ROC OIL COMPANY LIMITED

(ABN 32 075 965 856)

REPORT TO THE AUSTRALIAN STOCK EXCHANGE (ASX)
Activities for the Quarter Ended 31 December 2000

SUMMARY

- **RECORD $25.7 MILLION QUARTERLY SALES REVENUE PUSHES 2000 SALES REVENUE TO $91 MILLION.**
- **41 MMSCF/D GAS PRODUCTION UP 12%, OVERALL PRODUCTION STEADY AT MORE THAN 8,000 BOEPD.**
- **KYLE AND CHESTNUT NORTH SEA FIELDS REMAIN ON TRACK FOR PRODUCTION BY APRIL 2001.**
- **POST-QUARTER INDEPENDENT EXPERTS' REPORTS SIGNIFICANTLY BOOST SALTFLEETBY GAS RESERVE ESTIMATES.**

HIGHLIGHTS

- **Record gross sales revenue of $25.7 million; up $5.9 million (30%) on the previous quarter, due to increased gas production from the 100% ROC-owned Saltfleetby Gas Field, higher UK domestic gas prices and oil sales from the Kyle Extended Well Test ("EWT"). This record quarterly performance brings calendar 2000 unaudited gross sales revenue to $91 million, excluding $57 million proceeds derived from the sale of ROC's peripheral assets onshore UK.**
- **Total production for the Quarter averaged 8,185 BOEPD; essentially unchanged from production for the previous quarter due to strong Saltfleetby production offsetting the effect of the scheduled end of the Kyle EWT in November 2000.**
- **Total gas production of 3.8 BCF (41.2 MMSCF/D); up 0.4 BCF (12%) on the previous quarter due to the commencement of production from the Saltfleetby-5 well in November 2000 and the continued strong production performance from the other wells in the Saltfleetby Gas Field.**
- **Total oil and condensate production of 121,137 barrels; down 69,657 barrels (37%) on the previous quarter as a result of the scheduled completion of the Kyle EWT. This production decline will be rectified when full field production starts at Kyle by end-March 2001.**
- **The Saltfleetby-5 well commenced production on 1 November 2000 at a rate in excess of 10 MMSCF/D.**
- **Key commercial agreements, executed on 20 October 2000, triggered the full field development of the Kyle Oil Field (ROC: 12.5%) through the Curlew Floating Production Storage and Offloading Vessel ("FPSO").**

- **Development work on the Kyle Oil Field progressed towards scheduled production startup by end March 2001.**

- **The EWT on the Kyle Southwest well flowed at controlled rates between 5,500 BOPD and 13,000 BOPD; total EWT production was 1.5 MMBO (9,321 BOPD average) and 1.66 BCF gas.**

- **The Kyle Northeast well was successfully completed and flowed at an initial stabilised rate in excess of 11,000 BOPD, constrained by surface facilities. Test data suggest that the well has a higher productive potential than the Kyle Southwest well.**

- **Preparations continued for the drilling of the appraisal well and the conducting of the EWT at the Chestnut Oil Field (ROC: 29.75%) and were nearly complete by Quarter-end.**

- **The Temee-1 exploration well (ROC: 100%) in Mongolia's Gobi Desert was plugged and abandoned as a dry hole after encountering excellent reservoir quality sands but no hydrocarbons.**

- **Well testing on the Keddington-2 well confirmed the presence of gas with a gas flow of more than 0.5 MMSCFD and an oil flow of 25 BOPD.**

- **ROC's operations in the East Gobi Basin in southern Mongolia produced 9,049 barrels of oil into storage.**

- **In December 2000, ROC's wholly-owned UK subsidiaries entered into oil and gas price hedging contracts for 2001: 0.38 MMBO was hedged, from 1 May 2001, at an average price of US$24.54/BBL and 1.7 BCF of gas was hedged at an average price of 23.3 pence/therm (A$6.77/MCF). In both cases the hedged volume represents a small (less than one-third) proportion of uncontracted production.**

Subsequent to the end of the Quarter, the following significant events occurred during January 2001:

- Independent Experts estimated that ROC's onshore UK and UK North Sea oil, gas and condensate fields contain remaining recoverable proved and probable (2P) reserves of 33.6 MMBOE as at end 2000. This figure is unchanged from the corresponding figure at the end of 1999, despite prolific Saltfleetby production and the sale of the majority of ROC's onshore UK oil reserves during 2000. Maintenance of the Company's end-2000 2P remaining reserves at end-1999 levels has been achieved through increased reserve estimates for the Saltfleetby Gas Field (up 12% on end-1999 estimates) and three North Sea fields: Kyle, Chestnut and Blane.

