern Electric & Gas Limited and as spot and forward market sales into the UK domestic market.

The contract with Northern Electric & Gas Limited fixes the contract price for the period to 30 September 2002 and provides the consolidated entity with a gas price hedge over that period. Approximately 44% of the consolidated entity's gas production during the financial year to 31 December 2000 was sold under the contract at the contract price.

Future gas hedging in place as at 31 December 2000 comprises a gas price hedge covering 1.7 billion cubic feet (4.7 million standard cubic feet per day) of sales gas over the whole of 2001 at an average price of 23.1 pence per therm (equivalent to US$3.75/$6.77 per thousand cubic feet as at 31 December 2000 exchange rates).

Foreign exchange

The consolidated entity's foreign exchange hedging strategy is to hedge against specific future commitments and identified cash flow exposures. For the financial year, the consolidated entity did not have any foreign currency hedge instruments in place.

YEAR 2000

Management implemented a plan to address the risk of systems failing due to the Year 2000 date change. No significant Year 2000 issues arose and management does not anticipate any further issues or costs to arise. Costs to date are not significant.

GOODS AND SERVICES TAX

The Goods and Services Tax, introduced by the Australian Government on 1 July 2000, has had very little impact on the operating results or operations of ROC's Australian businesses.

[1] Cash flow from operations is calculated as operating profit before income tax expense and before abnormal items plus depreciation, amortisation, restoration and other non-cash items less income tax paid.

[2] EBITDA is calculated as operating profit before income tax expense, net interest expense, depreciation, amortisation and restoration.

1 STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted by Roc Oil Company Limited ("ROC" or "Company") and its controlled entities are stated below to assist in a general understanding of the Concise Financial Report.

(a) Historical cost

Unless otherwise stated in the notes, the financial statements have been prepared in accordance with the historical cost convention and do not take into account changing money values.

(b) Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all entities that comprise the consolidated entity, being ROC and its controlled entities as defined by AASB1024 'Consolidated Accounts'. The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits and losses arising within the consolidated entity are eliminated in full.

(c) Sales

Sales are recognised in the financial period during which hydrocarbons are produced, provided they are either sold or delivered in the normal course of business in accordance with agreements with purchasers.

Sales revenue represents amounts invoiced, excluding the Goods and Services Tax ("GST") or value-added taxes, in respect of sales to purchasers.

Sales revenue is stated net of the impact of oil price hedge contracts entered into by the consolidated entity to reduce future oil price exposure.

Resale of crude oil purchased is excluded from sales revenue, and the corresponding purchase of crude oil excluded from cost of sales. The net profit from crude oil trading is included as part of other revenue.

(d) Income tax

Income tax has been brought to account using the liability method of tax effect accounting. The income tax expense or credit shown in the profit and loss statement is represented by the tax on operating profit or loss after allowing for permanent differences between accounting profit or loss and taxable income or tax loss.

The tax effect of unrecouped exploration expenditure and timing differences, which occur when items are included or allowed for income tax purposes in a different financial period than for accounting purposes, is retained in the deferred income tax liability and future income tax benefit accounts calculated at the tax rates expected to be applied when the expenditure is recouped and/or the differences reverse.

Future income tax benefits relating to timing differences and tax losses are only brought to account where realisation of the benefit can be regarded as being assured beyond reasonable doubt and, for tax losses, when their realisation is virtually certain.

(e) Foreign currencies

Transactions denominated in foreign currencies have been brought to account at the exchange rates ruling at the time of the transactions. At balance date, foreign currency receivables and payables are converted to Australian currency at exchange rates ruling at balance date.

Exchange differences are brought to account in the profit and loss statement in the financial period in which they arise.

Financial statements of foreign self-sustaining controlled operations are translated into Australian currency using the current rate method, whereby assets and liabilities are translated at rates of exchange current at balance date. Profit and loss accounts are translated at a weighted average rate of exchange. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Financial statements of foreign integrated controlled entity operations are translated at balance date using the temporal method and resulting exchange differences are brought to account by entries made directly to the profit and loss statement in the financial period in which the exchange rate changes.

