ASX Listing Rule 4.3A

Appendix 4E

Financial Year ended 31 December 2005

This information should be read in conjunction with ROC's 2005 Financial Report which is enclosed.

Name of Entity

Roc Oil Company Limited

ABN or equivalent company reference

32 075 965 856

Results for Announcement to the Market

				A$'000
Revenues from ordinary activities[1]	Decrease	98%	to	861
Profit from ordinary activities after tax attributable to members[1]	Increase	174%	to	45,563
Net profit for the period attributable to members[1]	Increase	174%	to	45,563

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to the final dividend	N/A	
Payment date for the final dividend	N/A	

A review of the consolidated entity's operations during the year is included in the attached Financial Report.

[1] Previous corresponding period amounts and percentage changes have been calculated after restatement for the transition to A-IFRS.

Directors' Report, Directors' Declaration and Annual Financial Report for the Financial Year ended 31 December 2005

ROC OIL COMPANY LIMITED

ABN 32 075 965 856

DIRECTORS' REPORT

The Directors of Roc Oil Company Limited ('Company' or 'ROC'), a listed Australian public company, have pleasure in submitting the Directors' Report for the financial year ended 31 December 2005.

Directors

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

Mr Andrew J Love *BCom, FCPA, MAICD*
(Non-Executive Director, Chairman), 52 - Appointed 5 February 1997

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. In the prior three years, Mr Love was a director of Principal Real Estate Investors (Aust) Limited. Since July 2005 Mr Love has also been a non-executive director of Primelife Corporation Limited.

Mr William G Jephcott *BCom, FCPA, FAICD*
(Non-Executive Director, Deputy Chairman), 55 - Appointed 5 February 1997

Mr Jephcott is an investment banker who specialises in merger and acquisition advice. He also has experience in the financing and structuring of major resource projects, including those in the oil and gas industry. Mr Jephcott is currently Vice Chairman, Investment Banking Group, Merrill Lynch International (Australia) Limited and also non-executive Chairman of Engin Limited and NSW Rugby Union Limited.

Dr R John P Doran *BSc, MSc, PhD, FAICD*
(Executive Director and Chief Executive Officer), 59 - Appointed 14 October 1996

Dr Doran is Chief Executive Officer and the founder Director of ROC. He has more than 30 years' experience in international oil exploration and development characterised by direct involvement with several corporate expansions and/or commercial discoveries and developments in Western Europe, North and West Africa, the Middle East, South and East Asia, West Africa and Australia.

Mr Richard J Burgess *BSc*
(Non-Executive Director), 74 - Appointed 27 May 1997

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 Burgess is also a director of Gasco Energy, Inc and was previously a director of Miller Exploration Co.

Mr Ross Dobinson *BBus*
(Non-Executive Director), 53 - Appointed 11 June 1997

Mr Dobinson has a corporate advisory and investment banking background. Since 1999, Mr Dobinson has been Managing Director of TSL Group Limited, a corporate advisory company specialising in establishing and advising biotechnology companies. Mr Dobinson is also a director of two companies listed on the Australian Stock Exchange, Starpharma Holdings Limited and Acrux Limited since 1997 and 1998, respectively. He is also a director of a number of unlisted companies.

Mr Sidney J Jansma, Jr *MBA*
(Non-Executive Director), 62 - Appointed 17 March 1998

Mr Jansma began his career in the oil and gas industry in 1959 working for his father's private oil company. In 1978 Mr Jansma purchased the company from his father, and during the ensuing 19 years the company grew to become the third largest Antrim gas producer in Michigan. In 1997 Mr Jansma merged his company with Dominion Resources, Inc, where he remained as President and Chief Executive Officer of Dominion Midwest Energy, Inc, a wholly-owned subsidiary of Dominion Resources, Inc. After four years of serving in this capacity, Mr Jansma founded Wolverine Gas and Oil Corporation and explores for oil and gas in the United States. Mr Jansma has served as a member of the Board of Governors of the Independent Petroleum Association of America and Chairman of both its Tax and Environmental Committees. In addition, Mr Jansma currently serves on the board of the American Petroleum Institute and as Chairman of the Board of Calvin Theological Seminary in Grand Rapids, Michigan.

Mr Adam C Jolliffe
(Non-Executive Director), 49 - Appointed 27 November 1998

Prior to joining Cargill Financial Markets plc ('Cargill') in 1981, Mr Jolliffe worked for Tenant Trading (Metals) Ltd, a subsidiary of Consolidated Gold Fields trading non-ferrous metals. At Cargill, Mr Jolliffe joined the non-ferrous metals department as Manager-Aluminium Trading, where he was responsible for Eastern and Western Europe, Asia and Africa. In 1986, Mr Jolliffe transferred to Cargill's rubber trading business as the manager of its European, African and Latin American operations. In 1990, he joined Cargill's Financial Trading Division and became the Manager of Western European Equity Trading. Mr Jolliffe resigned from Cargill in November 2003 and is now an independent financial consultant.

Ms Sheree Ford *BA, LLB, GradDip (Resources Law), MBA*
(Company Secretary), 41

Ms Ford is General Counsel and Company Secretary of ROC. Prior to joining ROC, Ms Ford was employed as in-house counsel at BHP Billiton Limited, specialising in petroleum.

Mr Bruce Clement *BSc, BEng (Hons), MBA*
(Company Secretary), 49

Mr Clement is Chief Operating Officer and Company Secretary of ROC. He joined the Company in 1997 and has 26 years' upstream oil and gas industry and banking experience. Mr Clement previously held a number of engineering and management positions within the industry, including with Exxon Corporation in Australia, Ampolex Limited and AIDC Ltd.

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):

	Directors	Audit Committee	Remuneration and Nomination Committee	Finance and Risk Management Committee	Occupational Health, Safety and Environment Committee
Number of meetings held	13	3	2	4	2
Number of meetings attended					
Mr A J Love	12	3	2	1	N/A
Mr W G Jephcott	12	3	2	4	N/A
Dr R J P Doran	13	N/A	2	N/A	N/A
Mr R J Burgess	12	N/A	N/A	4	N/A
Mr R Dobinson	13	N/A	N/A	N/A	2
Mr S J Jansma, Jr	8	N/A	N/A	3	2
Mr A C Jolliffe	12	3	N/A	4	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 net profit of the consolidated entity for the financial year after income tax was $45.6 million (2004: net loss $26.2 million).

Dividends

No dividends have been paid or declared since the end of the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 31 December 2005.

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 Discussion and Analysis of Financial Statements on pages 10 to 13.

Significant Changes in State of Affairs

Changes in the state of affairs of the Company including sale of the Saltfleetby Gas Field are described in the financial statements (see Note 13 for more detail). There are no other significant changes in the nature of activities or state of affairs of the consolidated entity.

Subsequent Events

Since the end of the financial year, the significant events referred to in Note 35 to the Financial Statements have occurred.

Except for the matters referred to in Note 35, 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 2005.

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 been omitted from this Directors' Report.

DIRECTORS' REPORT

Remuneration Report

This section of the Directors' Report is prepared in accordance with section 300A of the Corporations Act 2001. Where appropriate, information which is included in other parts of the Annual Financial Statements is included in this report by reference.

The objective of the Company's remuneration framework is to attract and retain suitably qualified candidates that are motivated to achieve ROC's business objectives and to ensure interests of key employees are aligned with the interest of shareholders.

The Remuneration and Nomination Committee of the Board is responsible for making recommendations to the Board on remuneration policies applicable to Board members and employees of the Company, including compensation arrangements for senior executives, fees for Non-Executive Directors, the employee share option plan and the executive share option plan. Senior executive performance reviews and succession planning are also considered by the Remuneration and Nomination Committee.

Remuneration levels for Directors and relevant executives of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Remuneration Committee evaluates the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy.

Remuneration packages typically include remuneration and performance-based incentives in the form of executive and/or employee share options.

Further details of the Company's remuneration policy and practices are included in the Corporate Governance Statement in the Annual Report.

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:

		Short Term			Post Employment	Equity Compensation	
	Year	Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Value of Share Options $	Total $
Non-Executive Directors							
Mr A J Love	**2005**	**80,553**	**–**	**–**	**–**	**–**	**80,553**
	2004	65,000	–	–	–	–	65,000
Mr W G Jephcott	**2005**	**63,879**	**–**	**–**	**5,749**	**–**	**69,628**
	2004	45,000	–	–	4,050	–	49,050
Mr R J Burgess	**2005**	**41,176**	**–**	**–**	**–**	**–**	**41,176**
	2004	35,000	–	–	–	–	35,000
Mr R Dobinson	**2005**	**41,176**	**–**	**–**	**3,706**	**–**	**44,882**
	2004	35,000	–	–	3,150	–	38,150
Mr S J Jansma, Jr	**2005**	**41,176**	**–**	**–**	**–**	**–**	**41,176**
	2004	35,000	–	–	–	–	35,000
Mr A C Jolliffe	**2005**	**41,176**	**–**	**–**	**–**	**–**	**41,176**
	2004	35,000	–	–	–	–	35,000
Executive Director							
Dr R J P Doran	**2005**	**484,839**	**50,000**	**23,515**	**43,635**	**–**	**601,989**
	2004	484,839	25,000	46,543	45,885	–	602,267

The Company's constitution specifies that the aggregate remuneration of Non-Executive Directors will be determined by a general meeting. At the 2004 Annual General Meeting shareholders approved total remuneration for all Non-Executive Directors of up to $500,000 per annum. Fees are set based on review of external market information in relation to fees paid to other Non-Executive Directors of comparable companies. Following the approval by shareholders at the 2004 Annual General Meeting, the Chairperson receives $90,000 per annum, the Deputy Chairman $75,000 and others $45,000.

Non-Executive Directors' fees for the 2005 financial year were a total of $345,000. No additional fees are paid for additional duties such as sitting on Board Committees.

Non-Executive Directors do not receive incentive-based remuneration or employee share options and do not receive any retirement benefits other than statutory requirements.

Directors' Interests

As at the date of this Directors' Report, the relevant interests of the Directors in the fully paid shares of the Company were:

Directors	Ordinary Shares (Fully Paid)
Mr A J Love	542,712
Mr W G Jephcott	1,031,888
Dr R J P Doran	4,500,000
Mr R J Burgess	481,620
Mr R Dobinson	1,221,659
Mr S J Jansma, Jr	800,000
Mr A C Jolliffe	133,230

At the end of the financial year, none of the Directors has options over ordinary shares of the Company.

Chief Executive Officer and Specified Executives' Remuneration

This section of the Remuneration Report provides specific disclosures in relation to remuneration for the Chief Executive Officer, Dr John Doran, and for the senior executives in the Company with the greatest authority for strategic direction and management of the Company and who were the five most highly remunerated senior executives during the financial year. In this report these executives are referred to as "Specified Executives".

Remuneration levels are competitively set to attract, motivate and retain appropriately qualified and experienced executives capable of discharging their responsibilities. The Remuneration and Nomination Committee is responsible for determining and reviewing the appropriate level and structure of remuneration for the Chief Executive Officer and other Specified Executives. The Remuneration and Nomination Committee Charter can be found on the Company's website www.rocoil.com.au.

Fixed remuneration consists of base salary (which is calculated on a total cost basis and includes any fringe benefit tax charges related to employee benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual performance, Company performance and relative comparative remuneration in the market including, where appropriate, review of externally provided remuneration data.

The Company's Remuneration Policy links remuneration of the Chief Executive Officer and Specified Executives to the Company's performance through participation in the Executive Share Option Plan and award of performance bonuses.

The ability to exercise options under the Executive Share Option Plan is subject to continuity of employment and certain share and industry peer group performance hurdles. Under the rules of the Executive Share Option Plan, 30% of the options granted vest after two years. An additional 30% vest after 3 years and the remaining 40% vest after 4 years. Options expire 6 years after grant. Of the options granted to an employee, 50% are performance options and only exercisable if certain share performance benchmarks are met and 50% are price options which require share price performance measures to be met.

Performance options may only be exercised if, between the date of vesting and the date of exercise, the performance hurdles are satisfied. The performance hurdles provide that ROC total shareholder return ('TSR') must be benchmarked against industry performance.

TSR is the total of:

(a) dividends and capital returns paid to shareholders between the issue date of the executive options and the date the performance hurdle is measured; and

(b) the difference between the volume weighted average price (VWAP) for the sale of ROC shares on the ASX in the 90 days before the issue date and the VWAP for sale of shares on the ASX in the 90 days before the date on which the performance hurdle is measured,

expressed as a percentage of the VWAP for the sale of shares on the ASX in the 90 days before the issue date.

Chief Executive Officer and Specified Executives' Remuneration *(continued)*

The performance hurdle requires that ROC's TSR must be more than:

- 100% of the percentage increase in the oil and gas accumulation index at any time after the vesting date for 50% of the relevant performance options to be exercised;
- 110% of the percentage increase in the oil and gas accumulation index at any time after vesting for 75% of the relevant performance options to be exercised; and
- 120% of the percentage increase in the oil and gas accumulation index at any time after the vesting date for 100% of the performance options to be exercised.

