ROC OIL COMPANY LIMITED

ACN 075 965 856

REPORT TO THE AUSTRALIAN STOCK EXCHANGE (ASX)
Activities for the Quarter Ended 31 December 1999

HIGHLIGHTS

Saltfleetby start-up leads to …

ROC increased its production fourfold by bringing its 100% owned and operated Saltfleetby Gas Field on to production on 14 December 1999 and quickly moving it to the planned plateau rate of 50 mmscf/d together with an estimated 1,500 barrels of condensate per day.

… higher production

Total oil, condensate and gas production for the entire Quarter averaged 4,069 barrels of oil equivalent per day (BOEPD): up 64% on the previous Quarter, with a liquid-gas split of 68:32. At 31 December 1999 ROC's net production was approximately 12,500 BOEPD, up 400% compared to the end of the previous Quarter.

… and higher sales

Total Gross Sales Revenue for the Quarter, $12.8 million, was constrained by a 2,000 BOPD oil hedging arrangement, which terminated on 31 December 1999, the effect of which was offset to some extent by an average of US$24.37/bbl received for the non-hedged oil production.

HIGHLIGHTS

CONTENTS

OVERVIEW

Total Gross Sales Revenue exceeds $12 million …

Total Gross Sales Revenue for the Quarter was $12.8 million, up $7.9 million (161%) on the previous quarter[1] but $8.7 million (40%) less than the internal estimates used to derive the Prospectus forecast. The variance is mainly due to the well documented delay in bringing the Kyle Oil Field in the North Sea onto production, a slight delay in production start up at the Saltfleetby Gas Field and, to a lesser extent, the deferral of drilling activity onshore UK pending completion of a data review.

… almost entirely from the UK …

The Gross UK Sales Revenue for the Quarter was $12.6 million.

… where liquids production increased ..

Total UK oil and condensate production for the Quarter was 253,466 bbls (2,755 BPD) which is 97,466 bbls (62%) up on liquids production for the previous quarter[1] but 325,292 bbls (56%) down on the internal figures used to derive the Prospectus forecast due to the production constraints referred to above. The liquid production split for the Quarter was 85% onshore oil, 9% condensate from Saltfleetby and 6% North Sea oil.

… as did UK revenue from other sources.

Revenue received from electricity generation and sales and from the processing of third party crude oil in the UK during the Quarter totalled $0.65 million, which is 45% up on the previous quarter[1] and 57% up on internal estimates upon which the Prospectus forecast was based.

The 1999 Hedging programme terminated at 31 December

As detailed in the Prospectus, prior to the sale of its UK assets to ROC, Morrison Middlefield Resources Limited ("MMRL"), had put in place an oil hedging program. As a result, 2,000 BOPD of ROC's UK 1999 oil production was effectively forward sold from April 1999 to end 1999 at a Brent oil price of US$13.00/bbl (approximately equivalent to US$14.00/bbl WTI at the time) plus a small premium for quality differential against Brent marker crude. The balance of ROC's UK 1999 oil production above 2,000 BOPD has been sold on the spot market at an average realised price for the Quarter of US$24.37/bbl. This spot sale price is about US$12.00/bbl higher than the US$12.50/bbl August to December 1999 oil price forecast used as the basis for the ROC Prospectus and this has helped to offset the impact of the lower-than-Prospectus-forecast production in 4Q1999.

Please Note:

[1] *The previous quarter included only 63 days of ROC production because of the timing of the company's UK asset acquisition (29 July 1999).*

Expenditure rose in line with development activity …

ROC's net expenditure on exploration and development work programs during the Quarter totalled $17.1 million, $6.4 million (60%) up on the previous quarter and $4.6 million (14%) less than the internal estimates upon which the Prospectus was based. Development expenditure represented 81% of total expenditure, almost all of which related to the Saltfleetby Gas Field Project. Most of the exploration expenditure related to seismic acquisition in the UK and the offshore Perth Basin, Australia.

… but ROC's cash position remains strong …

As of 31 December 1999 ROC's cash and short term deposits totalled $26 million, down $18 million (41%) from the previous quarter-end, primarily due to expenditures associated with completion of the development of the Saltfleetby Gas Field.