(f) Acquisitions

Where assets including oil and gas reserves are acquired from a third party, the cost of acquiring those assets (being the fair value) is included in the balance sheet as development expenditure, exploration expenditure, other assets and liabilities.

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value at the date of acquisition.

(g) Exploration and development expenditure

The consolidated entity adopts the area of interest method whereby all exploration and evaluation expenditure is charged against the profit and loss statement as incurred, except in the case of areas of interest where rights to tenure are current and where:

(i) the carrying amount is expected to be recouped through the successful development and exploitation of the area or by farming out or selling all or part of the consolidated entity's interest; or

(ii) at balance date, exploration and evaluation activities in, or in relation to, the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration activity for the area is continuing.

In these cases, the expenditure is capitalised.

When an area of interest is abandoned or if the Directors consider the expenditure to be of reduced or no further value, capitalised exploration expenditure is written down or written off in the financial period in which such a decision is made.

Proceeds on sale or farm-out of an area within an exploration area of interest are offset against the carrying value of the particular area involved. Where the total carrying value of an area has been recouped in this manner, the balance of farm-out proceeds is brought to account as non-operating revenue.

Where it is established that economically recoverable reserves exist in a particular area of interest, the carrying amount attributable to that area is classified as a development and production interest. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field in each area of interest, on a unit-of-production basis. Subject to the Directors' satisfaction that economically recoverable reserves exist and where commercial production has not yet commenced, costs incurred in an area in relation to those reserves are accumulated and amortised when commercial operations begin.

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations do not give rise to prior financial period adjustments and are dealt with prospectively.

Costs of borrowing for major development projects are capitalised in accordance with AASB1036 'Borrowing Costs' until the commencement of production and are then amortised over the life of the field on a unit-of-production basis.

(h) Property, plant and equipment

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Plant and equipment is depreciated on a straight line basis so as to write down these assets to their estimated residual values over their estimated useful lives to the consolidated entity.

The following estimated useful lives are used in the calculation of depreciation:

• Buildings	20 years;
• Plant and equipment	2-10 years;
• Leasehold improvements	Term of the respective operating leases; and
• Motor vehicles under finance leases	2-5 years.

Depreciation of onshore facilities is calculated using a unit-of-production basis, which will proportionately amortise the assets over the life of the reserves of the area of interest.

Leases of plant and equipment, under which the consolidated entity assumes substantially all the risks and benefits of ownership, are classified as finance leases. Finance leases are capitalised and depreciated over their estimated useful lives to the consolidated entity.

Operating leases are not capitalised. Payments made under operating leases are charged to the profit and loss statement in equal instalments over the term of the lease.

(i) Oil stock and materials inventory

Oil stock is valued at the lower of cost and net realisable value. Cost comprises a relevant proportion of all fixed and variable production, overhead, restoration and amortisation costs. Net realisable value is determined on the basis of selling prices less expenses to be incurred in transport, pipeline tariffs, handling and royalties, to the point in time where product passes to the purchaser.

Stocks of materials and spare parts are carried at the lower of cost and net realisable value, with cost primarily determined by the first-in-first-out method and the remainder utilising an average cost basis.

(j) Investments

Investments in associates have been accounted for using the equity method in the consolidated financial statements.

(k) Recoverable amount of non-current assets

The balance sheet categories of development expenditure, exploration expenditure, receivables, materials inventory, property, plant and equipment and future income tax benefit are each considered separate classes of non-current assets.

Exploration expenditure is capitalised and carried forward in accordance with AASB1022 'Accounting for the Extractive Industries' as detailed in Note 1(g) above.

Future income tax benefit is carried forward in accordance with AASB1020 'Accounting for Income Tax (Tax-Effect Accounting)' as detailed in Note 1(d) above.

In accordance with AASB1010 'Accounting for the Revaluation of Non-Current Assets', the carrying value of each asset in each of the non-current classes of assets, except for exploration expenditure, is reviewed by the Directors every six months to determine whether it is in excess of its recoverable amount. Where the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The net cash inflows from the continued use and subsequent disposal of each such asset have been used in determining the recoverable amount of each non-current asset. The relevant cash flows have not been discounted to their present values.