The exercise price of the price options is calculated as 115%, 122.5% and 130% of the VWAP for sale of shares on the ASX in the 90 days before the issue date.

Remuneration packages for Specified Executives and the Chief Executive Officer may also include performance based components in the form of cash bonuses. Cash bonuses are generally awarded at the end of each financial year at the discretion of the Remuneration and Nomination Committee and are generally related to an individual's contribution to achievement of particular objectives and/or performance of the Company.

In the case of the Chief Executive Officer, specific goals are set at the commencement of each year and payment of a bonus is assessed against achievement of the specified goals. The goals which are set and reviewed annually relate to the performance objectives and goals of the Company. Details of cash bonuses awarded to Specified Executives in 2005 are set out in the table below. The Chief Executive Officer's bonus is set out in the table on page 4 of this Report.

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

			Short Term			Post Employment	Equity Compensation		
	Position	Year	Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Value of Share Options $	Total $	Percentage of total remuneration for the year that consists of options
Mr C Way	General Manager Operations	**2005**	**309,000**	**50,000**	**–**	**27,810**	**83,512**	**470,322**	**17.8%**
		2004	309,000	–	–	27,810	42,852	379,662	11.3%
Mr B Clement	Chief Operating Officer	**2005**	**326,500**	**10,000**	**–**	**29,385**	**67,712**	**433,597**	**15.6%**
		2004	320,000	–	–	28,800	27,461	376,261	7.3%
Dr K Hird	General Manager Business Development	**2005**	**286,489**	**31,650**	**–**	**–**	**44,013**	**362,152**	**12.2%**
		2004	263,142	10,000	–	–	17,850	290,992	6.1%
Mr W Jamieson	General Manager Exploration	**2005**	**255,000**	**7,500**	**–**	**22,950**	**90,283**	**375,733**	**24.0%**
		2004	250,000	–	–	22,500	36,615	309,115	11.8%
Ms S Ford	General Counsel and Company Secretary	**2005**	**240,000**	**31,050**	**–**	**17,095**	**86,710**	**374,855**	**23.1%**
		2004	235,000	–	–	17,095	37,636	289,731	13.0%

In accordance with AASB 2 the Company has calculated the attributable value of options for the year using the Monte Carlo simulation technique. Under this technique, the share price is randomly simulated under risked neutral conditions and parameters. The simulation is repeated numerous times to produce a distribution of the option payoff at expiry. The option value is taken as the average payoff amounts calculated discounted back to the valuation date. The value of options is amortised over the vesting period of the option.

The Company has employment contracts with Specified Executives. The employment contracts do not provide a fixed expiry date. Employment of Specified Executives may be terminated by either party with up to three months' written notice.

If employment of any Specified Executive terminates or the Specified Executive resigns within three months of a substantial diminution of the executive's job contract, status, responsibility or authority, the executive is entitled to a payment in lieu of notice equivalent to the aggregate base remuneration paid to the senior executive over the previous 12 months. A substantial diminution will be deemed to have occurred if the Company ceases to be listed on the ASX and the Specified Executive ceases to be part of the Senior Management Team. If the employment of the Specified Executive is terminated for cause, the Company will have no further obligations other than the amount of base pay due to the executive through to the termination date plus any unpaid amounts of accrued leave.

Service Agreement - R J Doran

Dr Doran has been employed as Chief Executive Officer of the Company since 1 January 1997. His current service agreement was signed on 14 March 2000. There is no fixed term to Dr Doran's contract of employment. Under this contract of employment, Dr Doran's remuneration comprises a base salary, other benefits, superannuation and discretionary cash bonuses. His remuneration may also include issue of options under the Executive Share Option Plan. To date no options have been granted.

Remuneration levels are reviewed each year to take into account individual performance as well as the Company's performance. The remuneration may be increased or remain unchanged but may not be decreased as a result of this review unless Dr Doran's role or status within the Company has been diminished. Dr Doran is also required to participate in an annual review of his performance against achievement of specific performance goals conducted by the Board Remuneration and Nomination Committee. The outcome of this review is taken into account for the purposes of the annual review of Dr Doran's remuneration and award of bonuses.

The CEO's employment contract includes provision for termination by the Company by giving six months' notice in writing. Dr Doran may also terminate the contract at any time by giving six months' notice.

If Dr Doran's authority, status or scope of duties within the Company is materially altered or diminished, or he is requested to relocate from Sydney, then Dr Doran may terminate his employment on not less than one month's notice provided this right is exercised within six months of the change of position. Dr Doran's employment may also be terminated by the Company by not less than three months' notice if Dr Doran is prevented from performing his duties due to illness or incapacity.

Except where Dr Doran resigns or is terminated for cause, the Company is required to pay Dr Doran a lump sum retiring allowance equal to the then base remuneration for the 12 months preceding the date of termination of the agreement less any payment made in lieu of notice plus an amount equal to 1.5 months' base remuneration for each completed year of service up to a maximum of 12 months. Dr Doran's employment may be terminated with immediate effect for cause. If Dr Doran's employment is terminated for cause, ROC has no further obligations other than to pay any accrued entitlements.

Details of Dr Doran's remuneration are included in the tables supporting the Remuneration Report.

Options over Ordinary Shares

Details of the Employee Share Option Plan and Executive Share Option Plan are set out in Note 24 to the Financial Statements.

During or since the end of the financial year, Nil options (2004: 1,694,000) were issued to the Specified Executives. The movement of share options held by Specified Executives is as follows:

	1 Jan 2005 Balance at Beginning of Year	Executive Share Options Granted as Remuneration	Options Exercised in 2005	Options Lapsed	31 Dec 2005 Balance at End of Year	Vested and Exercisable at 31 Dec 2005
Mr C Way	450,000	–	(80,000)	–	370,000	–
Mr B Clement	650,000	–	(350,000)	–	300,000	–
Dr K Hird	381,000	–	(186,000)	–	195,000	–
Mr W Jamieson	500,000	–	(100,000)	–	400,000	–
Ms S Ford	429,000	–	–	–	429,000	–
Total	2,410,000	–	(716,000)	–	1,694,000	–

In accordance with Section 300A of the Corporations Act, the table below shows the value of options exercised by the Specified Executives during the year (calculated at the date of exercise). No options were either granted to the Specified Executives or have lapsed during the year.

	Grant Date	No of Shares Issued	Paid per Share $	Unpaid per Share $	Value at date of exercise(1) $
Mr C Way	May 2002	80,000	1.29	–	94,400
Mr B Clement	January 2001	350,000	1.09	–	483,000
Dr K Hird	January 2001	186,000	1.09	–	138,570
Mr W Jamieson	December 2001	50,000	1.10	–	62,500
Mr W Jamieson	January 2001	50,000	1.09	–	63,000

(1) Value determined based on the market price of the Company's securities at the relevant date of exercise.

Shares under Option

During or since the end of the financial year, the Company granted a total of 1,546,800 options over unissued ordinary shares of ROC, comprising 125,800 options under the Employee Share Option Plan and 1,421,000 options under the Executive Share Option Plan.

As at the date of this Directors' Report, there were 5,067,300 options, comprising 506,300 employee share options and 4,561,000 executive share options (representing 2.35% of the issued fully paid ordinary shares of the Company) granted over unissued ordinary shares of ROC under the Employee Share Option Plan and the Executive Share Option Plan. Refer to Note 24 to the Financial Statements for further details of options outstanding. During the financial year, 1,972,800 ordinary shares were issued as a result of exercise of options under the Employee Share Option Plan. Since the end of the financial year, 15,000 ordinary shares were issued as a result of exercise of share options and 59,000 have lapsed or been cancelled.

Optionholders do not have any right, by virtue of the options, 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, directors and secretaries of all Australian group companies. Under this agreement, the insurance 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.

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 annual financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Corporate Governance

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 financial 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 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 management who may be questioned directly by Board members on operational and commercial issues.

Further details of the Company's corporate governance practices will be set out in the Corporate Governance statement in the Annual Report.

Finance and Risk Management

Mr W G Jephcott (Chairman), Mr A J Love, Mr R J Burgess, Mr S J Jansma, Jr and Mr A C Jolliffe are members of the Company's Finance and Risk Management Committee. It is responsible for monitoring the operational and financial aspects of the Company's activities and considers recommendations and advice of internal and external advisers on the operational and financial risks of ROC. The Committee evaluates senior 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.

Environmental Regulations

The consolidated entity is subject to significant environmental regulations under legislation of the Commonwealth of Australia. 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. The Board has established an Occupational Health, Safety and Environment Committee. The 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 governments in the jurisdictions in which it operates.

Auditor and Non-Audit Services

No officer of the Company has previously belonged to an audit practice auditing the Company during the financial year. During the financial year, ROC paid its auditor, Deloitte Touche Tohmatsu, the following amounts for material non-audit services, excluding services for the June 2005 interim review:

- fees associated with conversion to A-IFRS $50,000;
- other fees $5,250.

The Directors have considered the position and, in accordance with advice received from the Audit Committee, are satisfied that the provision of these services is compatible with the standards of auditor independence imposed by the Corporations Act 2001. The services were subject to terms and conditions of engagement to ensure that auditor independence was not compromised.

A copy of the auditors' independence declaration as required under section 207C of the Corporations Act 2001 is included on page 16.

During 2005 ROC undertook a competitive tender for its Group audit services. As a result of this tender the Board of Directors have resolved to recommend appointment of Ernst & Young as the Company's auditors. ROC's current auditors will be retiring with effect from the next Annual General Meeting of the Company and at that meeting a resolution will be put to the shareholders to approve appointment of Ernst & Young as ROC's auditor for the financial year ended 31 December 2006.

This Directors' Report is made in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors:

Mr A J Love
Chairman

Dr R J P Doran
Director and Chief Executive Officer

Sydney, 7 March 2006

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

This discussion and analysis is provided to assist readers in understanding the Financial Statements for the financial year ended 31 December 2005.

Key Points

- **Financial**

  The consolidated entity recorded a net profit after income tax of $45.6 million (2004: loss of $26.2 million). The result included a profit before tax on the sale of the Saltfleetby Gas Field of $63.7 million (refer to Note 13); exploration expenditure expensed and written off of $48.2 million; bad debts written off of $8.0 million in relation to the Ardmore Project; and an income tax benefit of $40.4 million on a profit before tax of $5.2 million.

  After inclusion of the release of the deferred tax liability in relation to the transaction, the sale of the Saltfleetby Gas Field realised a profit after tax of $81.3 million.

  At 31 December 2005, the consolidated entity was in a sound financial position with cash assets of $66.4 million and no interest bearing debt.

  Due to the sale of Saltfleetby Gas Field (effective 1 January 2005), total production for the year of 13,635 barrels of oil (37 BOPD) was significantly below the level of production in the prior financial year of 2,922 BOEPD and consequently sales revenue for the year of $0.9 million was down $37.4 million on prior year sales revenue of $38.3 million.

- **Australian Equivalent of International Financial Reporting Standards ('A-IFRS')**

  Consistent with Australian Accounting Standards, ROC adopted A-IFRS from 1 January 2005. The change had no effect on ROC's cash flow, business practices or activities. Reconciliation between the previously reported financial results under A-GAAP and A-IFRS is provided in Note 1(x) to the Financial Statements.

  ROC has also changed its basis for accounting for exploration and evaluation expenditure from full costing to successful efforts. This requires ROC to expense all exploration expenditure as incurred, except for the cost of acquiring new exploration assets and the cost of successful wells. The effect of changing to successful efforts is provided in Note 1(x) to the Financial Statements.

- **Share Placement**

  During the reporting period, ROC completed a placement of shares to two European-based institutions, which raised $19.8 million, by the issue of 9,900,990 fully paid ordinary shares at a price of $2.00 per share. This price represented an approximate 11% premium to the previous 10 day average trading price for ROC shares. The shares issued represented approximately 5.3% of the enlarged issued share capital of the Company. For the purposes of Listing Rules the placement was approved by the shareholders at the Annual General Meeting of the Company held on 11 May 2005.

  Subsequent to year end, the Company completed the placement of 28 million fully paid ordinary shares at $2.71 per share to raise $75.9 million (see Note 35).

- **Activity**

  <u>**Exploration and Appraisal**</u>

  Exploration and appraisal expenditure for the year was $41.6 million, with ROC participating in the drilling of seven exploration and two appraisal wells and the acquisition of 780 km 2D seismic and 1,753 sq km 3D seismic.

  Australia and New Zealand

  During the financial year, Australian and New Zealand exploration expenditure was $9.7 million (2004: $7.8 million) relating to activities in the Perth Basin, Western Australia and New Zealand.

  ROC drilled two exploration wells: Hadda-1 in WA-325-P (ROC: 37.5% and Operator) and Flying Foam-1 in WA-327-P (ROC: 37.5% and Operator), which were plugged and abandoned as dry holes; and one appraisal well, Cliff Head-5 in WA-286-P (ROC: 37.5% and Operator), which was plugged and abandoned after encountering the top of the reservoir target 56 metres lower than expected.

