31 August 2006

ROC OIL COMPANY LIMITED ("ROC")

STOCK EXCHANGE RELEASE

PRODUCTION BOOST FOR FIRST HALF 2006 RESULT

KEY POINTS

1. FINANCIAL

- 321,727 BBLS produced due to start up of the Cliff Head Oil Field, offshore Western Australia and the Chinguetti Oil Field, offshore Mauritania compared to 6,818 BBLS for 1H 2005;

- $17.6 million net sales revenue due to increased production compared to $0.4 million for 1H 2005;

- $4.1 million trading profit compared to $0.1 million in 1H 2005;

- $3.1 million earnings before interest, tax, amortisation and exploration expense compared to $54.6 million in 1H 2005 which mainly reflected the sale of the Saltfleetby Gas Field;

- $22.2 million net loss after income tax which includes $26.6 million exploration expensed compared to $56.3 million profit in 1H 2005 mostly attributed to the sale of the Saltfleetby Gas Field;

- $66.2 million development expenditure, mainly related to the Cliff Head and Blane oilfields, compared to $30.0 million in 1H 2005;

- $35.8 million exploration and appraisal expenditure mainly due to seismic in Angola and wells offshore Australia and offshore China compared to $14.9 million in 1H 2005;

- $45.3 million cash assets compared to $66.4 million in 1H 2005;

- $35.0 million interest bearing liabilities in relation to the initial deposit for the acquisition of Apache China Corporation LDC, compared to nil in 1H 2005.

2. CORPORATE

- **Share Placement**
  28,000,000 fully paid ordinary shares, representing 14.9% of the then issued share capital, were placed to UK institutions at $2.71/share, raising $76.0 million before expenses.

- **Acquisition of Apache China Corporation LDC**
  Agreed to acquire 24.5% operated interest in the Zhao Dong Block ("Block"), Bohai Bay, offshore China, for US$260 million through the purchase of 100% of the shares of Apache China Corporation LDC. The transaction was 100% financed through a 12-month loan facility from the Commonwealth Bank of Australia. At 30 June 2006 the Block was producing about 30,000 BOPD gross from two fields with gross proved and probable remaining reserves of approximately 61 MMBO.

- **Resolution of Mauritanian Dispute**
  In June 2006, the relevant joint venturers signed revised Production Sharing Contracts ("PSC") for offshore zones A, B, C2 and C6. As a consequence of these revisions the PSC Area B co-venturers collectively paid a US$100 million (net ROC: US$3.7 million/$5.0 million) production bonus to the Mauritanian Government.

3. PRODUCTION

- **Cliff Head Oil Field, WA-31-L, Offshore Western Australia (ROC: 37.5% & Operator)**
  Production commenced 1 May 2006. Initial production from three of the six designated production wells was about 8,500 BOPD. The overall budget for the project increased by a further 15% from $285 million to $327 million (ROC net: $123 million) due to delays related to the drilling and completion of wells, and increased construction and commissioning costs.

- **Chinguetti Oil Field, Offshore Mauritania (ROC: 3.25%)**
  Production commenced 24 February 2006. At 30 June 2006, the field was producing below expectations at about 34,000 BOPD.

4. DEVELOPMENT

- **Blane Oil Field, North Sea (ROC: 12.5%)**
  Development drilling commenced in May 2006 and was continuing at 30 June 2006. The project cost estimate increased by 25% from £165 million/$413 million to £206 million/$515 million (ROC net: $64 million).

- **Enoch Oil & Gas Field, North Sea (ROC: 12.0%)**
  Development activities continued during the period. The project cost estimate increased by 24% from £75 million/$188 million to £93 million/$233 million (ROC net: $28 million).

5. EXPLORATION

- A total of four exploration wells and one appraisal well, drilled in four countries, resulted in a significant oil discovery offshore China.

- **Wei 6-12 South Oil Field, Beibu Gulf, Block 22/12, Offshore China (ROC: 40.0% & Operator)**
  The Wei 6-12S-1 well encountered 95 metres of net hydrocarbon pay, mainly oil, in generally good to excellent reservoirs. Three intervals were tested resulting in a total stabilised oil flow rate of 5,750 BOPD. Two appraisal sidetrack wells completed, subsequent to the period, confirmed Wei 6-12 South as a significant oil discovery.