- A Claymore Oil Field (ROC: 0.46%) infill well flowed in excess of 5,000 BOPD.

- Mr Bun Hung, Executive Director, gave notice of his intention to resign from all positions within ROC and its subsidiaries, effective 16 February 2001. Mr Hung, who will pursue independent consulting interests, leaves the Company with the good wishes of all the Directors and staff.

FURTHER INFORMATION

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ASX QUARTERLY REPORT 31 DECEMBER 2000

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1. SUMMARY STATISTICS

1.1 PRODUCTION (NET)

	Sept '00 Qtr	Dec '00 Qtr	Change
OIL & NGL	BBLS	BBLS	
UK – Onshore Oil	5,622	6,267	+11%
UK – Offshore Oil	116,376	40,982	-65%
UK – Onshore NGL	68,796	73,888	+7%
Total Oil & NGL	190,794	121,137	-37%
GAS (MCF)	3,371,682	3,791,090	+12%
Average Production (BOEPD)	8,182	8,185	0%

The above production statistics do not include 9,049 BBLS of test Mongolian oil production during the Quarter.

1.2 SALES REVENUE

	Sept '00 Qtr $'000	Dec '00 Qtr $'000	Change
UK Oil & NGLs (1)	4,865	3,996	-18%
UK Gas	13,774	20,963	+52%
Other UK Revenue	-	-	-
Mongolian Test Production	1,130	720	-36%
Total	19,769	25,679	+30%

1.3 EXPENDITURE (2)

	Sept '00 Qtr $'000	Dec '00 Qtr $'000
Exploration		
Australia & International	4,155	2,426
UK	504	62
Development	11,677	7,851
Total	16,336	10,339

***Notes**:*

(1) 1,000 BOPD of UK 2000 oil production was hedged at US$14.35 per barrel prior to the acquisition by ROC. The reported UK sales revenue for each of the September and December Quarters includes $0.4 million recognised as a reversal of the liability for the hedging in the Morrison Middlefield Resources Limited acquisition accounting (see Section 6.1).

(2) Details on Development and Exploration Expenditures are provided in Sections 4 and 5.

1.4 DRILLING

1.4.1 UK Onshore

Eskdale Gas Field (ROC 5% free carried interest)

The Eskdale-13 well started drilling on 5 December 2000 and, after setting 13⅜ inch casing, the well was suspended later in the month prior to a planned re-entry and deepening to 2000 metres during the first quarter 2001.

1.4.2 UK North Sea

Kyle 29/2c-13 (ROC: 12.5%)

In October 2000, this well, also known as the Kyle Northeast well, was perforated and acidised over several fracture zones in the horizontal section and flowed at stabilised rates up to 11,000 BOPD, constrained by surface facilities. Having successfully appraised the northeastern sector of the Kyle Oil Field and confirmed a productive potential better than the southwestern well, the northeastern well was suspended to await hook-up to production facilities during the first quarter of 2001.

Claymore C74 (ROC: 0.4605%)

Drilling operations on this infill well started on 5 November 2000 and the well reached a total depth of 3,379 metres on 19 December 2000. The well was tied in for production and, subsequent to Quarter-end, produced at a rate of more than 5,000 BOPD.

1.4.3 Mongolia

Temee-1, East Gobi Basin (ROC: 100% and Operator)

The second well in the two-well, Mongolian drilling programme, Temee-1, started drilling on 4 October 2000. The well was designed to test a different set of reservoir targets from the Irwes-1 well, which was drilled in the previous quarter, specifically Upper Cretaceous and Jurassic sands, in a different sub-basin. Temee-1 reached a total depth of 961 metres in volcanics on 15 October 2000, and was plugged and abandoned as a dry hole after encountering thick Upper Cretaceous sands with excellent reservoir potential but no hydrocarbons.

1.5 SEISMIC

On 3 October 2000, a regional 2D seismic acquisition programme commenced over the Dana Petroleum-operated Blocks 1, 7 and 8, offshore Mauritania, where ROC has an option to acquire a 2% interest. The 6,176 km survey was completed on 10 December 2000.