  In May 2005, ROC acquired a 20% interest in the BHP Billiton-operated permit WA-351-P (ROC: 20.0%). Located in the deepwater Carnarvon Basin, offshore Western Australia, the high risk/high reward Jacala-1 exploration well is planned to be drilled during 2006.

  A 2D transition zone seismic survey was completed with a total of 230 km acquired in TP/15 and 45 km in WA-286-P over the Cliff Head Oil Field and adjacent areas.

  ROC's 40% interest in PEP-38767 (ROC: 40% and Operator) in the Taranaki Basin onshore New Zealand was sold, subject to government approval, to Tag Oil (New Zealand) Ltd after the financial year end for an overriding royalty of 2% of any future production.

West Africa

During the financial year, West African exploration expenditure was $21.4 million (2004: $18.1 million) relating to Mauritania, Angola and Equatorial Guinea.

- **Mauritania**

  A total of five exploration wells were drilled in the Woodside-operated and Dana-operated areas during the year: Labeidna-1 in Area B (ROC: 3.693%) and Faucon-1 in Area D, Block 1 (ROC: 2.0%) were plugged and abandoned as regionally significant but sub-commercial discoveries and Zoulé-1 in Area C, Block 6 (ROC: 5.0%), Sotto-1 in Area A (ROC: 4.155%) and Espadon-1 in Area B (ROC: 3.693%) were plugged and abandoned without encountering significant hydrocarbons.

  The Tevét-2 appraisal and exploration well in Area B (ROC: 3.693%) was drilled during the year with the dual objectives: to appraise the Miocene reservoir intersected by the Tevét-1 discovery well and to test a deeper Cretaceous exploration target. The well encountered a gross oil column of 37m below a 1.5m gross gas column and was plugged and abandoned as a successful appraisal well.

  The Tiof-6 appraisal well in the Tiof Oil Field in Area B (ROC: 3.693%) drilled in 2004, was completed and production tested in 2005, flowing at rates of up to 12,400 BOPD before being suspended as a potential future oil production well. The Tiof, Banda and Tevét fields were subject to active appraisal studies during the year.

  During the year, the 2,975 sq km Atar 3D seismic survey in the Woodside-operated Area C Block 6 (ROC: 5.0%), and a 1,541 sq km 3D seismic survey in the Dana-operated Area D Block 7 (ROC: 4.95%) were acquired. A controlled source electromagnetic ('CS-EM') survey was also acquired over selected prospects in Area A and Area B. In addition, test CS-EM lines were also acquired over the Tiof and Tevét discoveries.

- **Angola**

  In November 2005, ROC completed a seismic survey in the onshore Cabinda South Block, with a total of 162 sq km 3D and 505 km 2D data acquired. Initial interpretation of the results is encouraging, with the first exploration well anticipated to commence in 3Q 2006. Further seismic acquisition is planned for 2006.

- **Equatorial Guinea**

  There was no active exploration during the year as activity focused on well planning and discussions with potential rig contractors regarding drilling the Aleta well (ROC: 18.75% and Technical Operator).

United Kingdom

During the financial year, UK exploration expenditure was $6.5 million (2004: $8.5 million).

The Errington-1 well in PEDL028 (ROC: 100% and Operator) spudded in 2004, was completed and plugged and abandoned in 2005 after encountering sub-commercial tight gas sands. Preparatory work was undertaken for the drilling of the Willows-1 exploration well in PEDL030 (ROC: 100% and Operator) scheduled for 2Q 2006.

China

During the financial year, China exploration expenditure was $2.9 million (2004: $5.3 million) .

ROC continued to review the remaining potential in the Beibu Gulf Block 22/12 (ROC: 40.0% and Operator) including planning for the Wei 6-12 South-1 exploration well, which ROC expects to drill in 2Q 2006.

Engineering and commercial evaluation of the potential development of the Wei 12-8 West Oil Field continued during the year in conjunction with negotiations with the regional subsidiary of China National Offshore Oil Corporation ('CNOOC').

Development

Cliff Head Oil Field (ROC: 37.5% and Operator)

Significant development work was completed on the Cliff Head Oil Field Development following the final investment decision made by the WA-286-P Joint Venture in March 2005. The budgeted cost to develop the 14 MMBBL field is $265 million and the project is on schedule for first oil production during 1Q 2006. The following milestones were achieved in 2005:

- the jacket for Cliff Head "A" platform was installed on site in late December 2005,
- construction and pre-commissioning of the topsides for the Cliff Head "A" platform was successfully completed in Malaysia and the topsides were installed onto the jacket in February 2006,
- the Ensco-67 drilling rig commenced development drilling of the six oil production and two water injection wells in late December 2005,
- construction of the onshore Arrowsmith Production Facility was 85% complete at year end,
- a Cliff Head crude oil sales contract was executed in December 2005 between BP and all the parties to the Joint Venture under which all of the crude oil production for the life of the field will be sold into BP's Kwinana Refinery, and
- the two 250 mm, 14 km pipelines (one oil production and one water reinjection), together with power cable and umbilical were installed, with final hookup to the platform scheduled for 1Q 2006.

- **Activity** *(continued)*

  <u>Development</u> *(continued)*

  Chinguetti Oil Field (ROC: 3.25%)

  During the financial year, the Woodside-operated US$720 million Chinguetti Oil Field Development progressed toward project completion with all development drilling completed and construction of the leased FPSO completed. At year end, hookup and commissioning of flowlines and risers was in progress. Of the 12 development wells drilled, six are oil producers, five are water injectors and one is a gas injector at Banda. Subsequent to year end, oil production commenced from the field on 24 February 2006.

  Blane Oil Field and Enoch Oil and Gas Field (ROC: 12.5% and 12.0% respectively)

  Following receipt of development approvals from the governments of the UK and Norway, the Blane Oil Field and the Enoch Oil and Gas Field in the North Sea, both operated by Talisman Expro Limited, a wholly owned subsidiary of Talisman Energy Inc were approved for commercial development with gross costs budgeted to be in the order of £165 million/A$391 million and £75 million/A$178 million respectively. Preparations were underway to commence drilling operations in 2Q 2006 with first oil production due 4Q 2006 from Enoch and 1Q 2007 from Blane.

Income Statement

The consolidated entity recorded a net profit after income tax of $45.6 million for the financial year, from a trading loss of $1.7 million, a profit before tax of $5.2 million and an income tax benefit of $40.4 million.

The trading loss of $1.7 million was incurred from sales revenue of $0.9 million. Operating costs totalled $2.6 million comprising production costs of $0.5 million and amortisation and hedging losses of $2.1 million.

Exploration expenditure expensed and written off during the year was $48.2 million.

An income tax benefit of $40.4 million related mainly to the release of deferred tax as a result of the sale of the Saltfleetby Gas Field in the UK, the writing off of other UK exploration expenditure and the recognition of tax losses in Australia and Mauritania to the extent they will be utilised against future income from the Cliff Head and Chinguetti Oil Fields.

Following the appointment of an Administrative Receiver, $8.0 million has been written off against the senior secured debt of $11 million provided to Acorn North Sea Limited in relation to the Ardmore Project. No further material recovery of the senior secured debt is expected.

Balance Sheet

During the financial year, total assets increased from $226.4 million to $264.3 million, total liabilities decreased from $54.8 million to $49.3 million and total equity increased from $171.6 million to $215.0 million.

Development expenditure, reflected in the consolidated Balance Sheet, increased from $21.5 million to $150.6 million as a result of $102.8 million in development expenditure being incurred during the year, a transfer of $21.2 million being made from exploration expenditure to development after the Cliff Head Oil Field was declared commercial, an increase in restoration provisions of $3.8 million and exchange gains of $1.3 million.

The majority of the development expenditure was incurred on the following projects:

Project	2005 A$million	2004 A$million
Blane and Enoch	11.7	0.7
Chinguetti	21.5	5.9
Cliff Head	69.6	–
Saltfleetby	–	0.8
Total	102.8	7.4

Capitalised exploration and evaluation expenditure decreased from $52.9 million to $26.3 million. Exploration expenditure incurred in the current financial period was $41.6 million, while $48.2 million was expensed and written off and $21.2 million was transferred to oil and gas assets under development. A further $1.3 million increase resulted from foreign exchange adjustments and an increase in restoration provisions.

The majority of the exploration expenditure was incurred in the following areas of interest.

Project	2005 A$million	2004 A$million
Perth Basin	9.4	6.7
Mauritania	8.8	10.6
Angola	12.1	7.2
China	2.9	5.3
United Kingdom	6.5	8.5
Equatorial Guinea	0.5	0.3
Other	1.4	1.4
Total	41.6	40.0

Cash Flow Statement

Cash decreased by $9.7 million over the financial year and as at 31 December 2005 the consolidated entity held cash of $66.4 million.

Net cash utilised in investing activities was $25.9 million. $107.9 million was received from the sale of the Saltfleetby Gas Field, with development expenditure of $92.7 million and exploration expenditure of $40.3 million spent during the period.

Financial Ratios

Basic earnings per share for the year were 24.5 cents based on a weighted average number of fully paid ordinary shares on issue of 186,076,913.

As at 31 December 2005, the market capitalisation of the Company was $475.4 million, based on the period end closing share price of $2.53 per fully paid ordinary share and 187,912,493 fully paid ordinary shares on issue.

Hedging

Oil price

At 31 December 2005, the Group had entered into oil price hedge contracts to manage the Group's exposure to movements in the oil price for the Group's forecast oil production during 2006 and 2007. These hedge contracts cover approximately 30% of the total forecast production of the Group for the period to the end of 2007.

Swap contracts for 909,000 barrels for the period from 1 April 2006 to 31 December 2007 at a weighted average Brent oil price of US$49.58 were executed in 1Q 2005. At 31 December 2005 there was an unrealised market value loss of $13.9 million on these contracts, of which $12.3 million has been reflected in equity as relating to an effective oil price hedge while $1.6 million has been taken to the Income Statement.

Put options for 560,000 barrels were purchased for the period 1 March 2006 to 31 December 2006 at a Brent oil price of US$50 per barrel. At 31 December 2005 there was an unrealised loss of $0.4 million on the put options. The Group has taken the loss directly to the Income Statement.

Foreign exchange/interest rates

Hedging of foreign exchange and interest rate risk is undertaken at the discretion of the Board only against specific future commitments and identified cash flow exposures. The consolidated entity did not have any foreign exchange or interest rate hedging in place at the end of the financial year.

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The Directors
Roc Oil Company Limited
Level 14
1 Market Street
SYDNEY NSW 2000

7 March 2006

Dear Directors

Roc Oil Company Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Roc Oil Company Limited.

As lead audit partner for the audit of the financial statements of Roc Oil Company Limited for the financial year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
DELOITTE TOUCHE TOHMATSU

J H W Riddell
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ROC OIL COMPANY LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, summary of significant accounting policies and other explanatory notes and the directors' declaration for both Roc Oil Company Limited (the company) and the consolidated entity, for the financial year ended 31 December 2005 as set out on pages 16 to 54. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations, their changes in equity and their cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Audit Opinion

In our opinion, the financial report of Roc Oil Company Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2005 and of their performance for the year ended on that date; and

(b) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J H W Riddell
Partner
Chartered Accountants
Sydney, 7 March 2006

Member of
Deloitte Touche Tohmatsu

DIRECTORS' DECLARATION

The Directors declare that:

(a) the attached financial statements and notes thereto comply with relevant Australian Accounting Standards;

(b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the consolidated entity;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001;

(d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(e) the Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This Directors' Declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors:

Mr A J Love
Chairman

Dr R J P Doran
Director and Chief Executive Officer

Sydney, 7 March 2006

INCOME STATEMENT

For the financial year ended 31 December 2005

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Sales revenue	2	861	38,292	–	–
Operating costs	3	(2,582)	(20,960)	–	–
Trading (loss)/profit		**(1,721)**	**17,332**	**–**	**–**
Other income	4	71,322	3,816	35,677	2,506
Exploration expensed and written off	5	(48,155)	(32,366)	(1,172)	(400)
Other costs	6	(16,048)	(15,995)	(47,313)	(25,837)
Finance costs	7	(202)	(742)	(32)	(27)
Profit/(loss) before income tax		**5,196**	**(27,955)**	**(12,840)**	**(23,758)**
Income tax benefit	8	40,367	1,716	1,249	–
Net profit/(loss)		**45,563**	**(26,239)**	**(11,591)**	**(23,758)**
Basic earning per share	25	24.5	(16.1)		
Diluted earnings per share	25	24.4	(16.1)		