- **Onshore Angola (ROC: 60% & Operator)**
  A high resolution aeromagnetic survey was completed covering the entire Cabinda South Block. Line clearing began for a 254 sq km 3D seismic acquisition programme which commenced in 3Q 2006.

6. CEO COMMENTS

Commenting on the half-yearly results, Dr John Doran stated:

> "*During the first half of 2006 ROC underwent a major transformation from pure explorer to oil producer with exploration upside. The magnitude of change means that the percentage comparisons between the key financial indices for the period under review and those for the corresponding period last year are largely irrelevant.*
>
> *The period started with negligible production. By 30 June 2006 the Company was producing approximately 4,350 barrels of oil per day from the Cliff Head Oil Field, offshore Western Australia and the Chinguetti Oil Field, offshore Mauritania. A day later the Company's production effectively shot up to about 12,000 barrels of oil per day as a result of the acquisition of a 24.5% operated interest in the Zhao Dong Block, offshore China, which was completed in August with a 1 July 2006 effective date. This transaction represents a very significant diversification of ROC's production assets.*
>
> *In January 2006, the exploration focus was largely on Angola. By the end of the period it had broadened to include China, as a result of a significant offshore oil discovery in that country. Interests offshore China and onshore Angola provide ROC with a significant presence in three petroleum systems which are - to use a terribly overworked phrase - truly world class.*
>
> *This balance between discovered and acquired production and high potential exploration is an integral part of ROC's strategy, as is the management of risk through diversification. This latter strategic element has served the Company well, particularly during the first half of 2006.*"

Michelle Manook
General Manager – Corporate Affairs

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Rules 4.2A.3

Appendix 4D

Half Year Report
Period ended 30 June 2006

Introduced 1/1/2003

1. Name of Entity:	**ROC OIL COMPANY LIMITED**
ABN:	32 075 965 856
Half year ended ('reporting period')	30 June 2006
Half year ended ('previous corresponding period')	30 June 2005

2. Results for announcement to the market

(Amount and percentage change up or down from the previous corresponding period)

					$A'000
2.1	Revenues from ordinary activities	up	4,222%	to	17,635
2.2	Profit (loss) from ordinary activities after tax attributable to members[(i)]	down	N/A%	to	(22,162)
2.3	Net profit (loss) for the reporting period attributable to members[(i)]	down	N/A%	to	(22,162)

2.4 Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	Nil	¢
Previous corresponding period	Nil	¢

It is not proposed to pay dividends.

2.5 Record date for determining entitlements to the dividends.	N/A

2.6 Brief explanation of any of the figures reported above (see 2.1 to 2.4) to enable the figures to be understood:

A review of the consolidated entity's operations during the half year ended 30 June 2006 and the results of those operations are included in the Roc Oil Company Limited 30 June 2006 Half Year Financial Report on pages 2 to 4.

3. Net tangible assets per security

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	N/A	N/A

(i) Previous corresponding period amounts and percentage changes have been calculated after restatement for the change in accounting policy for exploration and evaluation expenditure to a successful efforts accounting policy.

4. Control gained over entities having material effect

4.1	Name of entity	N/A
4.2	The date of the gain of control	N/A
4.3	The contribution of such entities to the reporting entity's profit from ordinary activities during the reporting period and the profit or loss of such entities during the whole of the previous corresponding period.	N/A

There was no loss of control of entities during the current period having a material effect.

5. Dividends

There were no dividends paid or declared during the period ended on or after 30 June 2006.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

N/A

7. Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) after income tax expense	
7.1 Associate entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period $A'000
Croft (UK) Limited and its controlled entities	50%	50%	Nil	Nil
China Oil Shale Development Company	50%	50%	Nil	Nil
7.2 Total			**Nil**	**Nil**
7.3 Joint venture entities			N/A	N/A
7.4 Total			**Nil**	**Nil**

Compliance statement

8. The information in this report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

9. The Roc Oil Company Limited Financial Report for the financial half year ended 30 June 2006 has been subject to review. A copy of the independent review report to the members of Roc Oil Company Limited is attached.