The Company did not undertake any other seismic operations during the Quarter.

During the Quarter, a data acquisition contract for a 1,380 sq km 3-D seismic survey over deep water Blocks H15 and H16, offshore Equatorial Guinea, was awarded to Aker Geo Seismic AS.

2. CEO'S REPORT

The strong fourth quarter result, which can be viewed as being satisfactory in its own right, becomes even more meaningful when it is considered as the most recent expression of the track record which the Company has established during the 16 months between ROC's public listing on the Australian Stock Exchange in August 1999 and the end of the fourth quarter 2000. Coincidentally, this period corresponds to the period covered by the Prospectus forecast.

In August 1999, as a newly listed publicly-listed company, ROC's key growth target was a $13.1 million after tax profit for calendar 2000 calculated before abnormal items and before exploration write down and expense. Now, in January 2001, ROC is able to advise that, on a like-versus-like basis, its equivalent 2000 profit figure is expected to exceed this target on the back of record fourth quarter revenue.

The Company's financial results for 2000 are currently being finalised and are still subject to audit. Therefore, it would be premature to over-emphasise any single performance statistic. With this in mind Table 1 has been prepared in an effort to provide shareholders and other potential investors, with a very clear cut view of the progress which the Company has made during its first 16 months as a publicly-listed company. Table 1 is an attempt to present information succinctly rather than through voluminous narrative. However, the table struggles to do complete justice to all of the Company's achievements. For instance it is hard to integrate into the table the fact that, seven months after acquiring them, ROC's peripheral onshore UK oil assets were sold for an unaudited $18 million after tax profit, although the table necessarily takes into account the dampening effect which that sale had on the Company's reserve base and 2000 production.

Inevitably, there have also been disappointments during the first 16 months while some of the successes have come from sources that were not entirely anticipated.

In the former category is the delay – well beyond ROC's control - in implementing a full field development at Kyle which weighed heavily upon the Company immediately after its IPO. In the same category, the disappointment associated with drilling two dry exploration wells in Mongolia's Gobi Desert during August-October 2000 was mitigated only slightly by the clear pre-drill recognition that the wells were rank wildcats in a high risk frontier area.

Fortunately, at the other end of the spectrum of events which impacted upon ROC during its first 16 months, are several very encouraging developments. These range from the discovery of a new reservoir below the main reservoir at the Saltfleetby Gas Field to the Company's continuing high grading of its portfolio through a variety of transactions ranging from the acquisition of more equity in the Chestnut Oil Field via an innovative deal with a large oil company to gaining an exposure to one of the world's great new exploration plays in the deep waters offshore Equatorial Guinea. All these events occurred within an industry-wide environment characterised by strong product prices, which saw not only international oil prices but also UK domestic gas prices at levels which could not have been anticipated a couple of years previously.

Against this backdrop the Company's share price performance continues to exist in a parallel universe that appears to be largely unconnected to the corporate fundamentals summarised in Table 1.

In the past, the Company's Board and Management has taken the view that, sooner or later the market will respond positively to the good news which flows from the Company's activities. The fact that this response is yet to occur simply provides all of ROC's workforce, especially its Board and Management, with a heightened sense of challenge for 2001.