BALANCE SHEET

As at 31 December 2005

	Note	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Current Assets					
Cash assets	*9*	66,377	76,035	23,430	66,626
Trade and other receivables	*10*	2,535	16,164	1,945	10,809
Derivatives	*11*	446	–	–	–
Inventories	*12*	917	1,033	–	–
Non-current assets held for sale	*13*	–	54,401	–	–
Total Current Assets		**70,275**	**147,633**	**25,375**	**77,435**
Non-Current Assets					
Trade and other receivables	*14*	–	–	174,114	92,128
Other financial assets	*15*	–	28	69,007	102,920
Derivatives	*11*	1,781	–	–	–
Oil and gas assets	*16*	150,584	21,517	–	–
Exploration and evaluation expenditure	*17*	26,307	52,893	–	–
Property, plant and equipment	*18*	3,757	4,366	2,061	2,160
Deferred tax asset	*8*	11,600	–	16,116	–
Total Non-Current Assets		**194,029**	**78,804**	**261,298**	**197,208**
Total Assets		**264,304**	**226,437**	**286,673**	**274,643**
Current Liabilities					
Liabilities associated with non-current assets held for sale	*13*	–	656	–	–
Trade and other payables	*20*	27,083	21,032	2,456	1,345
Current tax liabilities		–	5,228	–	–
Derivatives	*11*	6,882	–	–	–
Provisions	*21*	998	925	998	925
Total Current Liabilities		**34,963**	**27,841**	**3,454**	**2,270**
Non-Current Liabilities					
Long term liabilities		752	932	752	932
Deferred tax liabilities	*8*	–	23,931	–	–
Derivatives	*11*	7,567	–	–	–
Provisions	*21*	6,038	2,076	437	330
Total Non-Current Liabilities		**14,357**	**26,939**	**1,189**	**1,262**
Total Liabilities		**49,320**	**54,780**	**4,643**	**3,532**
Net Assets		**214,984**	**171,657**	**282,030**	**271,111**
Equity					
Share capital	*22*	312,868	291,357	312,868	291,357
Accumulated loss		(78,169)	(123,732)	(32,167)	(20,576)
Other reserves	*23*	(19,715)	4,032	1,329	330
Total Equity		**214,984**	**171,657**	**282,030**	**271,111**

CASH FLOW STATEMENT

For the financial year ended 31 December 2005

	Note	CONSOLIDATED Inflow/ (Outflow) 2005 $'000	CONSOLIDATED Inflow/ (Outflow) 2004 $'000	COMPANY Inflow/ (Outflow) 2005 $'000	COMPANY Inflow/ (Outflow) 2005 $'000
Cash flows from operating activities					
Receipts from customers		780	45,927	–	–
Other receipts		721	–	–	–
Payments to suppliers and employees		(9,229)	(24,634)	(3,806)	(11,834)
Payment made for derivatives		(1,966)	–	–	–
Interest received		6,307	2,641	4,431	2,339
Interest paid and other costs of finance paid		(77)	(330)	(32)	(27)
Income taxes paid		–	(6,137)	–	–
Other taxes (paid)/refunded		(374)	(3,083)	136	361
Net cash (used in)/generated from operating activities	*9*	**(3,838)**	**14,384**	**729**	**(9,161)**
Cash flows from investing activities					
Payment for plant and equipment		(775)	(1,968)	(735)	(746)
Payment for development expenditure		(92,687)	(10,248)	–	–
Payment for exploration expenditure		(40,295)	(33,278)	(1,195)	(697)
Proceeds from sale of assets		107,857	3,993	2	–
Dividends received		–	–	29,102	–
Redemption of preference shares in controlled entity		–	–	33,886	–
Net cash (used in)/generated from investing activities		**(25,900)**	**(41,501)**	**61,060**	**(1,443)**
Cash flows from financing activities					
Proceeds from share issues		22,093	92,566	22,093	92,566
Share issue expenses		(582)	(4,401)	(582)	(4,401)
Bank loan repayments		–	(19,617)	–	–
Reimbursement of funds from entities		2,979	430	13,644	23,245
Provision of funds to entities		(4,258)	(6,821)	(140,364)	(53,560)
Net cash generated from/(used in) financing activities		**20,232**	**62,157**	**(105,209)**	**57,850**
Net (decrease)/increase in cash held		(9,506)	35,040	(43,420)	47,246
Cash at beginning of financial year		76,035	41,553	66,626	20,329
Effect of exchange rate changes on the balance of cash held in foreign currencies		(152)	(558)	224	(949)
Cash at end of financial year	*9*	**66,377**	**76,035**	**23,430**	**66,626**

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2005

CONSOLIDATED

	Share Capital $'000	Accumulated Loss $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2004	203,192	(97,493)	3,015	108,714
Issue of share capital	92,340	–	–	92,340
Share issue costs	(4,401)	–	–	(4,401)
Exercise of share options	226	–	–	226
Net loss for the year	–	(26,239)	–	(26,239)
Share-based payments	–	–	322	322
Foreign currency translation differences	–	–	695	695
Balance at 31 December 2004	**291,357**	**(123,732)**	**4,032**	**171,657**
Transfer to Income Statement of functional currency translation differences on sale of subsidiaries			(9,508)	(9,508)
Issue of share capital	19,802	–	–	19,802
Share issue costs	(582)	–	–	(582)
Exercise of share options	2,291	–	–	2,291
Net profit for the year	–	45,563	–	45,563
Share-based payments	–	–	999	999
Loss on cash flow hedges	–	–	(12,242)	(12,242)
Foreign currency translation differences	–	–	(2,996)	(2,996)
Balance at 31 December 2005	**312,868**	**(78,169)**	**(19,715)**	**214,984**

COMPANY

	Share Capital $'000	Retained Earnings/ (Accumulated Loss) $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2004	203,192	3,182	8	206,382
Issue of share capital	92,340	–	–	92,340
Share issue costs	(4,401)	–	–	(4,401)
Exercise of share options	226	–	–	226
Net loss for the year	–	(23,758)	–	(23,758)
Share-based payments	–	–	322	322
Balance at 31 December 2004	**291,357**	**(20,576)**	**330**	**271,111**
Issue of share capital	19,802	–	–	19,802
Share issue costs	(582)	–	–	(582)
Exercise of share options	2,291	–	–	2,291
Net loss for the year	–	(11,591)	–	(11,591)
Share-based payments	–	–	999	999
Balance at 31 December 2005	**312,868**	**(32,167)**	**1,329**	**282,030**

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards and interpretations and other mandatory professional reporting requirements. The financial report has been prepared on the historical cost basis except for certain financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under the ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

The financial statements were authorised for issue on 7 March 2006 by the Board.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include A-IFRS. Compliance with A-IFRS ensures that the financial report, comprising the financial statements, the parent entity financial statements and notes thereto, complies with International Financial Reporting Standards.

This is the first financial report prepared based on A-IFRS and comparatives for the financial year ended 31 December 2004 have been restated accordingly.

Reconciliations of:

- A-IFRS total equity as at 1 January 2004 and 31 December 2004; and
- A-IFRS net loss for the financial year ended 31 December 2004,

to the balances reported in the 31 December 2004 financial report prepared under A-GAAP are detailed in Note 1(x) below.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of ROC ('parent entity') and its subsidiaries ('Group'). 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.

(d) Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. 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, on a unit-of-production basis. Costs are amortised only once production begins.

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

(e) Exploration and evaluation expenditure

Exploration and evaluation expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting. The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of successful wells, the costs of acquiring interests in new exploration assets and pre-development costs where there is a high degree of probability that the development will go ahead, which are capitalised.

Areas of interest are recognised at the cash generating unit level, being the smallest grouping of assets generating independent cash flows which usually is represented by an individual oil or gas field.

When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are transferred to oil and gas assets.

Note 1. Summary of Significant Accounting Policies *(continued)*

(f) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on 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:

- Plant and equipment 2-10 years;
- Leasehold improvements 2-10 years; and
- Motor vehicles under finance leases 2-5 years.

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 Income Statement in equal instalments over the term of the lease.

(g) Oil and gas stock and materials inventory

Oil and gas stock is valued at the lower of cost and net realisable value. Cost comprises a relevant proportion of all fixed and variable production, overhead, decommissioning 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 utilising an average cost basis.

(h) Investments

Investments in subsidiaries are carried at cost less any impairment in value.

(i) Provision for restoration

Provision for restoration is recognised when there is a legal or constructive commitment to do so. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. The amount recognised is the estimated cost of restoration, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. This asset is subsequently depleted on a unit-of-production basis. Changes in the estimates of commercial reserves or restoration cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the restoration asset.

The unwinding of the effect of discounting on the restoration provision is included within finance costs.

(j) Cash and cash equivalents

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

(k) Investment in associates

The Group's investment in its associates is accounted for under the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associates are used by the Group to apply the equity method. The reporting dates of the associates and the Group are identical and both use consistent accounting policies.

The investment in the associates is carried in the consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated Income Statement reflects the Group's share of the results of operations of the associates.

(l) Trade and other receivables

Trade receivables are recognised and carried at amortised cost less impairment.

(m) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset, other than inventories and deferred tax assets, may be impaired. Where an indicator of impairment exists, the Group makes an estimate of recoverable amount. An impairment loss is recognised in the Income Statement whenever the carrying amount of the asset or cash generating unit exceeds its recoverable amount.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing the value in use, the estimated discounted future cash flows based on management's expectations are used.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Income Statement, net of any amortisation that would have been charged since the impairment.

(n) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable and the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date.

(o) Revenue

Sales

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

Sales revenue represents amounts invoiced, excluding goods and services tax or value added taxes, in respect of sales to purchasers.

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

Interest

Interest is recognised as the interest accrues to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(p) Finance costs

Finance costs are recognised as an expense when incurred.

(q) Share-based payment transactions

The Group provides benefits to employees of the Group in the form of share options.

There are currently two share option plans in place to provide these benefits:

- the Executive Share Option Plan; and
- the Employee Share Option Plan.

The costs of these equity-settled transactions with employees are measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo simulation technique.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to market performance.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

Note 1. Summary of Significant Accounting Policies *(continued)*

(q) Share-based payment transactions *(continued)*

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has applied the optional exemption of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' in respect of equity-settled awards and has applied AASB 2 'Share-based Payment' only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

(r) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable in respect of taxable profits. It is calculated by using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for the current and prior periods is recognised as a liability to the extent that it is unpaid.

Deferred tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liability is recognised for all taxable temporary differences except where:

- the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associate companies and interests in joint ventures, the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Where deferred tax arises from the initial accounting for a business combination, it is taken into account in the determination of goodwill.

Tax consolidation

The Company and all its wholly owned Australian resident entities are part of a tax consolidation group under Australian taxation law. ROC is the head entity in the tax consolidation group.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidation group are recognised in the separate financial statements of the members of the tax consolidation group using the 'stand alone taxpayer' approach. Current tax liabilities and deferred tax assets arising from unused tax losses and tax credits of the members of the tax consolidation group are recognised by the Company (as head entity in the tax consolidation group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidation group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidation group in accordance with the arrangement.

(s) Goods and services tax

Revenue, expenses and assets are recognised net of amounts of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority in which case the GST is recognised as part of the item of expenditure.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

(t) Derivative financial instruments

Derivative contracts are entered into to limit the financial exposure of the entity in relation to commodity prices. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in equity are transferred to the profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss recognised in equity is kept in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is transferred to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

The Group has elected not to restate comparative information for financial instruments as permitted on the first time adoption of A-IFRS. The impact of not restating comparative information is immaterial.

(u) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign exchange monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Note 1. Summary of Significant Accounting Policies *(continued)*

(v) Employee benefits

Liability to employees for annual leave and long service leave is provided for when it is probable that settlement will be required and it is capable of being measured reliably. All employment related on-costs (including payroll tax and superannuation contributions) are included in the calculation of the required provision. Provisions for annual leave in respect of services provided by employees up to the reporting date expected to be settled within 12 months, are measured using remuneration levels expected to apply at the time of settlement.

Provisions for annual leave and long service leave which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(w) Interest in joint venture operations

Interests in joint venture operations have been reported in the financial statements by including the consolidated entity's share of assets and liabilities of the joint venture and its share of any income and expenses incurred.

(x) Impact of adoption of A-IFRS

The impact of adopting A-IFRS on the total equity and loss after tax as reported under previous A-GAAP is illustrated below:

(i) Reconciliation of total equity as presented under previous A-GAAP to that under A-IFRS

		CONSOLIDATED		COMPANY	
	Note	31 Dec 2004 $'000	1 Jan 2004 $'000	31 Dec 2004 $'000	1 Jan 2004 $'000
Total equity under previous A-GAAP		226,790	173,655	271,111	206,382
Adjustments to retained earnings					
Restatement of provision for restoration	*A*	1,804	1,926	–	–
Recognition of restoration asset	*B*	543	625	–	–
General and administration costs previously included in development assets	*C*	(479)	(351)	–	–
Recognition of deferred tax liability	*D*	(5,289)	(4,061)	–	–
Share-based payment expensed	*E*	(330)	(8)	(330)	(8)
Exploration expensed and written off	*F*	(44,017)	(58,453)	–	–
Adjustments to other reserves					
Employee equity benefit reserve	*E*	330	8	330	8
Restatement of foreign currency translation reserve	*G*	(7,695)	(4,627)	–	–
Total equity under A-IFRS		**171,657**	**108,714**	**271,111**	**206,382**

(x) Impact of adoption of A-IFRS *(continued)*

(ii) Reconciliation of net loss under previous A-GAAP to that under A-IFRS

	Note	CONSOLIDATED 2004 $'000	COMPANY 2004 $'000
Net loss as previously reported		(38,798)	(23,436)
Unwinding of discount on restoration provisions	*A*	(450)	–
Reversal of A-GAAP restoration costs	*A*	329	–
Amortisation of restoration capitalised into assets	*B*	(81)	–
General and administration costs previously included in development assets	*C*	(128)	–
Deferred tax expense	*D*	(1,228)	–
Share-based payments expensed	*E*	(322)	(322)
Exploration expensed and written off	*F*	14,439	–
Revised net loss under A-IFRS		**(26,239)**	**(23,758)**

Notes:

A – Provision for restoration is recognised under AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. This requires the decommissioning to be measured at the amount required to settle the present obligation at the balance sheet date. Under the previous A-GAAP accounts, the liability was recognised over the life of the asset on a unit-of-production basis.