(l) Employee entitlements

Liability to employees for annual leave is provided for. All employment related on-costs (including payroll tax and superannuation contributions) are included in the calculation of the required provision. Provision for annual leave in respect of services provided by employees up to balance date is measured using remuneration levels current at balance date.

(m) Provision for abandonment and restoration

A provision for significant abandonment and restoration costs is accumulated by charging to the profit and loss statement the expected expenditure to be incurred on cessation of each area of interest. The provision is calculated so that at the end of operations the provision will be adequate to meet net abandonment and restoration costs, including the required removal of facilities, the abandonment of wells and restoring affected areas. Such provision recognises the estimated future abandonment and restoration obligations incrementally over the life of the proved and probable reserves on a unit-of-production basis. Estimates of the future restoration obligation are based on current legal requirements and technology and are determined in current dollars on an undiscounted basis. The adequacy of the provision for abandonment and restoration is reassessed every six months. Changes in cost estimates do not give rise to prior financial period adjustments and are dealt with on a prospective basis.

(n) Joint ventures

Interests in joint venture operations have been reported in the financial statements by including the consolidated entity's share of assets employed in the joint venture operation, the share of liabilities incurred in relation to joint venture operations and the share of any expenses incurred in relation to joint venture operations in their respective classification categories.

(o) Financial instruments included in assets

Trade receivables are initially recorded at the amount of contracted sale proceeds. All other receivables are recorded as amounts due. Receivables are recognised inclusive of applicable GST and value-added taxes.

The net amount of GST and value-added taxes recoverable from the relevant taxation authority is included as part of receivables.

Marketable securities are carried at the lower of cost and net realisable value.

(p) Financial instruments included in liabilities

Borrowings are recorded at their principal amount. Interest is charged as an expense as it accrues at the contracted rate.

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services, whether or not invoiced. Payables are recognised inclusive of applicable GST and value-added taxes.

The net amount of GST and value-added taxes payable to the relevant taxation authority is included as part of payables.

(q) Financial instruments included in equity

Equity instruments are classified as equity in accordance with the substance of the contractual arrangement.

Issued capital is recorded at the value of consideration paid. The costs of issuing shares are charged against issued capital.

(r) Statement of cash flows

Cash is defined as cash at bank and on hand and money market investments readily convertible to cash.

Cash flows have been allocated among operating, investing and financing activities. These categories appropriately classify the consolidated entity's activities.

2 OPERATING PROFIT AND LOSS

The operating profit (loss) before abnormal items and income tax expense includes the following items of revenue and expense:

	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000
Revenue		
Operating revenue		
Sales revenue – sale of goods (refer (a) below)	90,852	16,557
Other revenue	542	1,519
Interest income: other entities	2,844	1,593
Non-operating revenue		
Proceeds on disposal of non-current assets	331	1
Total revenue	94,569	19,670
Expense		
Amortisation of development expenditure	31,778	3,186
Depreciation of plant and equipment	1,058	1,275
Provision for abandonment and restoration	365	472
Operating lease rental expenses	746	858
Exploration expenditure written off	411	447
Exploration expenditure expensed	1,228	3,321
Transfer of test oil sales revenue to exploration expenditure expensed (refer Note 6)	2,175	1,321
Interest paid or due and payable to:		
Other entities:		
on loans	4,900	2,031
on finance leases	8	6
Less interest capitalised	-	(151)
	4,908	1,886

(a) During the financial year, 1,000 barrels per day of UK oil production (1999: 2,000 barrels per day of UK oil production) were hedged at US$14.35 per barrel (1999: US$13.00 per barrel) prior to the acquisition of Morrison Middlefield Resources Limited. Sales revenue in the financial year included $1,799,293 (1999: $2,895,000) recognised on reversal of the liability for the hedging in the acquisition balance sheet.