Directors' Report and Financial Report for the Financial Half Year Ended 30 June 2006

ROC OIL COMPANY LIMITED

ABN 32 075 965 856

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DIRECTORS' REPORT

The Directors of Roc Oil Company Limited ("ROC" or the "Company") have pleasure in submitting the financial report and Directors' Report for the financial half year ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Directors

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

Mr Andrew J Love (Non-Executive Director, Chairman)

Mr William G Jephcott (Non-Executive Director, Deputy Chairman)

Dr R John P Doran (Executive Director and Chief Executive Officer)

Mr Richard J Burgess (Non-Executive Director)

Mr Ross Dobinson (Non-Executive Director)

Mr Sidney J Jansma Jr (Non-Executive Director)

Mr Adam C Jolliffe (Non-Executive Director).

All directors held office for the whole of the financial period.

Corporate Information

The ROC financial report for the half year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors on 30 August 2006. ROC is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange and Alternative Investment Market of the London Stock Exchange.

Review and Results of Operations

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

A review of the consolidated entity's operations during the financial period and the results of those operations are included in the Half Year Financial Report on pages 2 to 4.

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.

Auditor

The Auditor's Independence Declaration is included in page 5 of the Financial Report.

This Directors' Report is made in accordance with a resolution of the Board of Directors made on 30 August 2006 pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors:

Mr A J Love

Chairman

Sydney, 30 August 2006

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

This discussion and analysis is provided to assist readers in understanding the half year financial report.

Financial & Production Performance

The consolidated entity reported for first half 2006:

- Production of 321,727 BBLs of oil compared to the previous corresponding period of 6,818 BBLs of oil. Production increased as a result of the start up of the Chinguetti Oil Field, offshore Mauritania and the Cliff Head Oil Field, offshore Western Australia.
- A net loss after income tax of $22.2 million (1H 2005: profit of $56.3 million) was attributed to:
  - sales revenue of $17.6 million (comprising oil sales of $21.9 million less hedging losses of $4.3 million), up from the previous corresponding period of $0.4 million, as a result of increased production;
  - exploration expensed of $26.6 million;
  - production costs of $8.7 million including $5.0 million production bonus paid to the Mauritanian Government as part of revisions to Production Sharing Contracts (“PSC”);
  - amortisation expense of $7.4 million;
  - derivative losses of $4.4 million; and
  - an income tax benefit of $9.2 million recognising additional tax losses.
- At 30 June, ROC was in a sound financial position with cash assets of $45.3 million (2H 2005: $66.4 million) and interest bearing liabilities of $35.0 million (2H 2005: Nil).

Corporate

- **Share Placement**

  On 25 January, 28,000,000 fully paid ordinary shares were issued at $2.71 per share raising $75.9 million before expenses. The placement represented 14.9% of the then issued share capital.

- **Acquisition of Apache China Corporation LDC**

  On 26 June, ROC agreed to acquire a 24.5% operated interest in the Zhao Dong Block (“Block”), Bohai Bay, offshore China for US$260 million. At 30 June 2006 the Block was producing about 30,000 BOPD from two fields with gross proved and probable remaining reserves for the field approximate to 61 MMBO. A deposit of US$26 million was paid, funded by a loan provided by the Commonwealth Bank of Australia (“CBA”). See Note 16: Subsequent Events.

- **Resolution of Mauritanian Dispute**

  In June 2006, the relevant joint venturers signed revised PSCs for offshore zones A, B, C2 and C6. As a consequence of these revisions the PSC Area B co-venturers collectively paid a US$100 million (ROC: A$5.0 million) production bonus to the Mauritanian Government.

- **Hedging**

  At 30 June, ROC’s crude oil price hedging for the period through to 30 June 2008 was:

  - total oil price swaps of 1,938,000 BBLs at a weighted average Brent oil price of US$63.11/BBL;
  - total oil price put options of 860,000 BBLs at a weighted average Brent oil price of US$57.51/BBL.

  Additional hedging taken out subsequent to 30 June. Refer Note 16: Subsequent Events.

Production Performance

- **Chinguetti Oil Field (ROC: 3.25%)**

  On 24 February, production commenced from the Chinguetti Oil Field. ROC’s share of production during the period was 192,374 BBLs. At 30 June, the field was producing at about 34,000 BOPD.

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

  On 1 May, production commenced at Cliff Head Oil Field. ROC’s share of production during the period was 126,409 BBLs. At 30 June, three of the six production wells for the field were producing at about 8,500 BOPD.

Development

Development expenditure for the period was $66.2 million, with majority of expenditure incurred in relation to the Cliff Head and Blane development projects. During the period the Cliff Head and Chinguetti development projects were transferred from assets under development to producing assets.