B – AASB 116 'Property, Plant and Equipment' requires the obligation to decommission an asset to be included in the cost of the asset. This asset is then depreciated over the life of the asset on a unit-of-production basis.

C – AASB 116 'Property, Plant and Equipment' requires general and administration costs to be expensed when incurred.

D – AASB 112 'Income Taxes' requires deferred income tax to be determined using the balance sheet liability method in respect of temporary differences arising from the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax base. Under the previous A-GAAP, deferred tax was brought into account using the liability method of tax effect accounting whereby income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences.

E – AASB 2 'Share-based Payment' requires share-based payments to be expensed over the vesting period of the options based on market value of the option at the date of issue.

F – The adoption of the successful efforts accounting policy for exploration and evaluation expenditure has resulted in the expensing of unsuccessful exploration costs.

G – AASB 121 'The Effects of Changes in Foreign Exchange Rates' requires that each subsidiary records its transactions in its functional currency. When converting from the functional currency to the presentational currency, the revenue and expenses are converted at the date of the transaction (weighted average exchange rate for the year is used as an approximation) and the balance sheet is converted at the closing rate. Any difference is taken to the foreign currency translation reserve.

(iii) Explanation of material adjustments to the Cash Flow Statement

There are no material differences between the Cash Flow Statement presented under A-GAAP and A-IFRS.

(iv) Reclassifications

The Saltfleetby Gas Field assets and liabilities have been reclassified from non-current assets/liabilities to current assets/liabilities as at 31 December 2004. It was the Directors' intention to sell the asset within the next 12 months.

Note 2. Sales Revenue

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Oil	861	813	–	–
NGLs	–	2,938	–	–
Gas	–	34,541	–	–
	861	**38,292**	**–**	**–**

Note 3. Operating Costs

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Production costs	524	10,673	–	–
Amortisation	32	10,287	–	–
Hedging loss	2,026	–	–	–
	2,582	**20,960**	**–**	**–**

Note 4. Other Income

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Profit on sale of Saltfleetby Gas Field (see Note 13)	63,707	–	–	–
Interest income: controlled entities	–	–	–	92
Interest income: external	6,170	2,883	4,294	2,414
Dividends	–	–	29,102	–
Profit from sale of other assets	15	55	–	–
Sundry	721	878	–	–
Exchange gains	709	–	2,281	–
	71,322	**3,816**	**35,677**	**2,506**

Note 5. Exploration Expensed and Written Off

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Angola	12,061	1,447	–	–
Australia	8,718	2,811	–	–
China	2,882	5,282	–	–
Equatorial Guinea	478	286	–	–
Mauritania	12,114	6,280	–	–
New Zealand	270	1,071	–	–
United Kingdom	10,463	14,812	–	–
Other	1,169	377	1,172	400
	48,155	**32,366**	**1,172**	**400**

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000

Note 6. Other costs

Operating administration and lease expenses	1,076	1,005	956	873
Bad debts	8,024	–	1	–
Loss from sale of assets	–	–	2	–
Write off of drilling materials	–	1,519	–	–
Net foreign currency losses	–	2,009	–	2,672
Depreciation	1,167	1,079	829	661
Impairment of non-current intercompany receivables	–	–	40,115	14,327
Impairment of shares in unlisted investment	63	76	63	76
Other administration costs	5,718	10,307	5,347	7,228
	16,048	**15,995**	**47,313**	**25,837**

Note 7. Finance costs

Interest expensed on bank loans	–	257	–	–
Unwinding of discount – restoration provision	125	450	–	–
Other finance costs	77	35	32	27
	202	**742**	**32**	**27**

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Income Tax

		CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Income tax comprises the following:					
Income tax charge	– current period	–	2,519	–	–
Income tax charge	– prior period	(4,982)	112	(1,249)	–
Deferred income tax	– current period	(35,767)	(4,347)	–	–
Deferred income tax	– prior period	382	–	–	–
Income tax benefit		**(40,367)**	**(1,716)**	**(1,249)**	**–**
The deferred tax asset/(liability) at the end of the financial period is made up of the following:					
Accelerated depreciation for tax purposes		(19,455)	(32,887)	343	–
Recognition of tax losses		28,069	7,185	16,116	–
Provisions		2,310	915	(363)	–
Other		676	856	20	–
Deferred tax asset/(liability)		**11,600**	**(23,931)**	**16,116**	**–**

The prima facie income tax expense/(benefit) on pre-tax accounting profit/(loss) reconciles to income tax (benefit)/expense in the financial statements as follows:

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Profit/(loss) before income tax	**5,196**	**(27,955)**	**(12,840)**	**(23,758)**
Prima facie income tax expense/(benefit) calculated as 30% of profit/(loss) before income tax	1,559	(8,386)	(3,852)	(7,127)
Tax effect of adjustments				
Non-deductible expenses	496	73	11,824	4,463
Non-assessable income	(19,187)	–	(8,731)	–
Prior year losses now recognised	(8,539)	–	(490)	–
Provisions for deferred income tax no longer required	(13,377)	–	–	–
Overseas tax rate differential	(4,402)	(432)	–	–
Prior year over-provision	(4,605)	112	–	–
Other	(203)	(263)	–	–
Tax losses not brought into account	7,891	7,180	–	2,664
Income tax benefit	**(40,367)**	**(1,716)**	**(1,249)**	**–**
Future income tax losses not taken into account	**21,313**	**18,588**	**8,823**	**11,867**

Tax Consolidation

ROC and its 100% owned Australian subsidiaries are a tax consolidation group. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expenses to the wholly owned subsidiaries on a pro rata basis. In addition, the agreement provides for the allocation of income tax liabilities between entities, should the head entity default on its tax payment obligations.

Note 9. Cash Assets

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Cash	23,901	21,529	19,801	18,304
Short term deposits	42,476	54,506	3,629	48,322
	66,377	**76,035**	**23,430**	**66,626**

Note:

Included in cash assets is $3,628,000 (2004: $3,322,000) which is subject to a charge in favour of Woodside Mauritania Pty Ltd relating to liabilities arising under the contract for lease of the Berge Helene Floating Production Storage and Offloading vessel to be used for production of the Chinguetti Oil and Gas Field and $10,982,000 (2004: Nil) which is secured as cash collateral to support credit exposures under ROC's hedging arrangements.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Reconciliation of net profit/(loss) to net cash flows (used in)/ generated from operating activities				
Net profit/(loss)	45,563	(26,239)	(11,591)	(23,758)
Add/(less) non-cash items				
Amortisation	32	10,287	–	–
Depreciation	1,167	1,079	829	661
Impairment of non-current intercompany receivables	–	–	40,115	14,327
Unwinding of discount - restoration provision	125	450	–	–
Provision for office restoration	(36)	112	(36)	112
Provision for employee benefits	292	254	292	254
Impairment of shares in unlisted investment	63	76	63	76
Net foreign currency (gains)/losses	(1,129)	2,009	(1,791)	883
Write off of drilling materials	–	1,519	–	–
Movement in deferred tax	(35,385)	(4,347)	(1,249)	–
(Profit)/loss on sale of assets	(15)	(55)	2	–
Profit on sale of non-current assets	(63,707)	–	–	–
Share based payments	999	322	999	322
Hedging loss	2,026	–	–	–
Exploration expensed and written off	48,155	32,366	1,172	400
Bad debts	8,024	–	1	–
Dividends received	–	–	(29,102)	–
Changes in net assets and liabilities				
Decrease/(increase) in current trade and other receivables	2,648	(3,777)	1,904	(2,658)
Decrease/(increase) in materials and inventories	65	(619)	–	–
(Decrease)/increase in current trade and other payables	(7,668)	4,603	(803)	371
Decrease in current provisions	(5,057)	(3,656)	(76)	(151)
Net cash (used in)/generated from operating activities	**(3,838)**	**14,384**	**729**	**(9,161)**

Note 10. Current Trade and Other Receivables

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Trade receivables	1,573	5,917	1,301	1,685
Amount owing by controlled entities	–	–	13	6,971
Security deposits	63	147	63	147
Interest receivables	31	169	31	169
Employee advances	40	27	40	27
Prepayments	461	1,165	365	665
Other receivables	367	8,739	132	1,145
	2,535	**16,164**	**1,945**	**10,809**

Note 11. Derivatives

		CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
At fair value:					
Oil price swaps liability		(14,449)	–	–	–
Oil price puts asset		2,227	–	–	–
Net liability		**(12,222)**	**–**	**–**	**–**
2005					
Assets	– Current assets	446	–	–	–
	– Non-current assets	1,781	–	–	–
		2,227	–	–	–
Liabilities	– Current liabilities	(6,882)	–	–	–
	– Non-current liabilities	(7,567)	–	–	–
		(14,449)	–	–	–
Total 2005		**(12,222)**	**–**	**–**	**–**

Note 12. Inventories

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Materials inventory, at cost	887	869	–	–
Oil and gas stock, at cost	30	164	–	–
	917	**1,033**	**–**	**–**

Note 13. Non-Current Assets Held for Sale

The sale of the shares in Roc Oil (UK) Limited and Roc Oil (CEL) Limited, whose only asset was the Saltfleetby Gas Field, for a cash consideration of $109 million was completed on 21 January 2005. The calculation of the profit after tax in respect of the sale of Saltfleetby Gas Field is presented below.

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Proceeds on sale of assets	108,830	–	–	–
Less non-current assets held for sale	(54,401)	–	–	–
Less other assets sold	(158)	–	–	–
Less transaction costs	(728)	–	–	–
Add liabilities directly associated with non-current assets held for sale	656	–	–	–
Add transfer of foreign currency translation reserve relating to subsidiaries sold	9,508	–	–	–
Profit before tax	63,707	–	–	–
Release of deferred tax	17,564	–	–	–
Profit after tax	81,271	–	–	–

Note 14. Non-Current Trade and Other Receivables

Amount owing by controlled entities	–	–	273,905	151,804
Less impairment	–	–	(99,791)	(59,676)
	–	**–**	**174,114**	**92,128**

Note 15. Other Non-Current Financial Assets

Shares in unlisted controlled entities, at cost	–	–	69,007	102,892
Shares in an unlisted entity, at cost	321	321	321	321
Less impairment in shares in unlisted investment	(321)	(293)	(321)	(293)
	–	**28**	**69,007**	**102,920**

Note 16. Oil and Gas Assets

	CONSOLIDATED Producing Assets $'000	CONSOLIDATED Assets under Development $'000	CONSOLIDATED Total $'000	COMPANY Total $'000
Costs				
Balance at 1 January 2004	114,781	7,594	122,375	–
Expenditure incurred	879	6,541	7,420	–
Increase in restoration asset	–	232	232	–
Exchange gain/(loss)	2,679	(413)	2,266	–
Transfer from exploration	150	7,417	7,567	–
Transfer to non-current assets held for sale	(117,956)	–	(117,956)	–
Costs at 31 December 2004	**533**	**21,371**	**21,904**	**–**
Expenditure incurred	53	102,757	102,810	–
Increase in restoration asset	–	3,819	3,819	–
Exchange (loss)/gain	(22)	1,258	1,236	–
Transfer from exploration	–	21,198	21,198	–
Costs at 31 December 2005	**564**	**150,403**	**150,967**	**–**
Accumulated depreciation				
Balance at 1 January 2004	(53,624)	–	(53,624)	–
Charge for the year	(10,287)	–	(10,287)	–
Transfer to non-current assets held for sale	63,555	–	63,555	–
Exchange loss	(31)	–	(31)	–
Accumulated depreciation at 31 December 2004	**(387)**	**–**	**(387)**	**–**
Charge for the year	(32)	–	(32)	–
Exchange gain	36	–	36	–
Accumulated depreciation at 31 December 2005	**(383)**	**–**	**(383)**	**–**
Net Book Value at 31 December 2005	181	150,403	150,584	–
Net Book Value at 31 December 2004	146	21,371	21,517	–

Note 17. Exploration and Evaluation Expenditure

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Opening balance	52,893	52,879	–	–
Expenditure incurred	41,595	40,017	1,172	400
Increase in restoration asset	68	124	–	–
Exchange gain/(loss)	1,104	(194)	–	–
Transfer to oil and gas assets	(21,198)	(7,567)	–	–
Amounts expensed and written off	(48,155)	(32,366)	(1,172)	(400)
	26,307	**52,893**	**–**	**–**

The ultimate recovery of the capitalised exploration and evaluation is dependent on the successful development and commercial exploitation or the commercial sale of the relevant areas of interest.