TABLE 1
ROC'S PROGRESS

	THEN (31 AUG 1999)	"NOW" (31 DEC 2000)	DIFFERENCE/ COMMENTS
1 Fundamentals			
Production (MMBOE/D)	2,295	8,338	**Up** 6,043 (263%)
Sales Revenue (A$MM/month)	1.5	9.2	**Up** 7.7 (513%)
2P Remaining Reserve Estimate (MMBOE) (1)	38.9	33.6(1)	Down 5.3 (14%) after selling/producing 9.2
Cash Reserve (A$MM)	49.7	55.6	**Up** 5.9 (12%)
Net Debt (A$MM)	22.1	Nil	**No net debt**
Total Debt (A$MM)	71.9	55.1	**Down** 16.8 (23%)
2000 after tax Profit Forecast (A$MM) (2)	13.1	More than 13.1	**Better** than expected
Product Prices			
Brent (US$/BBL)	20.49	22.75	**Up** 2.26 (11%)
UK Spot Gas (UK Pence/therm)	8.6	28.0	**Up** 19.4 (226%)
(A$/MCF)	2.37	8.29	As above
Oil Hedging			
To end 1999	2,000 BOPD at US$13.00/BBL	N/A	N/A
To end 2000	1,000 BOPD at US$14.35/BBL	N/A	N/A
To end 2001	nil	383,000 bbls at US$24.54	**Less** than one third of uncontracted production
Saltfleetby Gas Field			
Original Gas In Place Estimate (BCF)	57	104	**Up** 47 (82%)
2P Initial Recoverable Reserve Estimate (BCF)	43	73.5	**Up** 30.5 (71%)
2P Remaining Recoverable Reserve Estimate (BCF)	43	56.8	**Up** 13.8 (32%) after 17 BCF production
Development Status	Undeveloped	Developed	5 producers
Production (MMSCF/D)	nil	44	2000 average 44
Namurian Reservoir Test Result (MMSCFD)	Untested	Up to 20	New reservoir proved
Kyle Oil Field			
Development Plan	Via Banff	Via Curlew	More reliable facility
Time to First Oil from Full Development	Uncertain	3 months	Effective 15mth delay
Status of Northeast Sector	Undrilled	Excellent producer drilled	Better production potential than SW well
Status of Southwest Sector	Untested	Good EWT	Initial SW well test up to 19,000 BOPD
2 Chestnut Oil Field			
Equity (%)	17.75	29.75	Farmin for little upfront cost
Development Plan	None firm	Via Brovig farm in	EWT
Development Funding Source	Presumed in house	Brovig	100% carried
Time to First Oil	More than 20 months	4 months	First EWT oil 2Q01
3 Capital Structure / Market Value			
Share Price (A$)	1.82(3)	1.20	**Down** 0.62 (34%)
Market Capitalisation (A$MM)	193	127	**Down** 66 (34%)
Issued Capital (Million shares)	105.994	105.994	**Unchanged**

Please note:

[1] 5.3 MMBOE sold and 3.9 MMBOE produced during period under review
[2] After tax profit forecast is pre abnormals and before explorations expenses and write downs and currency variances
[3] 5 August 1999 IPO issue price was A$2.00/share

3. PRODUCTION AND RESERVES

3.1 GAS PRODUCTION

3.1.1 Onshore – Saltfleetby (ROC: 100% and Operator)

Gas production for the Quarter from the Saltfleetby Gas Field was 3.791 BCF (41.2 MMSCF/D), 12.4% higher than the previous quarter. The increase is due largely to Saltfleetby-5 coming on stream during November 2000. The previous quarter production had been affected by constraints at the Theddlethorpe Gas Terminal, where Saltfleetby gas is received and processed, but there were no such constraints during the Quarter.

3.1.2 UK Onshore – Keddington Field (ROC: 100% and Operator)

In December 2000 a three-week test of Keddington-2 was completed after flowing gas at more than 0.5 MMSCFDF and oil at 25 BOPD. The confirmation of producible gas at Keddington has commercial implications, which are yet to be fully defined. A continuing data review and a 3D seismic survey during 2001 will be designed to clarify the commercial potential of the gas in the Keddington field.

3.2 OIL & CONDENSATE PRODUCTION

Total oil and condensate production for the Quarter was 121,137 BBLS, a reduction of 37% on the previous quarter mainly due to the scheduled completion of the Kyle EWT.

3.2.1 UK Onshore - Keddington Field (ROC: 100% and Operator)

Oil production from the Keddington Field was 6,267 BBLS (68 BOPD), 11% up on the previous quarter, because of increased efficiency of pumping operations at Keddington-1.

3.2.2 UK Onshore - Saltfleetby Field (ROC: 100% and Operator)

Saltfleetby condensate production was 73,888 BBLS (803 BCPD), 7% up on the previous quarter reflecting higher gas production from the Saltfleetby Gas Field.

3.2.3 UK North Sea – Kyle Field (ROC: 12.5%) and Claymore (ROC: 0.4605%)

ROC’s net UK North Sea oil production totalled 40,982 BBLS, down 65% on the previous quarter, due to the planned termination of the EWT on 5 November 2000 on the Kyle Southwest well. This EWT, which had been underway since 24 May 2000 at an average rate of 9,321 BOPD, produced a total of 1.51 MMBO and 1.66 BCF gas.