… while borrowings are unchanged.

As of Quarter-end total external debt for the Company was US$46 million, drawn against a US$50 million Barclays Capital loan facility. This loan position is unchanged from the end of the previous quarter.

Saltfleetby Development is essentially completed …

The company's core development project, the 100%-owned and operated Saltfleetby Gas Field in Lincolnshire, was fully commissioned during the Quarter and produced first gas on 14 December 1999. Production increased very quickly to the planned plateau rate of 50 mmscf/d with an estimated 1,500 barrels per day of condensate.

… as the Kyle Field heads for a 2Q2000 EWT.

During the Quarter approval was sought from the Department of Trade and Industry ("DTI") for an Extended Well Test ("EWT") from the 29/2c-12z well on the Kyle Oil Field. Subject to receipt of appropriate approvals, the Kyle Joint Venture expects the EWT to produce in excess of 10,000 BOPD during a 130 day period, commencing at the end of May 2000, via the PGS-owned Petrojarl-1 floating production storage and offloading vessel (FPSO). Meanwhile work is continuing with regard to identifying an optimum Life of Field production system including a possible tie-in to existing infrastructure.

Exploration in the UK moves ahead …

Geotechnical studies of onshore geological and geophysical data continued with the intention of finalising the ranking of the exploration opportunities. 1,856 km of new seismic data was purchased from the UK Geophysical Library and entered into a database together with 50 km of 2D seismic data acquired by ROC during two seismic surveys that were completed in 4Q1999.

… while Mongolian production sets a new benchmark …

During the Quarter ROC continued to produce test oil from the East Gobi Basin in Mongolia at rates in the order of 130 BOPD. This is the first time in the history of modern Mongolia that oil production in the East Gobi Basin has continued through the winter months. The oil is stored at ROC's field facilities ahead of further anticipated oil export sales to China in mid 2000. At 31 December, 1999 there was approximately 15,200 bbls of oil in ROC's storage facility at Zuunbayan.

… and new opportunities are acquired in Senegal …

On 22 October 1999 ROC executed a Production Sharing Contract ("PSC") with the Government of Senegal regarding three exploration blocks covering 8,000 sq km/1.98 million acres offshore Casamance in Southern Senegal. The PSC was ratified by the President of Senegal on 31 December 1999.

… and offshore Western Australia

On 11 October 1999 ROC executed a farmin option arrangement with regard to exploration permits, WA286P and TP/15 in the offshore Perth Basin.

ROC subsequently offset some of its farmin costs through further farmout option arrangements with Woodside Energy Limited ("Woodside") and Arc Energy NL ("Arc")

FURTHER INFORMATION

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

Phone:	(02) 8356 2000
Facsimile:	(02) 9380 2066
e-mail:	jdoran@rocoil.com.au
Address:	Level 16, 100 William Street, Sydney, NSW 2011, Australia.
Web Site:	www.rocoil.com.au

1. SUMMARY STATISTICS

1.1 PRODUCTION (NET)

	Dec '99 Qtr
OIL & NGL	BBLS
UK – Onshore Oil	215,216
UK – Offshore Oil	16,494
UK – Onshore NGL	21,756
Total Oil & NGL	253,466
GAS (MMCF)	725,190
Average Production (BOE/day)	4,069

Excludes Mongolian test oil production in the order of 130 BOPD.

1.2 SALES REVENUE

	Dec '99 Qtr
Sales Revenue	$,000
UK Oil & NGLs[1]	8,931
UK Gas	3,009
Other UK Revenue	653
Mongolian Test Production[2]	198
Total	12,791

1.3 EXPENDITURE

	Dec '99 Qtr $,000
Exploration	3,326
Development: mainly Saltfleetby	13,799
Total	17,125

1.4 DRILLING

There was no drilling activity during the quarter.