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

  Expenditure of $45.1 million was incurred in relation to development drilling, installation of the platform, pipeline tie-in and construction and commissioning work at the Arrowsmith Stabilisation Plant. The overall budget for the project increased to $327 million (ROC net: $123 million) due to delays related to drilling and completion of wells, and increased construction and commissioning costs.

- **Chinguetti Oil Field, Offshore Mauritania (ROC: 3.25%)**

  Expenditure of $2.1 million was incurred in relation to construction, hook-up and commissioning work completed prior to production commencing 24 February. Subsea flowlines and risers were successfully installed and commissioning of the *Berge Helene* FPSO and production wells was completed.

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

  Expenditure of $14.7 million was incurred in relation to construction of facilities and development drilling, which commenced in May and was continuing at the end of the period. The current development cost estimate is £206 million/$515 million (ROC net: $64 million).

- **Enoch Oil & Gas Field, North Sea (ROC: 12.0%)**

  Expenditure of $4.3 million was incurred in relation to development activities continuing during the period. The current development cost estimate for the project is £93 million/$233 million (ROC net: $28 million).

Exploration and Appraisal

Exploration and appraisal expenditure for the period was $35.8 million, with ROC participating in the drilling of four exploration wells and one appraisal well. One exploration well encountered hydrocarbons and the remaining three were plugged and abandoned as dry wells.

- **Australia**

  Perth Basin, Offshore Western Australia (ROC: 7.5-50.0% & Generally Operator)

  Expenditure of $0.7 million was incurred in relation to ongoing planning for up to three wells: Moondah -1 in TP/15 (ROC: 20.0%); Frankland–1 in WA-286-P (ROC: 37.5%); and Perseverance-1 in WA-325-P (ROC: 37.5%) to be drilled 3Q 2006. Refer Note 16: Subsequent Events.

  Carnarvon Basin, Offshore Western Australia (ROC: 20%)

  Expenditure of $7.4 million was incurred in relation to the Jacala-1 well in WA-351-P (ROC: 20%, Operator: BHP Billiton) which was plugged and abandoned without encountering significant hydrocarbons.

- **China**

  Wei 6-12 South Oil Field, Beibu Gulf, Block 22/12, Offshore China (ROC: 40.0% & Operator)

  Expenditure of $9.6 million was incurred in relation to drilling of the Wei 6-12S-1 well which reached a total depth of 2,650m after encountering 95 metres of net hydrocarbon pay, mainly oil, in generally good to excellent reservoirs. Three intervals were tested resulting in a total collective stabilised oil flow rate of 5,750 BOPD. Subsequently, appraisal of the discovery commenced with the drilling of the first of two sidetrack wells, Wei 6-12S-1a. Refer Note 16: Subsequent Events.

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

Exploration and Appraisal *(continued)*

- **West Africa**

  Offshore Mauritania (ROC: 2.0-5.0%)

  Expenditure of $1.8 million was incurred in relation to the Woodside-operated Zoulé-1 exploration well (which commenced drilling in December 2005) in PSC Area C, Block 6 (ROC: 5%) and Doré-1 exploration well in PSC Area B (ROC: 3.693%). Both wells were plugged and abandoned without encountering significant hydrocarbons.

  Onshore Angola (ROC: 60% & Operator)

  Expenditure of $9.5 million was incurred in relation to a high resolution aeromagnetic survey covering the entire Cabinda South Block and mobilisation and line clearing for the 254 sq km 3D seismic acquisition programme. In addition, interpretation of the seismic acquired in 2005 continued and has identified an encouraging number of prospects and leads.

  Offshore Equatorial Guinea (ROC: 18.75% & Technical Operator)

  There was no active exploration during the period with activity focused on well planning and securing a rig for the Aleta well ($0.1 million).

- **United Kingdom**

  Onshore PEDL030 (ROC: 100% and Operator)

  Expenditure of $5.6 million was incurred in relation to the Willows-1 well. On 29 May, after encountering minor gas shows, the well was plugged and abandoned.

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

30 August 2006

Dear Directors

Roc Oil Company Limited

In relation to our review of the financial report of Roc Oil Company Limited for the half year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct, other than one partner of the firm held shares in the company for a short period after our appointment as auditor. The partner did not provide any services to the company and was not involved in the audit.