Note 18. Property, Plant and Equipment

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Costs				
Opening balance	9,372	6,146	5,180	3,170
Expenditure incurred	775	3,232	735	2,010
Disposals	(245)	(87)	(26)	–
Exchange (loss)/gain	(257)	81	–	–
Costs at 31 December	**9,645**	**9,372**	**5,889**	**5,180**
Accumulated depreciation				
Opening balance	(5,006)	(3,948)	(3,020)	(2,359)
Charge for the year	(1,167)	(1,079)	(829)	(661)
Disposals	124	81	21	–
Exchange gain/(loss)	161	(60)	–	–
Accumulated depreciation at 31 December	**(5,888)**	**(5,006)**	**(3,828)**	**(3,020)**
Net Book Value	**3,757**	**4,366**	**2,061**	**2,160**

Note 19. Controlled Entities

Name of Entity	Country of Incorporation	Ownership and Voting Interest 2005 %	Ownership and Voting Interest 2004 %
Parent entity			
Roc Oil Company Limited	Australia	100	100
Controlled entities			
Roc Oil (Gobi) Pty Limited	Australia	100	100
Roc Oil (WA) Pty Limited	Australia	100	100
Roc Oil (China) Pty Limited	Australia	100	100
Roc Oil (New Zealand) Pty Limited	Australia	100	100
Roc Oil Australia Holdings Pty Limited	Australia	100	100
Roc Oil International Holdings Pty Limited	Australia	100	100
Elixir Corporation Pty Ltd	Australia	100	100
Roc Oil (Finance) Pty Limited	Australia	100	100
Roc Oil Holdings (Cayman Islands) Company	Cayman Islands	100	100
Roc Oil (China) Company	Cayman Islands	100	100
Roc Oil (Cabinda) Company	Cayman Islands	100	100
Roc Oil (Mauritania) Company	Cayman Islands	100	100
Roc Oil (Casamance) Company	Cayman Islands	100	100
Roc Oil (Equatorial Guinea) Company	Cayman Islands	100	100
Roc Oil (Angola) Limited	Cayman Islands	100	100
Lacula Oil Company Limited	Cayman Islands	100	100
Roc Oil (Maboque) Company	Cayman Islands	100	100
Roc Oil (Falklands) Limited	United Kingdom	100	100
Roc Oil (Europe) Limited	United Kingdom	100	100
Roc Oil (GB Holdings) Limited	United Kingdom	100	100
Roc Oil (GB) Limited	United Kingdom	100	100
Roc Oil (UK) Limited(2)	United Kingdom	–	100
Roc Oil (CEL) Limited(2)	United Kingdom	–	100
Roc Oil (EMOG) Limited(1)	United Kingdom	–	100
Roc Oil (BEL) Limited(1)	United Kingdom	–	100
Roc Canada Inc	Canada	100	100
Roc Oil (Chinguetti) BV	Netherlands	100	100

Notes:

(1) Liquidated in the current year.

(2) Sold in the current year.

Note 20. Current Trade and Other Payables

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Trade payables	395	3,878	255	813
Accrued liabilities	25,499	15,908	402	490
Amount owing to associate companies	1,189	1,246	–	–
Amount owing to controlled entities	–	–	1,799	42
	27,083	**21,032**	**2,456**	**1,345**

Note 21. Provisions

	CONSOLIDATED			COMPANY		
	Employee Benefits $'000	Restoration $'000	Total $'000	Employee Benefits $'000	Restoration $'000	Total $'000
Balance at 1 January 2005	1,143	1,858	3,001	1,143	112	1,255
Arising during the year	825	3,890	4,715	825	–	825
Unwinding of discount	–	125	125	–	–	–
Utilised	(533)	(251)	(784)	(533)	(112)	(645)
Foreign exchange adjustments	–	(21)	(21)	–	–	–
Balance at 31 December 2005	**1,435**	**5,601**	**7,036**	**1,435**	**–**	**1,435**
Current – 2005	998	–	998	998	–	998
Non-current – 2005	437	5,601	6,038	437	–	437
Total 2005	**1,435**	**5,601**	**7,036**	**1,435**	**–**	**1,435**
Current – 2004	813	112	925	813	112	925
Non-current – 2004	330	1,746	2,076	330	–	330
Total 2004	**1,143**	**1,858**	**3,001**	**1,143**	**112**	**1,255**

The employee benefits provision relates to annual leave and long service leave.

The restoration provisions relate to the estimated costs associated with the restoration of sites that will be incurred at the conclusion of the economic life of the asset.

Note 22. Share Capital

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
187,912,493 (2004: 176,038,703) fully paid ordinary shares	312,868	291,357	312,868	291,357

	2005 Number of Shares	2004 Number of Shares	2005 $'000	2004 $'000
Movement in fully paid ordinary shares				
Balance at beginning of financial year	176,038,703	109,889,439	291,357	203,192
Issue of shares pursuant to exercise of options under the Employee Share Option Plan	1,972,800	192,200	2,291	226
Shares issued	9,900,990	65,957,064	19,220	87,939
Balance at end of financial year	**187,912,493**	**176,038,703**	**312,868**	**291,357**

All issued fully paid ordinary shares carry one vote per share and carry the right to dividends.

The Company has two employee share option schemes under which options to subscribe for the Company shares have been granted to employees and executives. Refer Note 24.

Note 23. Other Reserves

CONSOLIDATED

	Foreign Currency Translation Reserve $'000	Employee Equity Benefit Reserve $'000	Net Unrealised Hedging Losses $'000	Total $'000
Balance at 1 January 2004	3,007	8	–	3,015
Share-based payments	–	322	–	322
Foreign currency translation differences	695	–	–	695
Balance at 31 December 2004	**3,702**	**330**	**–**	**4,032**
Transfer to Income Statement of functional currency translation differences on sale of subsidiaries	(9,508)	–	–	(9,508)
Share-based payments	–	999	–	999
Foreign currency translation differences	(2,996)	–	–	(2,996)
Net loss on cash flow hedges	–	–	(12,242)	(12,242)
Balance at 31 December 2005	**(8,802)**	**1,329**	**(12,242)**	**(19,715)**

COMPANY

	Foreign Currency Translation Reserve $'000	Employee Equity Benefit Reserve $'000	Net Unrealised Hedging Losses $'000	Total $'000
Balance at 1 January 2004	–	8	–	8
Share-based payments	–	322	–	322
Balance at 31 December 2004	**–**	**330**	**–**	**330**
Share-based payments	–	999	–	999
Balance at 31 December 2005	**–**	**1,329**	**–**	**1,329**

Note 24. Employee Benefits

(a) Employee Share Option Plan and Executive Share Option Plan

The Company has two share option plans, the Employee Share Option Plan and the Executive Share Option Plan, the details of which are as follows:

Employee Share Option Plan

Under the Employee Share Option Plan, the options granted vest after two years. Options expire five years after they are granted.

The exercise price of the options is the price of the sale of shares on the ASX on the day of the grant.

Options may be exercised two years after the date the option was granted. If there is a change of control of the Company, all unexercised options will become immediately exercisable.

The following reconciles the outstanding share options granted under the Employee Share Option Plan at the beginning and end of the financial year:

	2005		2004	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at beginning of financial year	2,457,300	1.21	3,552,710	1.41
Granted during year	125,800	1.64	194,000	1.70
Exercised during year	(1,972,800)	1.16	(192,200)	1.14
Forfeited during year	(30,000)	1.77	(27,300)	1.25
Lapsed during year	–	–	(1,069,910)	1.98
Balance at end of financial year	580,300	1.43	2,457,300	1.21
Exercisable	319,300	1.19	2,232,800	1.16

The weighted average share price when the share options were exercised in 2005 was $2.17.

The range of exercise prices at the end of the financial year is between $1.00 and $1.70 with a weighted average remaining contractual life of 862 days.

Executive Share Option Plan

Under the rules of the Executive Share Option Plan, 30% of the options granted vest after two years. An additional 30% vest after three years and the remaining 40% vest after four years. Options expire six years after they are granted. Of the options granted to an employee, 50% are performance options and are only exercisable if certain share performance benchmarks are met and 50% are price options.

The exercise price of performance options is calculated as the weighted average price for sale of shares on the ASX in the 90 days before the grant date. The exercise price for price options is calculated as 115%, 122.5% and 130% of this price respectively over the vesting period.

Balance at beginning of financial year	3,183,000	1.77	–	–
Granted during year	1,421,000	2.07	3,183,000	1.77
Exercised during year	–	–	–	–
Forfeited during year	(43,000)	2.05	–	–
Lapsed during year	–	–	–	–
Balance at end of financial year	4,561,000	1.86	3,183,000	1.77
Exercisable	–	–	–	–

The range of exercise prices at the end of the financial year is between $1.57 and $2.43 with a weighted average remaining contractual life of 1,764 days.

Note 24. Employee Benefits *(continued)*

Fair value of options

The weighted average fair value of the share options granted during the financial year is $0.77 per share. Options were valued using the Monte Carlo simulation technique. Under this technique, the share price is randomly simulated under risked neutral conditions and parameters. The simulation is repeated numerous times to produce a distribution of the option payoff at expiry. The option value is taken as the average payoff amounts calculated discounted back to the valuation date. Options carry no voting rights or rights to dividends.

The following are the assumptions made in determining the fair value of the options:

	Issue 31 July 2005	Issue 1 March 2005
Share price	$2.36	$1.80
Share price volatility	29%	30%
Energy index volatility	14%	14%
Correlation between energy index and ROC share price	35%	32%
Risk free rate	5.2%	5.6%

As at 31 December 2005, there were a total of 5,141,300 options on issue, comprising 580,300 options under the Employee Share Option Plan and 4,561,000 options under the Executive Share Option Plan.

(b) Superannuation plans

During the 2005 financial year, the Company contributed to accumulation type benefit funds administered by fund managers. The funds cover all Australian domiciled employees of the Company. Employee and employer contributions are based on a fixed percentage of cash salary. The current contribution is 9% (2004: 9%) of employee cash remuneration.

In the United Kingdom, Roc Oil (GB) Limited operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the consolidated entity in an independently administered fund. Roc Oil (GB) Limited contributes 10% (2004: 10%) salary of all staff members to the scheme.

(c) Employee benefits expensed

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Salary and wages	11,074	9,886	8,572	6,875
Social security contributions	376	342	–	–
Termination benefits	45	–	–	–
Other benefits	71	98	31	40
Workers' compensation	172	169	144	142
Superannuation	907	816	679	559
Share-based payments	999	322	999	322
	13,644	**11,633**	**10,425**	**7,938**

Note 25. Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) for the year by the weighted average number of ordinary shares outstanding during the year, adjusted by the effects of dilutive options.

The following reflects the earnings and share data used in the total operation's basic and diluted earnings per share computations.

Earnings used or the calculation of both basic and diluted earnings per share is the net profit/(loss) for both 2005 and 2004 respectively.

	2005	2004
	Number of Shares	Number of Shares
Weighted average number of ordinary shares for basic earnings per share	186,076,913	162,812,727
Effect of dilution:		
Share options	772,991	–
Adjusted weighted average number of ordinary shares for diluted earnings per share	186,849,904	162,812,727
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	1,118,877	126,383
Weighted average number of shares that were not included in the calculation of earnings per share as they are anti-dilutive	–	723,173

On 25 January 2006, 28,000,000 fully paid ordinary shares at A$2.71 per share, which represents 14.9% of the previous issued share capital, were issued.

Note 26. Segment Information

Primary reporting – geographical segments

The consolidated entity's risks and returns are affected predominantly by differences in the geographical areas in which it operates; therefore, geographical segments is considered its primary reporting format.

Secondary reporting – business segments

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

Segment accounting policies

Segment accounting policies are the same as the consolidated entity's policies.

Composition of each geographical segment

Asia mainly comprises the area of interest in China.

West Africa comprises areas of interest in Angola, Equatorial Guinea and Mauritania.