[1] *2,000 BOPD per day of UK 1999 oil production was hedged at US$13.00 per bbl prior to the acquisition by ROC. The reported UK revenue includes $2.9 million recognised as a reversal of the liability for the hedging in the MMRL acquisition accounting.*

[2] *Revenue from Mongolian test oil production is credited to turnover, but an amount based on such revenue is charged to cost of sales and credited against exploration costs so as to record a zero net margin on such production.*

1.5 SEISMIC

1.5.1 Onshore UK

Two 2D onshore UK seismic surveys, totalling 50km, were completed during the Quarter; one in and around the port town of Grimsby and the other south of Saltfleetby.

1.5.2 Offshore Australia

During October 1999, the 551 km Michelle Marine Seismic Survey was acquired in offshore Perth Basin permits, WA-286-P and TP/15. This survey was 47.5% funded by ROC as part of the company's farmin option relating to these permits.

2. PRODUCTION

2.1 OIL & CONDENSATE PRODUCTION

At Quarter end ROC's total net production was in the order of 12,500 BOEPD; an increase of about 400% on the average for the previous quarter.

2.1.1 UK Onshore (ROC 100%)

Onshore UK oil production during the Quarter totalled 215,216 bbls (2,339 BOPD); up 69,800 bbls (48%) on the previous quarter[1]. In addition, an estimated 21,756 bbls (237 BCPD) of condensate was produced at the Saltfleetby Gas Field providing ROC with a total onshore oil and condensate production for the Quarter of 236,972 bbls (2,576 BPD).

Production figures for the allocation of Saltfleetby gas condensate processed through the Theddlethorpe Gas Terminal and Humberside Oil Refinery have not been finalised by the plant operator at the date of this report.

Oil production from the Welton Oil Field remained stable during the Quarter, averaging 2,226 BOPD. The field continues to perform in accordance with the established long term decline trend, but production decline for the Quarter was mitigated to some extent by a workover to Welton B22.

During the Quarter, the Keddington-1 well averaged 83 BOPD. The performance of the field has remained relatively stable following a workover during the third quarter. Plans to drill a further well in the Keddington Field are being re-evaluated as a result of this stabilised production history.

Performance of the Cold Hanworth-1 well also remained essentially unchanged during the Quarter with oil production averaging 26 BOPD.

2.1.2 UK North Sea (Claymore 0.460% and Blenheim 0.341%)

ROC's oil production from the Company's two North Sea fields was 16,494 bbls (179 BOPD). Production from the Claymore Field, representing almost 95% of ROC's total North Sea production for the Quarter, showed month on

Please note:

[1] *The previous quarter included only 63 days of ROC production because of the timing of the company's UK asset acquisition (29 July 1999).*

month improvements from October through December. Blenheim's oil rate declined as anticipated through to the end of the Quarter, and the field is expected to be abandoned during the first half of 2000. ROC's contribution to Blenheim's abandonment cost is expected to be in the order of $30,000.

2.2 GAS PRODUCTION

First gas production from the Saltfleetby Gas Field occurred on 14 December 1999. Only a few minor commissioning problems were experienced and production from the four Saltfleetby wells quickly increased to the planned plateau rate of 50 mmscf/d. By the end of December, after 17 days production, the field had delivered a total of 0.725 BCF plus an estimated 21,756 barrels of condensate.

The Saltfleetby Gas Field was commissioned in time to take advantage of peak gas prices, as day-ahead prices surged during mid-December following the first cold snap of the English winter which coincided with production problems with a North Sea gas field. Contract sales to Northern Electric represented approximately 30 mmscf/d of the total production. Sales of Saltfleetby gas in excess of the contracted quantities (approximately 20 mmscf/d) peaked at 40 pence per Therm in mid-December (US$7.00 per mcf) and averaged approximately 13.8 pence per Therm (US$2.40 per mcf).

Saltfleetby well testing carried out to date has confirmed the initial condensate to gas ratios derived from the exploration well tests of approximately 30 bbls per mmscf. Currently the tested water rates remain low to negligible, consistent with the pre-development well tests and ROC's production forecast.