In my opinion, due to the nature of these contraventions and the rectification steps which have been undertaken, this matter has not impaired our audit independence for the period ended 30 June 2006.

Yours sincerely

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney

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INDEPENDENT REVIEW REPORT TO 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 and accompanying notes to the financial statements for the consolidated entity comprising both Roc Oil Company Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the period ended 30 June 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting 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.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Roc Oil Company Limited and the entities it controlled during the period is not in accordance with:

(a) the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position of the consolidated entity at 30 June 2006 and of its performance for the period ended on that date; and

   (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney

30 August 2006

Liability limited by a scheme approved under Professional Standards Legislation.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of ROC, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) give a true and fair view of the financial position as at 30 June 2006 and the performance for the half year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:

Mr A J Love

Chairman

Sydney, 30 August 2006

INCOME STATEMENT
For the half year ended 30 June 2006

		CONSOLIDATED	
	Note	30 June 2006 $'000	30 June 2005 $'000
Sales revenue	*2*	17,635	408
Operating costs	*3*	(13,509)	(352)
Trading profit		**4,126**	**56**
Other income	*4*	1,783	68,188
Exploration expensed	*5*	(26,609)	(18,858)
Other costs	*6*	(10,210)	(13,667)
Finance costs	*7*	(470)	(172)
(Loss)/profit before income tax		**(31,380)**	**35,547**
Income tax benefit		9,218	20,722
Net (loss)/profit		**(22,162)**	**56,269**
Basic (loss)/earnings per share		(10.4)	30.5
Diluted (loss)/earnings per share		(10.4)	30.3

BALANCE SHEET

As at 30 June 2006

		CONSOLIDATED	
	Note	30 June 2006 $'000	31 Dec 2005 $'000
Current Assets			
Cash and cash equivalents		45,262	66,377
Trade and other receivables	*9*	49,700	2,535
Derivatives		841	446
Current tax asset		544	–
Inventories		2,161	917
Total Current Assets		**98,508**	**70,275**
Non-Current Assets			
Derivatives		159	1,781
Oil and gas assets	*10*	215,142	150,584
Exploration and evaluation expenditure	*11*	35,248	26,307
Property, plant and equipment		3,504	3,757
Deferred tax asset		20,913	11,600
Total Non-Current Assets		**274,966**	**194,029**
Total Assets		**373,474**	**264,304**
Current Liabilities			
Trade and other payables		40,878	27,083
Interest bearing liabilities		34,999	–
Derivatives		21,903	6,882
Provisions		1,285	998
Total Current Liabilities		**99,065**	**34,963**
Non-Current Liabilities			
Long term liabilities		662	752
Derivatives		6,154	7,567
Provisions		11,534	6,038
Total Non-Current Liabilities		**18,350**	**14,357**
Total Liabilities		**117,415**	**49,320**
Net Assets		**256,059**	**214,984**
Equity			
Share capital	*12*	386,076	312,868
Accumulated loss		(100,331)	(78,169)
Other reserves	*13*	(29,686)	(19,715)
Total Equity		**256,059**	**214,984**

CASH FLOW STATEMENT

For the half year ended 30 June 2006

	CONSOLIDATED Inflow/ (Outflow) 30 June 2006 $'000	Inflow/ (Outflow) 30 June 2005 $'000
Cash flows from operating activities		
Receipts from customers	13,950	315
Other receipts	241	–
Payments to suppliers and employees	(14,031)	(3,405)
Payment made for derivatives	(4,361)	–
Interest received	1,630	3,392
Interest paid and other costs of finance paid	(124)	(173)
Income taxes paid	(526)	-
Other taxes refunded	334	508
Net cash (used in)/generated from operating activities	**(2,887)**	**637**
Cash flows from investing activities		
Payment for plant and equipment	(168)	(474)
Payment for development expenditure	(63,947)	(28,199)
Payment for exploration expenditure	(28,335)	(24,751)
Proceeds from sale of assets	43	97,434
Deposit paid for the acquisition of Apache China Corporation LDC	(35,529)	–
Net cash (used in)/generated from investing activities	**(127,936)**	**44,010**
Cash flows from financing activities		
Proceeds from share issues	76,044	20,649
Share issue expenses	(2,836)	(582)
Proceeds from borrowings	35,529	–
Receipt/(provision) of funds from/to entities	144	(4,326)
Net cash generated from financing activities	**108,881**	**15,741**
Net (decrease)/increase in cash held	**(21,942)**	**60,388**
Cash at beginning of period	66,377	76,035
Effect of exchange rate changes on the balance of cash held in foreign currencies	827	(487)
Cash and cash equivalents at end of period	**45,262**	**135,936**