The Claymore Oil Field produced 14,340 BBLs (157 BOPD) net to ROC, up 30% on the previous quarter.

3.2.4 Mongolia – East Gobi Basin (ROC: 100%)

A total of 9,049 barrels of oil was produced into storage at ROC’s production facility in the East Gobi Basin in southern Mongolia.

3.3 RESERVES

During the Quarter, there were no formal revisions to ROC's reserve estimates. Subsequent to Quarter-end, reviews by Independent Experts were completed and are referred to in Section 7.

4. DEVELOPMENT

Total development expenditure for the Quarter was $7.9 million; comprising $2.8 million (35%) onshore UK and $5.1 million (65%) in the UK North Sea.

4.1 UK ONSHORE

UK onshore development expenditure for the Quarter totalled $2.8 million, of which $2.4 million was spent on Saltfleetby development and $0.4 million was spent on Keddington.

4.1.1 Saltfleetby Gas Field (ROC: 100% and Operator)

Development activities at Saltfleetby mainly involved the hook-up of the Saltfleetby-5 well to ROC's production facilities. The hook-up was completed in October 2000 and first gas flowed into the pipeline on 1 November 2000.

The Saltfleetby reservoir model was refined to include the results of the Saltfleetby-5 well and a review of field stratigraphy and reservoir properties. This new model was used for reserves assessment and production forecasting and will be used for the evaluation of potential development well locations.

4.1.2 Keddington Gas-Oil Field (ROC: 100% and Operator)

An extended test of the Keddington-2 well confirmed a gas flow of around 0.5 MMSCF/D accompanying an oil flow of less than 50 BOPD. Currently the Keddington facilities do not have any provision for utilising or exporting gas and, therefore, various potential development options are being actively considered. The 2001 3D seismic survey will help to appraise the extent of the potential gas resource.

4.2 UK NORTH SEA

UK offshore development expenditure in the Quarter totalled $5.1 million, primarily in relation to development activities at the Kyle Oil Field.

4.2.1 Kyle Oil Field (ROC: 12.5%)

Expenditure on the Kyle Oil Field was $4.8 million.

Well 29/2c-12z, in the Kyle Oil Field's southwest sector, continued its EWT until 5 November 2000 (see Section 3.2.3).

Following the signing, in July 2000, of the Kyle-Curlew Heads of Agreement covering the full field development of the Kyle Oil Field, the results of the EWT on the 29/2c-12z well and the results of the 29/2c-13 (northeast) appraisal well, the Kyle Joint Venture committed to the field development. Consequently, on 20 October 2000, detailed commercial agreements were executed by the Kyle Joint

Venture, the Curlew Joint Venture, Maersk Contractors, the owner and operator of the Curlew FPSO, and the owners of the SEGAL gas-gathering infrastructure. Under the terms of these agreements, oil and gas from the Kyle Oil Field will be produced through the Curlew FPSO, with gas production to be subsequently transported to shore via the Fulmar gas pipeline. Oil will be transported to market by shuttle tanker.

Following the signing of these agreements, the planning and execution of the tie-in of Kyle wells 29/2c-12z and 29/2c-13 to the Curlew facilities has been progressing during the Quarter, as have plans for further Kyle development wells to be drilled during 2001. The subsea pipeline from Kyle to Curlew had been laid by Quarter-end and the development was on schedule for first oil by end-March 2001.

4.2.2 Chestnut Oil Field (ROC: 29.75%)

Expenditure on the Chestnut Oil Field was $0.1 million.

Following the 6 September 2000 agreement for the appraisal and potential development of the Chestnut Oil Field, activity during the Quarter consisted mainly of preparation for drilling the appraisal well to be used for the planned EWT and the EWT itself. The Brovig Production Services (“Brovig”) vessel, Crystal Ocean, has been dry-docked to allow modifications to be made and the project is progressing for first oil by end-April 2001. The appraisal well and EWT are being 100% funded by Brovig under the terms of the agreement between the Chestnut Joint Venture and Brovig.

4.2.3 Blane Oil Field (ROC: 14.48%)

Expenditure on the Blane Oil Field was $0.1 million.

Activity at the Blane Field during the Quarter focused on field unitisation and cost and data sharing issues for an appraisal well designed to improve the definition of the field and its interpreted tilted oil-water contact. The UK-based Joint Venture and the Norsk Hydro-led Joint Venture on the Norwegian side of the international boundary straddled by the field continue to move towards an agreed forward strategy.