3. DEVELOPMENT

3.1 UK ONSHORE

3.1.1 Saltfleetby Gas Field (ROC 100%)

The field facilities were commissioned and ready for first production on 22 October 1999, when minor ground subsidence caused a slight misalignment of the 10-inch export pipeline at the flange where it joins the Theddlethorpe Gas Terminal reception facilities. The subsidence was caused by exceptionally poor ground conditions. Remedial works, carried out to install supports for the pipeline, were completed in time for first gas on 14 December 1999, six weeks later than the Prospectus forecast date of 1 November 1999.

A permanent test separator will be installed at the Saltfleetby B site which will then complete the development.

The longer term potential to utilise the Saltfleetby reservoir for gas storage is being investigated in conjunction with specialists based in the United States.

3.1.2 Eskdale Area (ROC 100%)

Consultation meetings were held with the Yorkshire National Parks Authority and other interested parties concerning the planning requirements for drilling and development access to the Eskdale well site. The period September to March has been identified as the optimum time for well testing and related activities.

3.2 UK NORTH SEA

3.2.1 Kyle Oil Field (ROC 12.5%)

It became increasingly apparent during the Quarter that operational and weather-related problems experienced at the Banff Ramform FPSO servicing the nearby Banff Oilfield were likely to affect the timing of the tie-back of Kyle to the Banff facility and could even impact on the ultimate suitability of that vessel as a Life of Field development option for the Kyle Field. Therefore, the Kyle Joint Venture continued to examine alternative development schemes in addition to the Banff scenario. Potential alternative Life of Field solutions for Kyle, separate from the Banff facility, include a possible tie-in through existing infrastructure.

Towards the end of the Quarter an Environmental Statement relating to a planned 130 day Extended Well Test ("EWT") from the 29/2c-12z well at Kyle was submitted to the relevant government authorities.

Subject to continuing Joint Venture discussions further Kyle appraisal drilling is being considered during 2000 in the form of a well on the undrilled northeastern flank of the field. This well would be designed to determine whether or not there are additional oil reserves in both the Chalk and Paleocene sand reservoirs as part of the full field development planning.

4. EXPLORATION

4.1 UK ONSHORE (ROC 77 TO100%, GENERALLY 100%)

ROC has interests in 21 onshore permits which collectively cover 5,337 sq km/1.3 million acres of Eastern England (Attachment 1). The Company believes that parts of this area have significant exploration potential but the Company also believes that considerable work is required to identify the most prospective areas. The major geotechnical review noted in the previous Quarterly Report has progressed and is expected to high-grade the areas with the greatest prospectivity, confirm prospects for drilling and identify additional work required to further mature leads to drillable status.

4.1.1 The Humber Basin (ROC 100%)

Two 2D seismic surveys, totalling 50 km, were completed during the Quarter in the Humber Basin. Preliminary interpretation of the 55 sq km 3D seismic survey east of the Saltfleetby Field, has confirmed that there is minimal extension of the structure to the east. Any additional drilling will be located on the previously defined structural closure.

Approximately 1,415 km of new 2D seismic covering parts of the Humber Basin is in the process of being acquired from the UK's onshore Geophysical Library.

4.1.2 East Midlands Basin

The merging and reprocessing of the Welton / Cold Hanworth 3D seismic with Cirque Energy UK Limited's ("Cirque") Fiskerton 3D seismic was completed during the quarter. This information will be used to evaluate the possible extension of the Fiskerton and Reepham fields into ROC's PL179 licence.

4.2 INTERNATIONAL AREAS OTHER THAN UK

4.2.1 Morocco (ROC 100%)

The Moroccan Government Authority, has indicated support for ROC's application for a four month extension to the offshore Foum Draa Maritime Reconnaissance Licence until 31 July 2000. This extension will allow ROC to complete the integration of the 829 km Al Marmoutha Seismic Survey into the detailed mapping of the Reconnaissance Licence. The completion of this work, including further amplitude variation with offset, seismic inversion and pre-stack depth migration experimentation, is scheduled for the end of March 2000.