	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000
3 ABNORMAL ITEMS		
Profit on sale of non-core onshore UK assets to Star Energy Limited (refer (a) below)	22,670	-
Net foreign currency losses	(2,452)	(1,721)
Morocco exploration expenditure expensed or written off	(3,086)	-
Mongolia exploration expenditure expensed or written off and materials inventory written off	(19,072)	-
Abnormal items before income tax expense	**(1,940)**	**(1,721)**
The income tax expense (credit) applicable to each abnormal item was:		
Profit on sale of non-core onshore UK assets to Star Energy Limited	631	-
Net foreign currency losses	(1,515)	(63)
Morocco exploration expenditure expensed or written off	-	-
Mongolia exploration expenditure expensed or written off and materials inventory written off	-	-
	(884)	(63)
(a) Proceeds on sale of non-core onshore UK assets to Star Energy Limited	62,256	-

4 EARNINGS PER SHARE

	CONSOLIDATED 2000	CONSOLIDATED 1999
Basic earnings per share (cents per share)	14.2	(10.0)
Diluted earnings per share (cents per share)	13.8	refer note (a)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	105,994,060	59,806,988
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	116,405,478	refer note (a)

(a) Diluted earnings per share in the prior financial year was not disclosed, as the amount did not materially reflect a less favourable result than basic earnings per share.

5 DIVIDENDS

No dividends have been paid or declared since the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 31 December 2000.

	CONSOLIDATED	
	2000 $'000	1999 $'000

6 SEGMENT INFORMATION

(i) **Industry segments**

The consolidated entity operates predominantly in one industry, namely exploration, evaluation, development and production of hydrocarbons.

(ii) **Geographic segments**

	Sales Revenue [1]		Segment Revenue [3]		Result [4]		Total Assets	
Geographic Segments	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000
United Kingdom	88,677	15,236	153,294	16,482	46,984	1,888	255,100	238,459
Australia	-	-	1,321	1,565	(1,270)	(3,596)	25,740	25,630
Middle East/other	-	-	-	-	(309)	(1,758)	-	-
Falkland Islands	-	-	-	-	299	(127)	-	-
Africa	-	-	-	-	(3,921)	(160)	11,151	3,132
Mongolia [2]	2,175	1,321	2,210	1,623	(19,122)	(1,690)	5,476	13,610
	90,852	**16,557**	**156,825**	**19,670**	**22,661**	**(5,443)**	**297,467**	**280,831**

Notes:

1 Sales revenue arises from sales outside the consolidated entity.

2 Revenue from sale of test oil production from wells in Mongolia pending a development decision has been credited to sales revenue, but an amount based on such revenue has been charged to cost of sales and credited against exploration expenditure expensed, so as to record a zero net margin on such production.

3 Segment revenue includes abnormal revenue items.

4 Operating profit (loss) before income tax expense.

7 DEVELOPMENT EXPENDITURE

	2000 $'000	1999 $'000
Areas in which production has commenced		
At cost	-	125,865
At 2000 Directors' valuation	142,303	-
Accumulated amortisation	-	(3,186)
	142,303	122,679
Areas in development stage		
At cost	-	68,191
At 2000 Directors' valuation	33,228	-
	33,228	68,191
Balance sheet value	**175,531**	**190,870**

Notes:

1 The Directors' valuation has been performed on the basis of anticipated discounted cash flows from development expenditure. The valuation was not made in accordance with a regular policy of revaluation. Potential capital gains tax was not taken into account in the revaluation of development expenditure.

2 In accordance with AASB1010 'Accounting for the Revaluation of Non-Current Assets', the balance of accumulated amortisation existing as at the revaluation date was credited to the assets to which they relate.

8 EXPLORATION EXPENDITURE

	2000 $'000	1999 $'000
Deferred expenditure in exploration and evaluation stages		
At cost	34,260	34,955
Balance sheet value	**34,260**	**34,955**

9 CONTINGENT LIABILITIES

In accordance with normal oil and gas industry practice, the consolidated entity has entered into joint venture operations and farm-in agreements with other parties for the purpose of exploring and developing its licence interests. If a party to a joint venture operation defaults and does not contribute its share of joint venture operation obligations, then the other joint venturers are liable to meet those obligations. In this event, the interest in the licence held by the defaulting party may be redistributed to the remaining joint venturers.

10 RELATED PARTY DISCLOSURES – DIRECTORS

(i) Directors' shareholdings and options have been disclosed separately in the Directors' Report.