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2006

	CONSOLIDATED			
	Share Capital $'000	Accumulated Loss $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2005	291,357	(123,732)	4,032	171,657
Loss on cash flow hedges	–	–	(8,241)	(8,241)
Foreign currency translation differences	–	–	(4,695)	(4,695)
Transfer to Income Statement of functional currency translation differences on sale of subsidiaries	–	–	(9,508)	(9,508)
Total income and expenses for the period recognised directly in equity	**–**	**–**	**(22,444)**	**(22,444)**
Net profit for the period	–	56,269	–	56,269
Total income and expenses for the period	**–**	**56,269**	**(22,444)**	**33,825**
Issue of share capital	19,802	–	–	19,802
Share issue costs	(582)	–	–	(582)
Exercise of share options	847	–	–	847
Share-based payments	–	–	455	455
Balance at 30 June 2005	**311,424**	**(67,463)**	**(17,957)**	**226,004**

	CONSOLIDATED			
	Share Capital $'000	Accumulated Loss $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2006	312,868	(78,169)	(19,715)	214,984
Transfer from cash flow hedge reserve	–	–	4,255	4,255
Foreign currency translation differences	–	–	1,552	1,552
Loss on cash flow hedges	–	–	(16,549)	(16,549)
Total income and expenses for the period recognised directly in equity	**–**	**–**	**(10,742)**	**(10,742)**
Net loss for the period	–	(22,162)	–	(22,162)
Total income and expenses for the period	**–**	**(22,162)**	**(10,742)**	**(32,904)**
Issue of share capital	75,880	–	–	75,880
Share issue costs	(2,836)	–	–	(2,836)
Exercise of share options	164	–	–	164
Share-based payments	–	–	771	771
Balance at 30 June 2006	**386,076**	**(100,331)**	**(29,686)**	**256,059**

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation

The half year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of ROC as at 31 December 2005.

It is also recommended that the half year financial report be considered together with any public announcements made by ROC and its controlled entities during the half year ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001.

The half year 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 including AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements The financial report has been prepared on the historical cost basis except for financial instruments that have been measured at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

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.

(b) Significant accounting policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the Annual Financial Statements for the year ended 31 December 2005.

At 31 December 2005, ROC adopted the successful efforts accounting policy for exploration and evaluation expenditure and accordingly the 30 June 2005 comparative financial information has been restated. The decision to change accounting policy was designed to more closely align it with business practices in the international upstream industry ahead of the Company's increase in oil production.

The reconciliation of the total equity at 30 June 2005 and the net profit for the half year ended 30 June 2005 to the balances reported in the 30 June 2005 Financial Report prepared under full costing are detailed in note 1(d).

(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.

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

d) Impact of adoption of successful efforts accounting

The impact of adopting successful efforts accounting on the total equity and net profit as reported under full costing is illustrated below:

(i) Reconciliation of total equity

	CONSOLIDATED	
	30 June 2005 $'000	1 Jan 2005 $'000
Equity previously reported under full costing for Exploration Expenditure	269,770	209,397
Adjustments to retained earnings		
Exploration expensed and written off	(52,096)	(46,672)
Adjustment to deferred tax	1,077	1,218
Profit on sale of subsidiaries	542	–
Adjustment to other reserves		
Functional currency translation reserve	6,711	7,714
Total equity under successful efforts	**226,004**	**171,657**

(ii) Reconciliation of net profit

	CONSOLIDATED
	30 June 2005 $'000
Profit previously reported under full costing for Exploration Expenditure	61,292
Exploration costs expensed	(5,424)
Deferred tax	(141)
Profit on sale of subsidiaries	542
Revised net profit	**56,269**

Note 2. Sales Revenue

	CONSOLIDATED	
	30 June 2006 $'000	30 June 2005 $'000
Oil sales	21,890	408
Hedging losses	(4,255)	–
	17,635	**408**