5. EXPLORATION

5.1 UK ONSHORE

5.1.1 Humber Basin (ROC: 100% and Operator)

The feasibility of 3D seismic acquisition in the South Humber Basin was assessed and two prospective areas were identified. The first is along trend to the west of Saltfleetby and the second at the northern edge of the basin near the Immingham Refinery and to the west of the port of Grimsby. The planned surveys cover a total area of 402 sq km and collectively are by far the biggest 3D surveys undertaken onshore UK. All approvals have been received and land permitting commenced during the Quarter. Acquisition is scheduled to start in February 2001.

5.1.2 North Yorkshire (ROC: 100% and Operator)

Planning commenced for a 2D acquisition programme for PEDL004 and PEDL031, scheduled for the latter half of 2001.

5.1.3 Coalgas Licences (ROC: 97.5% and Operator)

222 km of additional 2D data over these licences have been purchased and are being incorporated into the licence evaluation.

5.1.4 Widmerpool Gulf (ROC: 100% and Operator)

Evaluation of well and seismic data continued with the intention of identifying an infill seismic programme for the second half of 2001.

5.2 AUSTRALIA AND INTERNATIONAL AREAS OTHER THAN UK

Australia and other (non-UK) international expenditure for the Quarter totalled $2.4 million, the majority of which was spent in Mongolia and Equatorial Guinea.

5.2.1 Australia, Offshore Perth Basin (ROC: 45% to be earned and Operator)

Planning for the Cliff Head-1 well in WA286P continued through the Quarter. Drilling tenders for the well were called and evaluated and negotiations are continuing with potential contractors. ROC is actively working towards the formation of a consortium of operators with similar rig requirements in Western Australia to enable a sharing of rig mobilisation and demobilisation costs. ROC is aiming for a May 2001 drilling slot, but this date could slip to late 2001 or beyond, subject to rig availability.

5.2.2 Morocco (ROC: 100% and Operator)

Following completion of ROC's data review and final discussions with ONAREP, the Moroccan National Oil Company, it was agreed that ROC would not seek to convert the Reconnaissance Licence into an Exploration Licence and, therefore, the Company has surrendered the acreage. Converting the acreage to an Exploration Licence would have most likely required ROC to commit to 100% of the cost of drilling at least one offshore exploration well. Such a commitment and cost/risk exposure is contrary to ROC’s forward risk management strategy for this area.

5.2.3 Senegal (ROC: 46.25% and Operator)

During October 2000, ROC and a wholly-owned subsidiary of Woodside Petroleum Ltd (“Woodside”), executed an agreement for Woodside to acquire a 46.25% (being 50% of ROC’s 92.5%) interest in ROC’s three Casamance exploration blocks, offshore Senegal. Ministerial approval of this acquisition was received on 17 December 2000. Under the terms of the agreement, Woodside has reimbursed 50% of ROC’s past expenditures and ROC has retained operatorship of the blocks.

ROC is currently reprocessing 3,000 km of existing seismic data that will be used to determine the forward work programme for the blocks. The firm work commitment for the blocks is 1,500 km of seismic to be acquired before end 2002.

5.2.4 Mauritania (ROC: Option to acquire 2.0-2.7%)

A 6,176 km 2D regional seismic programme was acquired over the Dana Petroleum-operated Blocks 1, 7 and 8 during the Quarter. Interpretation of these data will determine the next phase of exploration in these blocks.

5.2.5 Equatorial Guinea (ROC: 60% and Technical Partner)

ROC continued preparations for a 1,380 sq km 3D seismic survey over its deep water offshore acreage scheduled for February 2001.

The 2001 proposed budget and work programme was submitted to the Equatorial Guinea Ministry of Mines and Energy in December 2000. The major element of the 2001 work programme is the 3D seismic acquisition programme.

5.2.6 Mongolia (ROC: 100% and Operator)

Analysis of the new data gained from the two well 2000 drilling programme continued during the Quarter so as to best address the impact of the disappointing results and the effect on ROC's forward strategy for the area. The drilling was successful in locating good reservoirs, an essential element which was previously thought to be absent from the East Gobi Basin.