(ii) There were no loans to Directors entered into during the financial year and there were no loans to Directors outstanding as at 31 December 2000, except for an amount of $82,370 (1999: $15,579) owing by Dr R J P Doran to the Company for the purpose of meeting business expenses incurred in connection with performing services as the Chief Executive Officer. No interest is being charged on the amount.

	CONSOLIDATED 2000	1999
Advance repayments received	$3,970	$47,059

11 DEFERRED PURCHASE CONSIDERATION

Prior to completing the acquisition of Morrison Middlefield Resources Limited, the vendor, 2M Energy Corp ("2M"), and two controlled entities of Roc Oil (Europe) Limited entered into an Incremental Reserves Payment Agreement relating to reserves attributable to the interests held by those controlled entities in the Saltfleetby Gas Field. Under the terms of this Agreement, 2M will receive a payment of £250,000 for each BCF of proved and probable sales gas reserves attributable to the Saltfleetby Gas Field in excess of 30 BCF but up to a maximum of 50 BCF ("excess reserves"), plus £1.50 for each barrel of natural gas liquids associated with the excess reserves. The deferred purchase consideration of $14,286,676 (1999: $13,245,723) is payable based on the excess reserves. The excess reserves were determined by an independent engineer as at 14 December 2000, being 12 months following the start of production from the Saltfleetby Gas Field, and the amount representing the deferred purchase consideration is expected to be paid in the first quarter of 2001.

12 SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the end of the financial year that significantly affect, or may significantly affect, the operations, results or state of affairs of the consolidated entity that have not been otherwise disclosed elsewhere in this Annual Report.

1 ORDINARY SHARE CAPITAL

As at 16 February 2001, the Company had on issue 105,994,060 fully paid ordinary shares held by 5,958 shareholders. All issued fully paid ordinary shares carry one vote per share.

2 OPTIONS

As at 16 February 2001, the Company had the following options on issue:

- 4,073,910 options under the Employee Share Option Plan held by 39 optionholders; and
- 7,698,830 options issued to shareholders under the Prospectus dated 21 June 1999 and held by 46 optionholders.

3 DISTRIBUTION OF SHAREHOLDINGS AS AT 16 FEBRUARY 2001

Holding	Shareholders
1 – 1,000	2,021
1,001 – 5,000	2,518
5,001 – 10,000	767
10,001 – 100,000	572
Over 100,000	80
Total	**5,958**
Holding less than a marketable parcel	1,399

4 RESTRICTED SECURITIES AS AT 16 FEBRUARY 2001

- 8,636,500 fully paid ordinary shares
- 2,836,440 options issued to shareholders under the Prospectus dated 21 June 1999
- 524,910 options under the Employee Share Option Plan

The above "Restricted Securities" cease to be "Restricted Securities" on 5 August 2001.

5 SUBSTANTIAL SHAREHOLDERS AS AT 16 FEBRUARY 2001

The following shareholders have advised that they are a substantial shareholder:

Shareholder	Number Held (Fully Paid Ordinary Shares)	% of Class Held
Colonial Limited/ Commonwealth Bank of Australia	18,638,488	17.58
N M Rothschild Australia Holdings Pty Limited	5,598,788	5.28

6 TWENTY LARGEST SHAREHOLDERS AS AT 16 FEBRUARY 2001

Shareholder	Number Held	%	Rank
Citicorp Nominees Pty Limited	7,390,265	6.97	1
Permanent Trustee Australia Limited	6,347,854	5.99	2
Citicorp Nominees Pty Limited (CFS W/sale GBL RES Fund A/C)	5,281,058	4.98	3
National Nominees Limited	5,125,363	4.84	4
Westpac Custodian Nominees Limited	4,928,833	4.65	5
Darcy Petroleum Pty Limited (Celtic Energy Pty Ltd A/C) *	4,685,010	4.42	6
Queensland Investment Corporation	3,690,835	3.48	7
Wolverine Global Energy LLC	3,125,380	2.95	8
Perpetual Trustees Nominees Limited	3,018,749	2.85	9
AMP Life Limited	2,675,839	2.52	10
HE Sheikh Hamad Bin Jassim Bin Jabor Al-Thani	2,600,000	2.45	11
Gulf Canada Resources Limited	1,454,140	1.37	12
Chase Manhattan Nominees Limited	1,256,336	1.19	13
F H Nominees Pty Ltd	1,043,200	0.98	14
Mango Bay Enterprises Inc.	950,000	0.90	15
Cogent Nominees Pty Limited	897,329	0.85	16
Merrill Lynch (Australia) Nominees Pty Ltd	883,444	0.83	17
Bond Street Custodians Limited	752,500	0.71	18
Espasia Pty Ltd	752,092	0.71	19
Arrow Resources Investment Limited	669,700	0.63	20
Top 20 Total	**57,527,927**	**54.27**	