Note 3. Operating Costs

Production costs	8,664	350
Amortisation	7,364	2
Less increase in inventory	(2,519)	–
	13,509	**352**

	CONSOLIDATED	
	30 June 2006 $'000	30 June 2005 $'000
Note 4. Other Income		
Profit on sale of Saltfleetby Gas Field (see Note 8)	–	63,707
Bad debts recovered	144	–
Interest income: external	1,597	3,634
Profit from sale of other assets	42	-
Sundry	–	531
Exchange gains	–	316
	1,783	**68,188**

Note 5. Exploration Expensed

Angola	9,469	1,831
Australia	8,064	4,482
China	449	632
Equatorial Guinea	134	225
Mauritania	1,838	1,472
New Zealand	–	82
United Kingdom	5,752	9,645
Other	903	489
	26,609	**18,858**

Note 6. Other Costs

Operating lease expenses	537	518
Provision for bad debts	–	9,146
Net foreign currency losses	91	–
Depreciation	500	586
Derivative losses	4,386	179
Other administration costs	3,925	2,783
Share based payments	771	455
	10,210	**13,667**

Note 7. Finance Costs

Interest expense - bank loans	20	–
Unwinding of discount – restoration provision	326	150
Other finance costs	124	22
	470	**172**

Note 8. Sale of Saltfleetby

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 is presented below.

	CONSOLIDATED	
	30 June 2006 $'000	30 June 2005 $'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 9. Current Trade and Other Receivables

	30 June 2006 $'000	31 Dec 2005 $'000
Trade receivables	8,810	1,573
Security deposits	51	63
Interest receivables	–	31
Employee advances	3	40
Prepayments	577	461
Deposit for the acquisition of Apache China Corporation LDC	34,979	–
Other receivables	5,280	367
	49,700	**2,535**

NOTES TO THE FINANCIAL STATEMENTS

Note 10. Oil and Gas Assets

	CONSOLIDATED		
	Producing Assets $'000	Assets under Development $'000	Total $'000
Costs			
Balance at 1 January 2005	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**
Transfer of Assets under Development to Producing Assets	130,361	(130,361)	–
Expenditure incurred	47,218	18,939	66,157
Increase in restoration asset	4,899	92	4,991
Exchange (loss)/gain	(466)	1,252	786
Costs at 30 June 2006	**182,576**	**40,325**	**222,901**
Accumulated depreciation			
Balance at 1 January 2005	(387)	–	(387)
Charge for the year	(32)	–	(32)
Exchange gain	36	–	36
Accumulated depreciation at 31 December 2005	**(383)**	**–**	**(383)**
Charge for the period	(7,363)	–	(7,363)
Exchange loss	(13)	–	(13)
Accumulated depreciation at 30 June 2006	**(7,759)**	**–**	**(7,759)**
Net Book Value at 30 June 2006	174,817	40,325	215,142
Net Book Value at 31 December 2005	181	150,403	150,584

Note 11. Exploration and Evaluation Expenditure

	CONSOLIDATED	
	30 June 2006 $'000	31 Dec 2005 $'000
Opening balance	26,307	52,893
Expenditure incurred	35,805	41,595
Increase in restoration asset	–	68
Exchange (loss)/gain	(255)	1,104
Transfer to oil and gas assets	–	(21,198)
Amounts expensed	(26,609)	(48,155)
	35,248	**26,307**

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 12. Share Capital

	30 June 2006		31 Dec 2005	
	$'000	Number of Shares	$'000	Number of Shares
Movement in fully paid ordinary shares				
Balance at beginning of period	312,868	187,912,493	291,357	176,038,703
Issue of shares pursuant to exercise of options under the Employee Share Option Plan	164	139,800	2,291	1,972,800
Shares issued	73,044	28,000,000	19,220	9,900,990
Balance at end of period	**386,076**	**216,052,293**	**312,868**	**187,912,493**

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

Note 13. Other Reserves

	CONSOLIDATED			
	Foreign Currency Translation Reserve $'000	Employee Equity Benefit Reserve $'000	Net Unrealised Hedging Losses $'000	Total $'000
Balance at 1 January 2005	3,702	330	–	4,032
Share-based payments	–	999	–	999
Foreign currency translation differences	(2,996)	–	–	(2,996)
Net loss on cash flow hedges	–	–	(12,242)	(12,242)
Transfer to Income Statement of functional currency translation differences on sale of subsidiaries	(9,508)	–	–	(9,508)
Balance at 31 December 2005	**(8,802)**	**1,329**	**(12,242)**	**(19,715)**
Share-based payments	–	771	–	771
Foreign currency translation differences	1,552	–	–	1,552
Net loss on cash flow hedges	–	–	(16,549)	(16,549)
Transfer from cash flow hedge reserve	–	–	4,255	4,255
Balance at 30 June 2006	**(7,250)**	**2,100**	**(24,536)**	**(29,686)**

NOTES TO THE FINANCIAL STATEMENTS

Note 14. 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.