4.2.2 Mongolia (ROC 100%)

The 1,035 km Jochi Seismic Survey in the East Gobi Basin was completed on 7 October 1999, with an average acquisition rate of 21 km/day and a maximum recording rate of 27 km/day, compared to ROC's 1998 seismic survey which averaged 14 km/day and recorded a maximum of 22 km/day. Processing of the Jochi data was completed on 23 December 1999 and interpretation commenced immediately. This work will continue during 1Q2000. Further interpretation of the full satellite image coverage over the entire East Gobi Basin has resulted in a major upgrade in outcrop knowledge and control points for seismic interpretation

The Petroleum Authority of Mongolia ("PAM") has agreed to a number of significant variations in ROC's obligations in Mongolia. Firstly, Blocks X - North and XV can now be relinquished with no further work or penalty during January 2001, if ROC comes to the view that they are not sufficiently prospective to merit further work. Additionally, although the 1993 PSC Block has a two well commitment for 2000, this obligation will be waived if ROC does not obtain a farminee. PAM also confirmed that operations carried out anywhere in ROC's four PSCs can be allocated to any individual PSC obligation. This enables ROC to concentrate its exploration activity on the areas which it considers to be the most prospective. These agreements with PAM are indicative of the positive and pragmatic approach which the Mongolian Government maintains with regard to development of its oil and gas industry.

4.2.3 Malta (ROC 75%)

During the Quarter, ROC elected not to renew or extend its tenure over its acreage offshore Malta which had been held through an Exploration Study Agreement ("ESA"). This decision followed a thorough review of existing 3D seismic data, seismic inversion analysis, regional geological studies and basin history modelling and was taken with reference to the most recent additions to

ROC's exploration portfolio, particularly offshore Senegal and Western Australia.

4.2.4 Australia, Perth Basin (ROC – variable equity subject to ROC's option)

The 551 km offshore Michelle Seismic Survey was acquired between 20-25 October 1999. Processing was completed in mid January 2000.

During the Quarter, ROC negotiated farmouts of part of its option in WA-286-P to Arc Energy NL ("Arc") and Woodside Energy Ltd ("Woodside"). Arc and Woodside will each contribute 20% of the farmin costs in return for 15% equity in the permit if the decision is made to continue beyond the present seismic option. On a similar basis Arc has also farmed in through ROC to TP/15, carrying 10% of the farmin costs to earn 5% equity if the decision is taken to continue beyond the present seismic option.

4.2.5 Senegal (ROC 92.5%)

In October 1999 ROC finalised negotiations and executed a Production Sharing Contract ("PSC") covering Casamance Blocks I, II and III offshore southern Senegal. ROC currently holds a 92.5% interest in the PSC with the balance being held by the state oil company of Senegal, Petrosen. ROC anticipates that its current equity will be split 50:50 with a third party thereby providing both ROC and that party with 46.25% net equity in the Senegal PSC.

Under the terms of the PSC, ROC is committed to a firm three year work programme comprising regional geological review, reprocessing of a minimum 3,000 km existing 2D seismic data and the acquisition of a minimum 1,500 km of new 2D (or equivalent 3D) seismic data. The PSC has received a Presidential Decree with an effective date of 31 December 1999.

The Casamance blocks comprise some 8,187 sq km and are under-explored even though they lie on trend with the Dome Flore and Dome Gea oil discoveries in the adjacent, jointly-administered, AGC zone between Guinea-Bissau and Senegal. These two discoveries, whilst not yet commercialised, provide evidence of an active hydrocarbon system within the basin in association with salt diapirs, several of which have also been identified within the Casamance blocks. ROC's initial exploration efforts will be focused on these areas, however, it is also recognised that there may be additional potential both in the younger stratigraphic section and in the deeper water areas in the western part of the Casamance blocks.

By the end of the Quarter ROC's Sydney office had received most of the existing seismic and well data and had commenced its regional evaluation of the Casamance blocks.

5. CORPORATE

ROC was listed on the ASX on 5 August 1999 and on 1 December 1999 was included in the ASX All Ordinaries Index, with a 100% liquidity factor, as part of the "Index Group 04, Energy".