* Celtic Energy Pty Ltd's fully paid ordinary shares are held in trust by Darcy Petroleum Pty Limited. Dr R J P Doran is a director of both Celtic Energy Pty Ltd and Darcy Petroleum Pty Limited. Dr R J P Doran's total shareholding in Roc Oil Company Limited of 4,773,960 fully paid ordinary shares is disclosed in the Directors' Report.

ROC OIL COMPANY LIMITED GROUP (ROC) – EXPLORATION ASSETS OUTSIDE OF THE UNITED KINGDOM

Country	Block	Gross Area (acres)	Gross Area (sq km)	ROC Interest (%)	Agreement Type
Australia	WA-286-P	3,583,022	14,500	45.0	Exploration
	TP/15	298,255	1,207	10.0-20.0	Option to acquire (1)
	Total Australia	3,881,277	15,707	10.0-45.0	
Equatorial Guinea	Blocks H15 & H16	408,217	1,652	60.0	Production sharing contract
Mongolia	93 PSC	5,230,233	21,166	100.0	Production sharing contract
	97 PSC	1,306,199	5,286	100.0	Production sharing contract
	Block XV	3,732,527	15,015	100.0	Production sharing contract
	Block X North	5,737,293	23,015	100.0	Production sharing contract
	Total Mongolia	16,006,252	64,482	100.0	
Senegal	Offshore Casamance PSC	2,023,048	8,187	46.25	Production sharing contract
Mauritania	Area A – Block 3 & Shallow Blocks 4 & 5	3,450,821	13,965	2.7	Option to acquire (2)
	Area B – Deep-water Blocks 4 & 5	2,639,081	10,680	2.4	Option to acquire (2)
	Area C – Blocks 2 & 6	3,609,462	14,607	2.5	Option to acquire (2)
	Area D – Blocks 1, 7 & 8	8,516,968	34,467	2.0	Option to acquire (2)
	Total Mauritania	18,216,332	73,719	2.0-2.7	
	Total	**40,535,126**	**163,747**		

Notes:

1 Option to acquire between 10% – 20% at 2:1 promote.

2 Option to acquire between 2.0% – 2.7% through Elixir's acreage.

UK ONSHORE – OPERATED BY ROC

Licence	ROC's Working Interest (%)	Gross Area (sq km)	ROC's Net Area (sq km)
EXL 251	97.5	265.22	258.60
EXL 252	97.5	166.00	161.85
PEDL 002 (1)	5.0	483.64	24.18
PEDL 003	100.0	344.50	344.50
PEDL 004	100.0	209.49	209.49
PEDL 005	100.0	769.61	769.61
PEDL 028	100.0	400.00	400.00
PEDL 029	100.0	500.00	500.00
PEDL 030	100.0	407.10	407.10
PEDL 031	100.0	353.29	353.29
PEDL 032	100.0	339.26	339.26
PEDL 033	100.0	490.00	490.00
PEDL 075	100.0	132.50	132.50
PEDL 076	100.0	66.36	66.36
PL215a	77.0	9.11	4.95
Total		**4,936.08**	**4,461.69**

Note:

1 PEDL 002 is operated by Star Energy.

UK NORTH SEA

Licence	ROC's Working Interest (%)	Gross Area (sq km)	ROC's Net Area (sq km)	Operator
P249 (Blk 14/19)	0.4605	62.00	0.29	Talisman
P735 (Blk 15/25c)	0.3410	4.80	0.02	Talisman
P748 (Blk 29/2c)	12.5000	56.30	7.04	Ranger
P354 (Chestnut Oil Field only)	29.7500	10.38	3.08	Premier
P317 (Blk 20/2a)	14.2810	73.00	10.43	Petrobras
P273 (Blk 20/3a)	4.1667	73.00	3.04	PanCanadian
P272 (Blk 20/7a)	12.4020	20.00	2.48	PanCanadian
P111 (Blk 30/3a) (1)	15.2446	46.60	7.10	Petrobras
P219 (Blk 16/13a)	15.0000	65.20	9.78	Petrobras
P614 (Blk 47/14b)	5.0000	49.20	2.46	Amerada Hess
P755 (Blk 30/22b)	10.0000	115.00	11.50	Kerr McGee
P026 (Blk 49/7a)	3.0000	123.00	3.69	Highland Energy
P899 (Blk 49/6b)	3.0000	159.10	4.78	Highland Energy
Total		**857.58**	**65.69**	

Note:
1 Excludes pre-Tertiary sequences.

ORRI & NPI BLOCKS

P240 (Blk 14/30a)	0.1055% ORRI	71.60
P240 (Blk 16/22)	0.5025% NPI	217.99

STATEMENT AND CONSENT REGARDING HYDROCARBON RESERVES REFERRED TO IN THIS REPORT

The evaluation of Roc Oil Company Limited's onshore United Kingdom hydrocarbon reserves for this Annual Report was performed by Brovig RDS Limited ("RDS"), an independent international energy consultancy based in Aberdeen, Scotland and is based on and accurately reflects information compiled by or under the supervision of Mr Russ M Gilbert of RDS. Mr Gilbert is a Member of the Society of Petroleum Engineers and has 19 years of various petroleum engineering experience. Mr Gilbert has the appropriate qualifications to be considered as an expert under the VALMIN code of the Australian Institute of Mining and Metallurgy. RDS is accredited by the London Stock Exchange as having competent persons available to perform independent valuations.

The evaluation of Roc Oil Company Limited's offshore United Kingdom (North Sea) hydrocarbon reserves for this Annual Report was performed by Adams Pearson Associates Inc. ("APA") and is based on and accurately reflects information compiled by or under the supervision of Mr Hank Baird. Mr Baird is a Petroleum Engineer employed by APA. He attended the University of Alberta and graduated with a Bachelor of Science Degree Geology (Honours 1973) and a Master of Science Degree Petroleum Engineering in 1978. Mr Baird is a registered Professional Engineer and Professional Geologist in the Province of Alberta, Canada. Mr Baird has in excess of 24 years experience in petroleum engineering studies relating to Canadian and international oil and gas properties. APA has considerable experience in the valuation of both producing and undeveloped reserves.

Each of RDS and APA and Messrs R M Gilbert and H Baird have consented to the inclusion in this Annual Report of the hydrocarbon reserves evaluations based on the information compiled by them in the form and context in which they appear.

GLOSSARY AND DEFINITIONS

Adair Int.
Adair International Oil and Gas, Inc.

acre
Unit of land measurement, 1 sq km is equivalent to 247.105 acres.

AIM Board
Alternative Investment Market (London).

ASX
Australian Stock Exchange Limited.

Atlas Group
Atlas Petroleum International Limited and Osborne Resources Limited.

Barclays
Barclays Capital.

BBLS
Barrels, equivalent to 0.159 cubic metres.

BCF
One billion cubic feet of natural gas.

BOE
Barrel of oil equivalent. The factor used to convert gas to oil equivalent is based upon an approximate energy value of 6,000 cubic feet per barrel and not price equivalence at the time.

BOEPD
Barrel of oil equivalent per day.

BOPD
Barrel of oil per day inclusive of NGLs.

Brovig
Brovig Production Services Limited.

Cash Flow from Operations
Cash flow from operations is calculated as operating profit before income tax expense and before abnormal items plus depreciation, amortisation, restoration and other non-cash items less income tax paid.

EBITDA
Earnings before interest, tax, depreciation, and amortisation calculated as operating profit before income tax expense, net interest expense, depreciation, amortisation and restoration.