	United Kingdom $'000	Australia/ New Zealand $'000	Asia $'000	West Africa $'000	Unallocated $'000	Total $'000
30 June 2006						
Segment revenue	**159**	**11,517**	**–**	**10,214**	**–**	**21,890**
Segment result						
Loss before income tax	(6,581)	(899)	(53)	(9,449)	(14,398)	(31,380)
Income tax benefit	–	–	–	–	9,218	9,218
Net loss	**(6,581)**	**(899)**	**(53)**	**(9,449)**	**(5,180)**	**(22,162)**
30 June 2005						
Segment revenue	**323**	**85**	**–**	**–**	**–**	**408**
Segment result						
Profit/(loss) before income tax	54,509	(4,928)	(644)	(3,365)	(10,025)	35,547
Income tax benefit	–	–	–	–	20,722	20,722
Net profit/(loss)	**54,509**	**(4,928)**	**(644)**	**(3,365)**	**10,697**	**56,269**

Note 15. Contingent Liabilities

	CONSOLIDATED 30 June 2006 $'000	31 Dec 2005 $'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:	931	944
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 half 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:	135	136
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:	336	341
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	1,750
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. These payments 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:	764	774

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 16. Subsequent Events

CORPORATE

- **Acquisition of Apache China Corporation LDC**

  On 8 August, ROC completed its acquisition of 24.5% operated interest in the Zhao Dong Block, Bohai Bay, offshore China through the purchase of all the shares in Apache China Corporation LDC for a purchase price of US$260 million plus a working capital adjustment of US$15 million. The acquisition is financed 100% by a 12 month loan provided by the CBA.

- **Hedging**

  In conjunction with closing the Apache China acquisition and in addition to previous oil price hedging at 30 June, further Brent oil price swaps of 2.327 MMBO were executed for the period 1 July 2008 to 30 June 2011 at a weighted average price of US$72.80/BBL. ROC's hedging exposure for the period through to 30 June 2011 is:

  - total oil price swaps of 4,265,000 BBLs at a weighted average Brent oil price of US$68.40/BBL;
  - total oil price put options of 860,000 BBLs at a weighted average Brent oil price of US$57.51/BBL.

- **Working Capital Facility**

  ROC's Board has approved a CBA six month working capital loan facility of US$30 million, which is expected to be finalised shortly.

EXPLORATION AND APPRAISAL

- **Australia**

  Perth Basin, Offshore Western Australia (ROC: 7.5%-50.0% & generally Operator)

  On 31 July, the Moondah-1 exploration well in TP/15 (ROC: 20.0%) was plugged and abandoned without encountering significant hydrocarbons. Due to adverse weather conditions and the subsequent expiry of the drilling rig contract the remaining Perth Basin exploration programme was not completed.

- **China**

  Wei 6-12 South Oil Field, Beibu Gulf, Block 22/12, Offshore China (ROC: 40.0% & Operator)

  Appraisal was completed on the first sidetrack well, Wei 6-12S-1a, with initial analysis indicating that the five core samples cut and 100% recovered were similar to the reservoir quality found in the discovery well. On 31 July, the second sidetrack well, Wei 6-12S-1b, completed drilling with preliminary appraisal results being evaluated.

- **West Africa**

  Offshore Mauritania (ROC: 2.0%-5.0%)

  On 31 July, the Woodside-operated Colin-1 exploration well in PSC Area A (ROC: 4.155%) was plugged and abandoned without encountering significant hydrocarbons.

  On 11 August, drilling operations commenced at the Dana-operated Flamant-1 exploration well in Block 8 (ROC: 2.0% with an option to increase to 5.0%).

GLOSSARY

A$, $ or **cents**	Australian currency.
A-IFRS	Australian equivalent 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.