Note 26. Segment Information *(continued)*

	United Kingdom $'000	Australia/ New Zealand $'000	Asia $'000	West Africa $'000	Unallocated $'000	Total $'000
For the financial year ended 31 December 2005						
Sales revenue	**699**	**162**	**–**	**–**	**–**	**861**
Segment result						
Profit/(loss) before income tax	45,217	(8,163)	(2,915)	(25,135)	(3,808)	5,196
Income tax benefit	–	–	–	–	40,367	40,367
Net profit/(loss)	**45,217**	**(8,163)**	**(2,915)**	**(25,135)**	**36,559**	**45,563**
As at December 2005						
Segment assets/liabilities						
Assets	24,773	95,726	1,907	59,158	82,740	264,304
Liabilities	(9,355)	(15,690)	(1,000)	(4,792)	(18,483)	(49,320)
Other segment information						
Expenditure incurred on exploration and evaluation	6,489	9,677	2,882	21,378	1,169	41,595
Expenditure incurred on oil and gas assets	11,731	69,578	–	21,501	–	102,810
Depreciation	338	–	–	–	829	1,167
Amortisation	9	23	–	–	–	32
Exploration expensed and written off	10,463	8,988	2,882	24,653	1,169	48,155

	United Kingdom $'000	Australia/ New Zealand $'000	Asia $'000	West Africa $'000	Unallocated $'000	Total $'000
For the financial year ended 31 December 2004						
Sales revenue	**38,208**	**84**	**–**	**–**	**–**	**38,292**
Segment result						
Profit/(loss) before income tax	2,379	(4,031)	(5,571)	(8,219)	(12,513)	(27,955)
Income tax benefit	–	–	–	–	1,716	1,716
Net profit/(loss)	**2,379**	**(4,031)**	**(5,571)**	**(8,219)**	**(10,797)**	**(26,239)**
As at December 2004						
Segment assets/liabilities						
Assets	34,250	15,102	1,753	41,285	79,646	172,036
Non-current assets held for sale	54,401	–	–	–	–	54,401
Total assets	88,651	15,102	1,753	41,285	79,646	226,437
Liabilities	(5,835)	(2,236)	(165)	(12,008)	(33,880)	(54,124)
Non-current assets held for sale	(656)	–	–	–	–	(656)
Total liabilities	(6,491)	(2,236)	(165)	(12,008)	(33,880)	(54,780)
Other segment information						
Expenditure incurred on exploration and evaluation	8,443	7,754	5,297	18,146	377	40,017
Expenditure incurred on oil and gas assets	1,512	–	–	5,908	–	7,420
Depreciation	218	–	–	–	861	1,079
Amortisation	10,287	–	–	–	–	10,287
Exploration expensed and written off	14,812	3,882	5,282	8,013	377	32,366

Note 27. Related Party Disclosures

ROC and its controlled entities engage in a variety of related party transactions in the ordinary course of business. These transactions are generally conducted on normal terms and conditions.

Detail of related party transactions and amounts are set out in:

- Note 4 as to interest received from controlled entities;
- Notes 10 and 14 as to amounts owing by controlled entities;
- Notes 15 and 19 as to investments in controlled entities;
- Note 20 as to amounts owing to controlled entities and associate companies;
- Note 30 as to investment in associate companies; and
- Note 32 as to disclosures relating to key management personnel.

Note 28. Commitments for Expenditure

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(a) Capital commitments				
Not longer than one year				
Joint ventures	133,700	41,927	–	–
Other	–	4,618	–	–
Longer than one year but not longer than five years				
Joint ventures	1,956	6,181	–	–
Other	–	–	–	–
	135,656	52,726	–	–
(b) Operating lease rental commitments				
Not longer than one year	2,071	1,110	847	906
Longer than one year but not longer than five years	9,381	4,424	3,696	3,951
Longer than five years	1,382	1,514	163	1,076
	12,834	7,048	4,706	5,933

Note 29. Joint Ventures

The consolidated entity has an interest (rounded to two decimal places) in the following joint ventures as at 31 December 2005:

Country	Block	Principal Activities	Interest 2005 %	Interest 2004 %
Australia	WA-286-P	Oil and gas exploration	37.50	37.50
	WA-31-L (Cliff Head)	Oil development	37.50	–
	TP/15	Oil and gas exploration	20.00	20.00
	WA-325-P	Oil and gas exploration	37.50	37.50
	WA-327-P	Oil and gas exploration	37.50	37.50
	WA-226-P	Oil and gas exploration	7.50	7.50
	WA-349-P	Oil and gas exploration	50.00	50.00
	WA-351-P	Oil and gas exploration	20.00	–
	EP413	Oil and gas exploration	0.25	0.25
	L14 (Jingemia)	Oil production	0.25	0.25
New Zealand	PEP-38767[1]	Oil and gas exploration	40.00	40.00
Equatorial Guinea	H/15 & H/16	Oil and gas exploration	18.75	15.00
Mauritania	Area A	Oil and gas exploration	4.16	4.16
	Area B (Chinguetti)	Oil and gas exploration/development	3.69/3.25[3]	3.69/3.25[3]
	Area C Block 2	Oil and gas exploration	3.20	3.20
	Area C Block 6	Oil and gas exploration	5.00	5.00
	Area D Block 1	Oil and gas exploration	2.00	2.00
	Area D Block 7	Oil and gas exploration	4.95	4.95
	Area D Block 8	Oil and gas exploration	2.00	2.00
Angola	Cabinda South Block	Oil and gas exploration	60.00	60.00
China	Beibu Gulf Block 22/12	Oil and gas exploration	40.00	40.00
Onshore UK	PEDL002	Oil and gas exploration	5.00	5.00
UK North Sea	P111 (Block 30/3a) (Blane)	Oil and gas development	15.24/12.50[2]	15.24
	P219 (Block 16/13a) (Enoch)	Oil and gas development	15.00/12.00[2]	15.00
	P755 (Block 30/22b)	Oil and gas exploration	12.00	12.00

Note:
(1) Sold subsequent to year end.
(2) Unitised interest subject to redetermination following commencement of production in Blane Oil Field and Enoch Oil and Gas Field.
(3) Post-government back-in in Chinguetti Oil Field.

The consolidated entity's share of production from the above joint ventures during the financial year was 2,320 BBLs from L14 (2004: 1,154 BBLs)

Note 29. Joint Ventures *(continued)*

The following amounts represent the consolidated entity's interest in assets and liabilities, income and expenses in the above joint venture operations. The amounts are included in the financial statements as follows:

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Current assets	3,898	3,469	–	–
Non-current assets	151,075	45,300	–	–
Total assets	**154,973**	**48,769**	**–**	**–**
Current liabilities	21,756	14,080	–	–
Non-current liabilities	4,976	636	–	–
Total liabilities	**26,732**	**14,716**	**–**	**–**
Sales	162	51	–	–
Operating costs	(75)	(2)	–	–
Exploration expensed and written off	(38,417)	(18,113)	–	–
Net loss	**(38,330)**	**(18,064)**	**–**	**–**

Note:

Exploration expenditure commitments and contingent liabilities in respect of joint venture operations are detailed in Note 28 and Note 33 respectively.

Note 30. Associate Companies

Details of investments in associate companies are as follows:

Name of Associate Company	Country where Business Carried on	Principal Activity	Balance Date	Beneficial Interest in Ordinary Shares at 31 December		Book Value of Ordinary Shares at 31 December		Contribution to Consolidated Profit/(Loss)	
				2005 %	2004 %	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Croft (UK) Limited	UK	Holding company	31 December	50	50	–	–	–	–
Croft Oil & Gas plc	UK	Holding company	31 December	50	50	–	–	–	–
Croft Exploration Limited	UK	Dormant	31 December	50	50	–	–	–	–
Croft Onshore Oil Limited	UK	Dormant	31 December	50	50	–	–	–	–
China Oil Shale Development Company Limited	Hong Kong	Dormant	31 December	50	50	–	–	–	–

Note 31. Remuneration of Auditors

	CONSOLIDATED 2005 $	CONSOLIDATED 2004 $	COMPANY 2005 $	COMPANY 2004 $
(a) Auditor of the parent entity				
Auditing and review of the financial report	137,500	104,000	137,500	104,000
Fees associated with the Renounceable Rights Issue	–	40,000	–	40,000
Fees associated with listing on AIM	–	70,000	–	70,000
Fees associated with conversion to A-IFRS	50,000	–	50,000	–
Other services	5,250	3,240	5,250	3,240
	192,750	**217,240**	**192,750**	**217,240**
(b) Other auditors				
Auditing and review of the financial report	72,793	118,724	–	–
Other services	–	–	–	–
	72,793	**118,724**	**–**	**–**

Note:

Remuneration of international associates of Deloitte Touche Tohmatsu, Australia is included under 'Other auditors'.

Note 32. Key Management Personnel Disclosures

(a) Details of key management personnel

Mr A J Love	Chairman (non-executive)
Mr W G Jephcott	Deputy Chairman (non-executive)
Dr R J P Doran	Director and Chief Executive Officer
Mr R J Burgess	Director (non-executive)
Mr R Dobinson	Director (non-executive)
Mr S J Jansma, Jr	Director (non-executive)
Mr A C Jolliffe	Director (non-executive)
Mr C Way	General Manager Operations
Mr B Clement	Chief Operating Officer
Dr K Hird	General Manager Business Development
Mr W Jamieson	General Manager Exploration
Ms S Ford	General Counsel and Company Secretary

(b) Remuneration

(i) Remuneration policy

The Remuneration and Nomination Committee is responsible for determining and reviewing the appropriate level and structure of remuneration of the executive team. Executive remuneration is set at levels and structured to attract, motivate, reward and retain good performers to drive the business effectively.

The Company has an Executive Share Option Plan. Under this plan, executives are issued options to subscribe for ordinary shares in the Company at the discretion of the Directors. The plan provides an incentive to the executive team to achieve significant long term growth in the Company's share price. For details, see Note 24 and the Directors' Report.

Note 32. Key Management Personnel Disclosures *(continued)*

(ii) Remuneration of key management personnel

2005	Short Term			Post Employment	Equity Compensation	
	Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Value of Share Options $	Total $
Mr A J Love	80,553	–	–	–	–	80,553
Mr W G Jephcott	63,879	–	–	5,749	–	69,628
Dr R J P Doran	484,839	50,000	23,515	43,635	–	601,989
Mr R J Burgess	41,176	–	–	–	–	41,176
Mr R Dobinson	41,176	–	–	3,706	–	44,882
Mr S J Jansma, Jr	41,176	–	–	–	–	41,176
Mr A C Jolliffe	41,176	–	–	–	–	41,176
Mr C Way	309,000	50,000	–	27,810	83,512	470,322
Mr B Clement	326,500	10,000	–	29,385	67,712	433,597
Dr K Hird	286,489	31,650	–	–	44,013	362,152
Mr W Jamieson	255,000	7,500	–	22,950	90,283	375,733
Ms S Ford	240,000	31,050	–	17,095	86,710	374,855
	2,210,964	**180,200**	**23,515**	**150,330**	**372,230**	**2,937,239**

2004	Short Term			Post Employment	Equity Compensation	
	Salary and Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Value of Share Options $	Total $
Mr A J Love	65,000	–	–	–	–	65,000
Mr W G Jephcott	45,000	–	–	4,050	–	49,050
Dr R J P Doran	484,839	25,000	46,543	45,885	–	602,267
Mr R J Burgess	35,000	–	–	–	–	35,000
Mr R Dobinson	35,000	–	–	3,150	–	38,150
Mr S J Jansma, Jr	35,000	–	–	–	–	35,000
Mr A C Jolliffe	35,000	–	–	–	–	35,000
Mr C Way	309,000	–	–	27,810	42,852	379,662
Mr B Clement	320,000	–	–	28,800	27,461	376,261
Dr K Hird	263,142	10,000	–	–	17,850	290,992
Mr W Jamieson	250,000	–	–	22,500	36,615	309,115
Ms S Ford	235,000	–	–	17,095	37,636	289,731
	2,111,981	**35,000**	**46,543**	**149,290**	**162,414**	**2,505,228**

The aggregate of compensation of the key management personnel of the consolidated entity and the company is set out below:

	CONSOLIDATED		COMPANY	
	2005 $	2004 $	2005 $	2004 $
Short term employee benefits	2,414,679	2,193,524	2,414,679	2,193,524
Post employment benefits	150,330	149,290	150,330	149,290
Share-based payments	372,230	162,414	372,230	162,414
	2,937,239	**2,505,228**	**2,937,239**	**2,505,228**

(c) Options: granted during the year

During the financial year, no options were granted to key management personnel under the Executive Share Option Plan.