Enterprise value
Market capitalisation plus net debt.

EWT
Extended Well Test.

HOA
Heads of Agreement.

IPO
Initial Public Offering.

km
Kilometre.

m
Metre.

MCF
One thousand cubic feet of natural gas.

MM
Millions.

MMBO
One million barrels of oil.

MMBOE
One million barrels of oil equivalent.

MMSCFD
One million standard cubic feet of natural gas per day.

NGLs
Natural gas liquids.

ORRI
Overriding Royalty Interest.

P&A'd
Plugged and abandoned well.

Patria
Patria Resources Limited.

pence
UK pence (£0.01).

Probable Reserves
Probable reserves are less certain than proved reserves and can be estimated with a degree of certainty sufficient to indicate they are more likely to be recovered than not. Note that probable reserves have not been risked.

Prospectus
Roc Oil Company Limited Prospectus dated 21 June 1999.

Proved Reserves
Proved reserves can be estimated with reasonable certainty to be recoverable under current economic conditions. Current economic conditions include prices and costs prevailing at the time of the estimate. Proved reserves may be developed or undeveloped.

PSC
Production sharing contract.

Sinochem
Sinochem International Oil Company, P. R. China.

sq km
Square kilometre.

Therm
Calorific heating value of gas.

TVD
True vertical depth.

UK
United Kingdom.

Woodside
Woodside Petroleum Ltd and its controlled entities.

2D
Two-Dimensional.

3D
3-Dimensional.

2P
Proved and probable reserves.

NOTES

BOARD OF DIRECTORS

Mr Andrew J Love, Chairman
Mr William G Jephcott, Deputy Chairman
Dr R John P Doran, Chief Executive Officer & Director
Mr Richard J Burgess, Director
Mr Ross Dobinson, Director
Mr Sidney J Jansma Jr, Director
Mr Adam C Jolliffe, Director

ADVISORS TO THE BOARD

Ahmed E Seddiqi Al-Emadi
Dr A Al-Quaiti
Mr Bob Boyson

COMPANY SECRETARY

Mr Robert Gerrard

EXECUTIVE COMMITTEE

Mr Edgar Baines, Managing Director (Roc Oil (UK) Limited)
Mr Bruce Clement, Chief Financial Officer
Dr R John P Doran, Chief Executive Officer & Director
Dr Kevin Hird, General Manager – Business Development
Mr Wes Jamieson, General Manager – Exploration
Mr Neil Seage, Senior Reservoir Engineer
Mr Robert Gerrard, General Counsel & Company Secretary

REGISTERED OFFICE

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STOCK EXCHANGE

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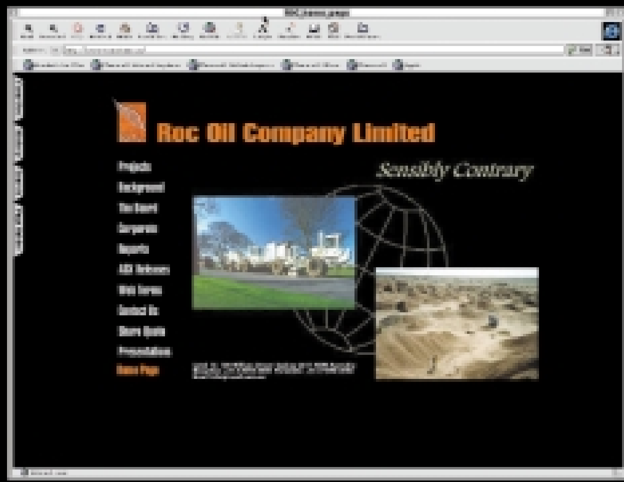

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Roc Oil (Equatorial Guinea) Company
Caracolas
Malabo
Equatorial Guinea

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WORKFORCE

Despite the fact that companies sometimes seem to take on a life of their own, ultimately all companies are inanimate entities with neither a soul to lose, nor a body to kick. The real life-blood of a company is its workforce and the ideas it creates and implements. These people are a company's most precious asset; in the long term they determine whether or not a company is successful. ROC has a great regard for its workforce, which is why the names of all its personnel are shown above – more than once.