6. CORPORATE [1]

6.1 OIL & GAS PRICE AND CURRENCY HEDGING

As a result of decisions made by the previous owner of ROC's UK onshore assets, ROC, through its wholly-owned subsidiaries in the UK, inherited oil price hedging for 1,000 BOPD at a Brent oil price of US$14.35 per barrel through to the end of December 2000.

Also, prior to ROC's acquisition of its onshore UK assets, the previous owner had entered into a Gas Sales Contract with Northern Electric & Gas Limited ("Northern Electric"), which resulted in approximately 45% of Saltfleetby gas production for the Quarter being sold at a fixed contract price, with the remainder sold at spot prices or under short term forward contracts of up to 90 days. The contract with Northern Electric contains fixed contract prices for the sale of Saltfleetby gas production for the period to 30 September 2002 so that new pricing contract negotiations are expected to start in late 2001.

During December 2000, ROC's wholly-owned UK subsidiaries entered into oil price and gas price hedging contracts with Barclays Capital plc, covering a relatively small portion (less than one-third of uncontracted production) of the Company's 2001 oil and gas production. The oil price hedge, covering 383,000 barrels of oil over the period from 1 May to 31 December 2001, was implemented at an average Brent oil price of US$24.54, approximately 14% below the average price achieved during 2000. A gas price hedge, covering 1.7 BCF of sales gas over the whole of 2001, was implemented at an average price of 23.3 pence per therm (US$3.75/A$6.77/MCF), more than 25% above the average price achieved for spot gas sales during 2000.

The Company has not entered into any foreign exchange or interest rate hedging arrangements.

Please note:
[1] Some aspects of this Section do not relate directly to activities undertaken during the Quarter under review but are included because this ASX Release represents a convenient opportunity to address shareholder enquiries received during the Quarter.

6.2 SHARE BUY-BACK POLICY

The perception that ROC has an under-performing share price, good cash flow and a relatively strong cash position raises the spectre of a possible share buy back program. Several shareholders have enquired about the Company's attitude towards this issue and, on several occasions during 2000, Directors have discussed the possibility of a share buy back. On each occasion the Directors came to the view that such a programme would not be in the best long-term interests of all shareholders. The main reasoning behind this logic is summarised below:

- Although ROC's cash position and cash flow may appear to be relatively strong, particularly within the context of small and mid-sized Australian oil companies, most of ROC's activities are in an arena where much larger companies hotly compete for available assets. In this environment, the amount of cash which ROC has in the bank is not considered to be noteworthy. When this realistic perspective is combined with the fact that ROC is actively seeking a new core project in Australia or overseas it is hard to avoid the view that the Company should keep its financial powder dry until an appropriate project has been identified and the associated financial requirements clearly defined.

- The history of share buy backs in Australia – outside the banking sector – does not provide any comfort that such action results in a long term share price rise.

- ROC does not see any reason why it would seek to use shareholders' funds to interfere with normal market forces. While the company shares are trading at recent levels, which many observers may consider to be below their real value, all investors, including ROC's current shareholders, have the opportunity to capitalise on this situation and buy more shares should they wish to do so. If, for whatever reason, a long-term ROC shareholder has decided that he or she does not wish to buy more ROC shares at the prevailing market price, the Company's Board suspects that most of these investors would not be pleased if ROC then decided to use shareholder funds to buy back its own shares at the same price. Similarly, ROC shareholders who want to take up the opportunity to buy ROC shares when they are trading below their perceived value would not thank the Company for spending corporate funds in order to stand between them and due market process and potential profit.

6.3 DIVIDEND POLICY

ROC's policy with regard to dividend payment has been clear and unchanged since the Company's foundation: until the company is paying dividends on a regular basis it cannot consider itself to be "successful". Therefore, ROC wants to pay dividends as soon as practical. However, dividends will only be paid when the Board considers that, by doing so, it will not be reducing ROC's ability to fund its future growth ambitions. Furthermore, the Board does not believe that investors will receive any meaningful advantage if the Company starts paying dividends before it has reached the stage where it is confident that it will be able to continue paying dividends on a regular basis thereafter. The Company's overall profit performance during 2000 is expected to be satisfactory and its anticipated profit performance for 2001 is thought to be no less encouraging but, for reasons explained above, ROC believes it needs to carefully husband its funds in anticipation of the next core asset acquisition.