6. LEGAL

6.1 PATRIA RESOURCES LIMITED

In its Quarterly Report for the quarter ended 30 September 1999, ROC reported that one of its UK subsidiary companies had issued a writ against Patria Resources Limited ("Patria"), a Canadian based company, in respect of unpaid invoices totalling £73,313 arising under a contract pursuant to which the UK subsidiary company provided certain drilling services to Patria. In response to an application that Patria's defence be struck out, Patria gave notice of its intention to file an amended defence and a counterclaim in the sum of £581,062 for alleged misrepresentation and breach of contract and/or negligence. However, the court ordered that prior to being permitted to file its proposed amended defence, Patria pay the amount of the unpaid invoices (£73,313) into court. Patria failed to pay such sum and a judgment has been obtained against Patria for the amount of the unpaid invoices. In addition, ROC's UK subsidiary has been successful in having Patria's counterclaim struck out. Proceedings will be instituted to enforce the payment by Patria of the amount outstanding together with legal costs.

7. POST QUARTER EVENTS

7.1 KYLE

On 6 January 2000 Ranger Oil (UK) Limited, on behalf of the Kyle Joint Venture, signed a contract to use the Petrojarl-1 FPSO to conduct the 29/2c – 12z EWT at the Kyle Field. Subject to receipt of relevant government approvals, the 130 day EWT is scheduled to start at the end of May 2000.

7.2 Y2K

As previously advised in its release to ASX on 28 September 1999, ROC had implemented an extensive work programme to identify and manage any Y2K business issues.

The Company is pleased to report that it did not experience any Y2K related disruptions to its business operations during January 2000.

7.3 ROC WEBSITE

Roc’s website www.rocoil.com.au established in late 1999 has built up to the point where it received more than 17,000 hits in January, with a record 1,200 hits on 2 January. Slightly more than 1,000 sessions were recorded in January, with “sessions” being occasions where one or more of the website pages have been opened.

8. CEO’S REPORT

Towards the end of 4Q1999 the Company started to realise some of the potential referred to in its mid 1999 Prospectus. The likelihood that more of that potential may be realised in 2000 was highlighted immediately after the end of the Quarter under review when it was announced that an Extended Well Test is expected to take place at the Kyle Oil Field in the North Sea in mid-2000.

Since late 1999 the Company has only had cause to announce good news. This is in sharp contrast to the mix of good, bad and indifferent news to which the Company was subjected during 3Q1999. In this sense, piece by piece, ROC has been piling up good news items, although you would never gain any indication of this by looking at the share price which continues to reflect the general lacklustre state of the global upstream oil and gas sector.

The attitude of the Company's Board and Management to the soft sector sentiment which presently prevails is not to moan about the lack of share price recognition but rather to recognise the situation for what it is - yet another downpoint in a cyclic sector - and implement appropriate strategies. It is true that this time some details of the down cycle are different, most notably the cycle is occurring at a time of high oil prices, but the underlying corporate strategy remains unchanged: run the company with a focus on strong fundamentals in the belief that, sooner or later, cumulative achievements will attain a critical mass which will cause the share price to move accordingly.

Despite the downbeat market sentiment affecting much of the upstream oil and gas industry in various parts of the world, including Australia, ROC is very optimistic about the future of the industry. This is because industry and market logic is currently being pulled apart and reassembled in new ways that reflect the reality that the only constant in our business is change itself. Whenever an industry is forced to radically realign its ideas in this manner lots of new opportunities appear, often in forms which previously lay beyond the periphery of our thought processes. While some industry participants may not like change, or may try to resist it, ROC is excited by it, believing that it creates an environment in which sensibly contrary thinking can flourish a lot more readily than if the industry's form and structure was inert and its future entirely predictable in every detail.