(d) Shares issued on exercise of employee share options

	Number of Shares Issued	Paid per Share $	Unpaid per Share $
Mr C Way	80,000	1.29	–
Mr B Clement	350,000	1.09	–
Dr K Hird	186,000	1.09	–
Mr W Jamieson	100,000	1.10	–

(e) Option holdings

2005	1 Jan 2005 Balance at Beginning of Financial Year	Executive Share Options Granted as Remuneration	Options Exercised	Options Lapsed	31 Dec 2005 Balance at End of Financial Year	Vested and Exercisable at 31 Dec 2005
Mr C Way	450,000	–	(80,000)	–	370,000	–
Mr B Clement	650,000	–	(350,000)	–	300,000	–
Dr K Hird	381,000	–	(186,000)	–	195,000	–
Mr W Jamieson	500,000	–	(100,000)	–	400,000	–
Ms S Ford	429,000	–	–	–	429,000	–
	2,410,000	**–**	**(716,000)**	**–**	**1,694,000**	**–**

NOTES TO THE FINANCIAL STATEMENTS

Note 32. Key Management Personnel Disclosures *(continued)*

2004	1 Jan 2004 Balance at Beginning of Financial Year	Executive Share Options Granted as Remuneration	Options Exercised	Options Lapsed	31 Dec 2004 Balance at End of Financial Year	Vested and Exercisable at 31 Dec 2004
Shareholder options						
Mr A J Love	25,231	–	–	(25,231)	–	–
Mr W G Jephcott	54,691	–	–	(54,691)	–	–
Dr R J P Doran	20,829	–	–	(20,829)	–	–
Mr R J Burgess	25,150	–	–	(25,150)	–	–
Mr R Dobinson	152,751	–	–	(152,751)	–	–
Mr S J Jansma, Jr	999,640	–	–	(999,640)	–	–
Mr A C Jolliffe	47,671	–	–	(47,671)	–	–
Employee options						
Mr C Way	80,000	370,000	–	–	450,000	80,000
Mr B Clement	600,000	300,000	–	(250,000)	650,000	350,000
Dr K Hird	201,000	195,000	–	(15,000)	381,000	186,000
Mr W Jamieson	230,000	400,000	–	(130,000)	500,000	100,000
Ms S Ford	–	429,000	–	–	429,000	–
	2,436,963	**1,694,000**	**–**	**(1,720,963)**	**2,410,000**	**716,000**

(f) Shareholdings

2005	1 Jan 2005 Balance at Beginning of Financial Year	Change on Exercise of Options	Net Change from On-market Transactions	31 Dec 2005 Balance at End of Financial Year
Mr A J Love	542,712	–	–	542,712
Mr W G Jephcott	1,031,888	–	–	1,031,888
Dr R J P Doran	4,701,501	–	(201,501)	4,500,000
Mr R J Burgess	589,870	–	(108,250)	481,620
Mr R Dobinson	1,221,659	–	–	1,221,659
Mr S J Jansma, Jr	1,897,151	–	(1,097,151)	800,000
Mr A C Jolliffe	133,230	–	–	133,230
Mr C Way	9,400	80,000	(79,800)	9,600
Mr B Clement	–	350,000	(300,000)	50,000
Dr K Hird	259,240	186,000	(196,000)	249,240
Mr W Jamieson	1,600	100,000	(100,000)	1,600
Ms S Ford	–	–	–	–
	10,388,251	716,000	(2,082,702)	9,021,549

2004	1 Jan 2004 Balance at Beginning of Financial Year	Change on Exercise of Options	Net Change from On-market Transactions	31 Dec 2004 Balance at End of Financial Year
Mr A J Love	645,690	–	(102,978)	542,712
Mr W G Jephcott	644,930	–	386,958	1,031,888
Dr R J P Doran	4,518,295	–	183,206	4,701,501
Mr R J Burgess	589,870	–	–	589,870
Mr R Dobinson	752,092	–	469,567	1,221,659
Mr S J Jansma, Jr	3,875,380	–	(1,978,229)	1,897,151
Mr A C Jolliffe	127,860	–	5,370	133,230
Mr C Way	5,800	–	3,600	9,400
Mr B Clement	–	–	–	–
Dr K Hird	259,240	–	–	259,240
Mr W Jamieson	1,600	–	–	1,600
Ms S Ford	–	–	–	–
	11,420,757	–	**(1,032,506)**	**10,388,251**

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

(g) Loans and other transactions

No loans have been made to the key management personnel other than advances made for the purpose of meeting business expenses incurred in performing their duties. No interest is being charged on these amounts. There are no other transactions with the key management personnel.

Note 33. Contingent Liabilities

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	COMPANY 2005 $'000	COMPANY 2004 $'000
Roc Oil (Cabinda) Company acquired a 45% interest in the Cabinda South Block from Fina Oil and Gas Cabinda BV, an affiliate of TotalFinaElf ('TFE'). Under the terms of the agreement with TFE, Roc Oil (Cabinda) Company will be liable for a payment of approximately US$0.7 million once production from the block commences:	944	899	–	–
Roc Oil (Cabinda) Company acquired the 15% participating interest held via Lacula Oil Company Limited in the Cabinda South Block onshore Angola PSA during the 2003 financial year. A payment of US$100,000 will be made to the vendor if approval is received for the first development plan submitted under the PSA:	136	128	–	–
Under an option and purchase agreement dated 20 June 2003 between Roc Oil (Cabinda) Company and private parties in North America, the private parties have agreed to transfer and convey an overriding royalty attaching to the 15% participating interest held via Lacula Oil Company Limited to Roc Oil (Cabinda) Company upon the payment of US$250,000 within six months from the date of commercial production under the PSA:	341	321	–	–
Effective 1 April 2003, Roc Oil (WA) Pty Limited acquired ARC Energy NL's ('ARC') 7.5% interest in exploration permit WA-286-P. In addition to the initial consideration paid, additional payments up to a maximum of $1.75 million are payable to ARC should a new field (other than Cliff Head) be discovered on the Permit:	1,750	3,750	–	–
Roc Oil (WA) Pty Limited agreed with Norwest Energy NL ('Norwest') to acquire that company's 7.5% working interest in exploration permit WA-226-P in the Perth Basin. If a discovery is declared commercial, ROC will make a payment to Norwest of $375,000:	375	375	–	–
Pursuant to the purchase agreements under which Roc Oil (Chinguetti) BV increased its interests in the Mauritanian assets following the Agip pre-emption, ROC may be required to make additional payments of up to US$568,029. This payment would be triggered in three equal increments upon commerciality being declared on a new discovery (other than Chinguetti Field), the granting of an Exclusive Exploitation Authorisation ('EEA') by the Mauritanian Government, and when sustained production at a rate of 40,000 BOEPD (gross) over a 30 day period from the EEA is obtained:	774	729	–	–

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.

The Company's present intention is to provide the necessary financial support for all Australian incorporated controlled entities, whilst they remain controlled entities, as is necessary for each company to pay all debts as and when they become due.

Note 34. Financial Instruments

(a) Financial risk management objectives

The consolidated entity does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The use of financial instruments is governed by the entity's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

The consolidated entity's activities expose it primarily to the financial risk of changes in commodity prices, exchange rate movements and interest rates. The consolidated entity may enter into various derivative financial instruments to manage its exposure to these risks.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 1.

(c) Commodity price risk

The consolidated entity is exposed to the movement in commodity prices. In order to manage this exposure and its effect on sales revenue, the Group has entered into certain derivatives instruments, in relation to the commodity price of a proportion of its forecast production.

Cash flow hedges

At 31 December 2005, the Group held a crude swap contract for a total of 909,000 barrels of oil at a weighted average Brent price of US$49.58 per BBL to be exercised over a 21 month period from 1 April 2006 to 31 December 2007. A total of 474,000 barrels will be settled between April 2006 and December 2006 and 435,000 barrels will be settled between January 2007 and December 2007.

This crude swap contract has been designated as a cash flow hedge of the expected oil revenue from the Cliff Head Oil Field. At 31 December 2005, there is a net unrealised loss of $13,909,000 on the contract as a result of an increase in the oil price. Of this amount, $12,242,000 has been designated as an effective hedge and taken to equity while $1,592,000 has been included in the Income Statement.

At 31 December 2005, the Group also held put options relating to 560,000 barrels of oil. A total of 200,000 barrels will be settled between March 2006 and December 2006 and 360,000 barrels will be settled between January 2006 and December 2007. These put options give the Group the right, but not the obligation, to sell this volume of crude at a Brent oil price of US$50 per BBL. At 31 December 2005, a net unrealised loss of $434,000 has been included in the Income Statement in relation to the put options.

(d) Foreign currency risk

The exposure to exchange rate movement is mitigated to some extent by the natural currency hedges that exist due to consolidated entity sales revenue being mainly denominated in US$ and holding part of its short term deposits in US$ offset by operating, development and exploration costs incurred in US$. Future debt obligations will also be denominated in US$.

At 31 December 2005 and 2004, the Company did not have any foreign currency derivatives.

(e) Interest rate risk

The consolidated entity's only material exposure to interest rate risk at 31 December 2005 is cash of $23.9 million (2004: $21.5 million) and short term deposits of $42.5 million (2004: $54.5 million). The average interest rate for the 2005 financial year was 5.25% (2004: 4.5%).

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Note 34. Financial Instruments *(continued)*

(g) Fair value of financial instruments

The Directors consider that the carrying amount of the financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on an active liquid market is determined with reference to the quoted price; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Note 35. Subsequent Events

Subsequent to the end of the year, on 25 January 2006, 28,000,000 fully paid ordinary shares, which represented 14.9% of the previously issued share capital, were issued at A$2.71 per share. Total proceeds raised were $75.9 million.

On 30 January 2006, ROC announced that the Doré-1 exploration well in Area B in Mauritania was plugged and abandoned as the well did not encounter significant hydrocarbons.

In February 2006 Woodside, the operator of a number of Mauritania PSCs in which ROC holds interests of 3.2% to 5.0%, was advised by the Mauritanian Government that it disputed amendments to four offshore PSCs operated by Woodside. The amendments are supplementary to the PSCs and were approved by the Mauritanian Government and Mauritanian Parliament before becoming law in 2005. Woodside remains in discussions with the Mauritanian Government on behalf of the relevant joint venturers. No adjustments have been made to the financial statements and at the date of this report the financial impact, if any, is not estimable.

A US$30 million Loan Facility was executed by ROC with Bank of Scotland International on 9 February 2006.

Oil production from the Chinguetti Oil Field (ROC: 3.25%), offshore Mauritania, commenced on 24 February 2006.

Note 36. Additional Company Information

(a) Roc Oil Company Limited is a public company listed in Australia on the ASX and in the UK on the Alternative Investment Market of the London Stock Exchange, and incorporated in Australia and operating in Australia and overseas.

The registered office and principal place of business is:
Level 14, 1 Market Street
Sydney NSW 2000
Australia.

(b) The number of employees as at 31 December 2005 was 81 (2004: 57) for Roc Oil Company Limited and 110 (2004: 88) for the consolidated entity. The number of employees includes both full time employees and part time employees measured on a full time equivalent basis.

ADDITIONAL COMPANY INFORMATION

ROC LICENCES AT 31 DECEMBER 2005 (UNAUDITED)

Country	Block	Field/Discovery	ROC Interest %	Operator
Australia	WA-286-P		37.50	Roc Oil (WA) Pty Limited
	WA-31-L	Cliff Head	37.50	Roc Oil (WA) Pty Limited
	TP/15		20.00	Roc Oil (WA) Pty Limited
	WA-325-P		37.50	Roc Oil (WA) Pty Limited
	WA-327-P		37.50	Roc Oil (WA) Pty Limited
	WA-226-P		7.50	Origin Energy Developments Pty Ltd
	WA-349-P		50.00	Roc Oil (WA) Pty Limited
	WA-351-P		20.00	BHP Billiton Petroleum Limited
	EP413		0.25	Origin Energy Developments Pty Ltd
	L14	Jingemia	0.25	Origin Energy Developments Pty Ltd
New Zealand	PEP-38767(1)		40.00	Roc Oil (NZ) Pty Limited
Equatorial Guinea	H/15 & H/16		18.75	Roc Oil (Equatorial Guinea) Company (Technical Operator)
Mauritania	Area A	Banda	4.16	Woodside Mauritania Pty Ltd
	Area B (Chinguetti)	Chinguetti, Tiof, Tiof West, Tevét	3.69/3.25(3)	Woodside Mauritania Pty Ltd
	Area C Block 2		3.20	Woodside Mauritania Pty Ltd
	Area C Block 6		5.00	Woodside Mauritania Pty Ltd
	Area D Block 1		2.00	Dana Petroleum (E&P) Limited
	Area D Block 7	Pelican	4.95	Dana Petroleum (E&P) Limited
	Area D Block 8		2.00	Dana Petroleum (E&P) Limited
Angola	Cabinda South Block		60.00	Roc Oil (Cabinda) Company
China	Beibu Gulf Block 22/12	12-8, 6-12	40.00	Roc Oil (China) Company
Onshore UK	PEDL002		5.00	Star Energy (East Midlands) Ltd
	PEDL005 (Remainder)	Keddington	100.00	Roc Oil (GB) Limited
	PEDL028		100.00	Roc Oil (GB) Limited
	PEDL030	Cloughton	100.00	Roc Oil (GB) Limited
UK North Sea	P111 (Block 30/3a)	Blane	15.24/12.50(2)	Talisman Expro Limited
	P219 (Block 16/13a)	Enoch, J1	15.00/12.00(2)	Talisman Expro Limited
	P755 (Block 30/22b)		12.00	Maersk Oil North Sea UK Limited

Note:
(1) Sold subsequent to year end.
(2) Unitised interest subject to redetermination following commencement of production in Blane Oil Field and Enoch Oil and Gas Field.
(3) Post-government back-in in Chinguetti Oil Field.

GLOSSARY AND DEFINITIONS

A$, $ or **cents**	Australian currency.
A-GAAP	Australian Generally Accepted Accounting Principles.
A-IFRS	Australian equivalents to International Financial Reporting Standards.
AIM	Alternative Investment Market of the London Stock Exchange.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited.
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.
GST	Goods and services tax.
km	Kilometres.
m	Metre.
MCF	One thousand cubic feet of natural gas.
MM	Millions.
MMBBL	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.
pound or **£**	UK pounds.
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.
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.
PSA	Production sharing agreement.
PSC	Production sharing contract.
ROC	Roc Oil Company Limited.
sq km	Square kilometres.
UK	United Kingdom.
US$	United States dollars.
2D	Two dimensional.
3D	Three dimensional.
2P	Proved and probable reserves.

NOTES