6.4 CASH BONUS POLICY

In many ways the following comments should be superfluous because it should be safe for shareholders to assume that an under-performing share price does not create an environment conducive to cash bonus payments. However, in the current corporate climate in Australia it is probably necessary to highlight the following points:

- The Company's Cash Bonus Plan includes certain guidelines, some of which could be deemed to have been triggered at end-2000 by generally strong fundamentals. The Remuneration Committee and Board, however, considered that it would be inappropriate to award any cash bonus when most shareholders have experienced a reduction in the value of their shareholding since the Company was publicly listed in August 1999. This is not to say that the share price represents the sole trigger mechanism for activating ROC's Cash Bonus Plan. Indeed, there may well be other occasions in the future when fundamental advances by the Company and its workforce may not be immediately recognised by the market, and in those cases, the Company would implement the Cash Bonus Plan in a manner it considers appropriate. In the meantime, however, ROC will stick to the view that poor share price performance means no cash bonus.

6.5 WEBSITE

During the Quarter, ROC's website www.rocoil.com.au received 5,372 sessions (sessions being occasions where one or more of the website pages have been opened); a new quarterly record.

7. POST-QUARTER EVENTS

7.1 RESERVE UPGRADE

Independent Experts, Adams Pearson & Associates and RDS Resources Limited, estimated that ROC's onshore UK and UK North Sea oil, gas and condensate fields contain remaining recoverable proved and probable (2P) reserves of 33.6 MMBOE as at end 2000. This figure is unchanged from the corresponding figure at the end of 1999, despite prolific Saltfleetby production and the sale of the majority of ROC's onshore UK oil reserves during 2000. Maintenance of the Company's end-2000 2P remaining reserves at end-1999 levels has been achieved through increased reserve estimates for the Saltfleetby Gas Field (up 12% on end-1999 estimates) and three North Sea fields: Kyle, Chestnut and Blane.

The changes in ROC's remaining reserves position between Year-end 1999 and Year-end 2000 are summarised on the following table:

ROC – REMAINING RESERVES

	PROVED	PROVED AND PROBABLE
Total ROC Remaining Reserves (MMBOE):		
Year End 1999	14.0	33.6
Year End 2000	14.0	33.6
Company-wide Reserve Changes (rounded off):		
Production	(3.4)	(3.4)
Sale of Assets	(2.8)	(5.3)
Net Reserves Revisions	6.1	8.8
Saltfleetby Remaining Gas Reserves (BCF):		
Year End 1999	37.7	50.6
Year End 2000	46.4	56.8
Saltfleetby Gas Reserve Changes:		
Production	(16.0)	(16.0)
Net Reserves Revisions	24.7	22.1

7.2 CLAYMORE OIL FLOW

A Claymore Oil Field (ROC: 0.46%) infill well flowed in excess of 5,000 BOPD.

7.3 BOARD CHANGE

Mr Bun Hung, Executive Director, gave notice of his intention to resign from all positions within ROC and its subsidiaries, effective 16 February 2001. Mr Hung, who will pursue independent consulting interests, leaves the Company with the good wishes of all the Directors and staff.

7.4 EMPLOYEE SHARE OPTION PLAN ("ESOP")

The Company's ESOP, as approved by shareholders, was implemented during January 2001 as a result of which a total of 1.274 million employee share options were issued to a total of 32 staff at an exercise price of A$1.25 being the weighted average of the share price during the three business days preceding the allocation of the options. All options are escrowed for two years and all must be exercised within five years of issue. Options were not allocated to either the Executive Director or the Chief Executive Officer.

FURTHER INFORMATION

For further information please contact ROC's Chief Executive Officer, Dr John Doran on:

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Definitions:

"BBLS"	means barrels
"BCF"	means billion cubic feet
"BOE"	means barrels of oil equivalent
"BOPD"	means barrels of oil per day
"BOEPD"	means barrels of oil equivalent per day
"BCPD"	means barrels of condensate per day
"MCF"	means thousand cubic feet
"MMSCF"	means million standard cubic feet
"MMSCF/D"	means million standard cubic feet per day
"MMBO"	means one million barrels of oil
"MMBOE"	means one million barrels of oil equivalent
"NGL"	means natural gas liquids
"OWC"	means oil-water contact
"Quarter"	means the period 1 October 2000 to 31 December 2000
"ROC"	means Roc Oil Company Limited
"SCF"	means standard cubic feet