FURTHER INFORMATION

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

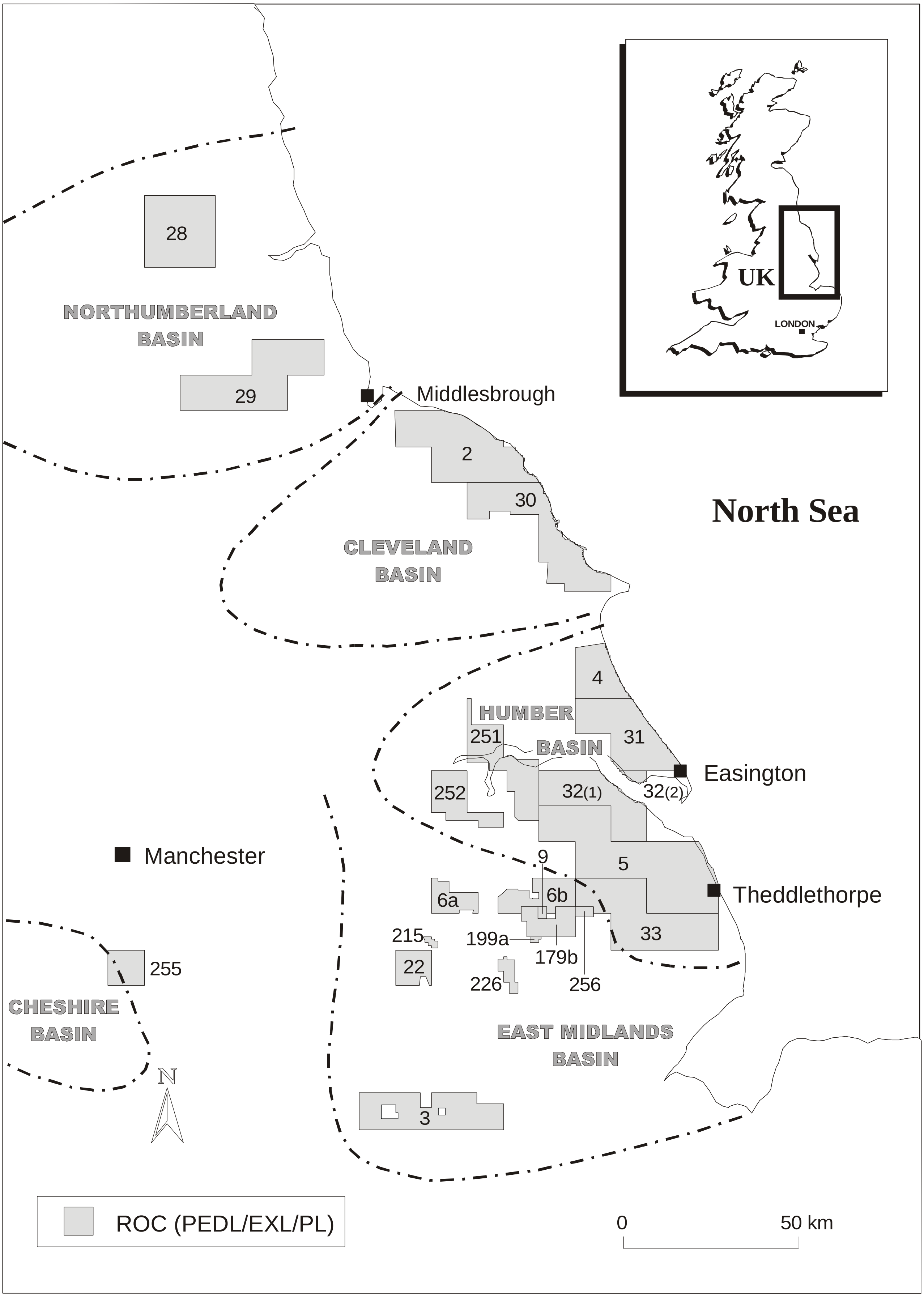
Phone: (02) 8356 2000
Facsimile: (02) 9380 2066
e-mail: jdoran@rocoil.com.au
Address: Level 16, 100 William Street, Sydney, NSW 2011, Australia.
Web Site: www.rocoil.com.au

Definitions:

"bbls	means barrels
"BOE"	means barrels of oil equivalent
"BOPD"	means barrels of oil per day
"BCPD"	means barrels of condensate per day
"mmscf/d"	means million standard cubic feet per day
"mmbo"	means one million barrels of oil
"OWC"	means oil-water contact
"Quarter"	means the period 1 October 1999 to 31 December 1999
"ROC"	means Roc Oil Company Limited

ATTACHMENT 1.

ROC'S
ONSHORE UK PERMITS



28 January 2000 z:\drafting\uk\map-onshore-permits-2000qrt.cdr