CONCISE FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999

ROC OIL COMPANY LIMITED

Contents

SHAREHOLDER INFORMATION

The Concise Financial Report has been derived from the Annual Financial Report of Roc Oil Company Limited for the financial year ended 31 December 1999. The Concise Financial Report has been prepared in accordance with Australian Accounting Standard AASB1039 'Concise Financial Reports' and the relevant provisions of the Corporations Law. The financial statements included in the Concise Financial Report cannot be expected to provide as full an understanding of the consolidated entity's performance, financial position and financial and investing activities, as provided by the 1999 Annual Financial Report.

1999 ANNUAL FINANCIAL REPORT

Further financial information can be obtained from the Annual Financial Report which is available, free of charge, on request from the Company. A copy of the Annual Financial Report may be requested by calling (02) 8356 2013 or faxing (02) 9380 2066. It can also be accessed at www.rocoil.com.au via the Internet.

DIRECTORS' REPORT

The Directors of Roc Oil Company Limited ("ROC" or "Company") have pleasure in submitting the Concise Financial Report for the financial year ended 31 December 1999.

Directors

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

Mr Andrew J Love, BCom, FCA, MAICD (Chairman), 46

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

Mr William G Jephcott, BCom, FCPA, FAICD (Non-Executive Director, Deputy Chairman), 49

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

Dr R John P Doran, BSc, MSc, PhD, FAICD (Executive Director and Chief Executive Officer), 53

Dr Doran is Chief Executive Officer and a Director of ROC. He has over 27 years' experience in international oil exploration and development in many countries, including Libya, Iran, Norway as well as, during the past 19 years, Australia, Papua New Guinea, New Zealand and India. Dr Doran has been directly involved with - and responsible for - several significant corporate expansions and a number of commercial discoveries and developments in various parts of the world.

Mr Richard J Burgess, BSc (Non-Executive Director), 68

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

Mr Ross Dobinson, BBus, CA (Non-Executive Director), 47

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

Mr Sidney J Jansma Jr., MBA (Non-Executive Director), 56

Mr Jansma began his career in oil in 1959 working for his father's private oil company. In 1978, Mr Jansma purchased the entire company from his father and during the ensuing 19 years, the company grew to become the third largest gas producer in the state of Michigan. During 1997, Mr Jansma merged his company with Dominion Resources, Inc. In addition to dealing with broad industry issues at both state and the national levels, Mr Jansma is also President and Chief Executive Officer of Dominion Midwest Energy, Inc., a wholly-owned subsidiary of Dominion Resources, Inc. Mr Jansma is also a member of the Board of Governors of the Independent Petroleum Association of America and chairman of its Environmental Committee.

Mr Adam C Jolliffe (Non-Executive Director), 43

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

Mr Bun C Hung, BA, LLB, MInstP (Executive Director), 49

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

Mr Robert A Boyson, BSc, MSc (Executive Director), 59

Since the early nineties, Mr Boyson has been an independent consultant specialising in innovative development systems for offshore fields. In 1981, Mr Boyson joined BHP Petroleum Limited ("BHPP") where he was responsible for the development of innovative floating production technology in the Timor Sea. Subsequently, as Managing Director of BHP Petroleum (UK) Limited, Mr Boyson was responsible for that company's petroleum activities in Europe, Africa and the Middle East.

Mr Douglas G Manner, BSc (Non-Executive Director), 45

Mr Manner is the Chief Operating Officer of Gulf Canada Resources Limited. Since 1977, he has followed a technical and management career in reservoir engineering with the large consulting firm Ryder Scott prior to joining Gulf Canada Resources Limited in 1997.

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

- Mr B C Hung – appointed 23 September 1999;
- Mr R A Boyson – resigned 23 September 1999; and
- Mr D G Manner – resigned 23 September 1999.

Directors' Meetings

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

Name	Directors	Audit Committee	Remuneration Committee	Due Diligence Committee
	Number of Meetings Held			
	13	1	3	11
	Number of Meetings Attended			
Mr A J Love	12	1	3	
Mr W G Jephcott	12	1	3	10
Dr R J P Doran	13			11
Mr R J Burgess	12			
Mr R Dobinson	12	1		9
Mr S J Jansma Jr.	12			
Mr A C Jolliffe	12			
Mr B C Hung *	3			
Mr R A Boyson **	11			8
Mr D G Manner **	4			

* Mr Hung was appointed as a Director on 23 September 1999.

** Mr Boyson and Mr Manner resigned as Directors on 23 September 1999.

In 1999, the Company also formed a Finance and Risk Management Committee and Occupational Health, Safety and Environment Committee. Both committees are yet to formally meet.

Changes in State of Affairs

On 5 August 1999, the Company was admitted to the Official List of the Australian Stock Exchange after raising $150,000,000 from its Initial Public Offering ("IPO").

Principal Activities

Funds raised from the IPO were utilised for the acquisition of Morrison Middlefield Resources Limited's UK-based portfolio of production, development and exploration assets and to provide working capital. The consolidated entity's principal activities in the course of the financial year were oil and gas exploration, development and production.

Results

The net operating loss of the consolidated entity for the financial year after income tax was $5,963,028 (1998: $17,851,405). The result for the financial year included an abnormal item after income tax expense amounting to $1,658,280 (1998: $15,603,489).

Dividends

No dividends have been paid or declared since the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 31 December 1999.

Review of Operations

A review of the consolidated entity's operations during the financial year and the results of those operations is included in the Concise Financial Report on pages 44 to 45.

Subsequent Events

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

Except for the matters referred to in Note 12, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in financial years subsequent to 31 December 1999.

Future Developments

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

Corporate Governance

The Board of Directors is committed to the principles of good corporate governance. The Company's corporate governance statement is included in the 1999 Annual Report.

Environmental Regulations

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

Indemnification of Directors and Officers

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

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

Directors' Remuneration

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

	Directors' Fees $	Salary, Bonus and Other Related Benefits including Fringe Benefits Tax $	Superannuation Contributions $	Total $
Non-Executive Directors				
Mr A J Love	41,563	-	-	41,563
Mr W G Jephcott	27,438	-	1,400	28,838
Mr R J Burgess	23,271	-	-	23,271
Mr R Dobinson #	23,271	-	1,108	24,379
Mr S J Jansma Jr.	23,271	-	-	23,271
Mr A C Jolliffe *	23,271	-	-	23,271
Mr D G Manner *+	13,743	-	-	13,743
Executive Directors				
Dr R J P Doran	-	361,891	22,579	384,470
Mr B C Hung +#	-	111,891	7,736	119,627
Mr R A Boyson +#	13,743	21,879	441	36,063

* These Directors waived their respective entitlement to directors' fees and fully paid ordinary shares/cash were issued in lieu of directors' fees to the companies the Directors represented.

\+ Mr Hung was appointed as a Director on 23 September 1999. Mr Boyson and Mr Manner resigned as Directors on 23 September 1999.

\# Refer also Note 10(iii) 'Related Party Disclosure – Directors' on page 52 of the Concise Financial Report.

For the period 1 January 1999 to 30 June 1999, Directors elected to receive fully paid ordinary shares in lieu of directors' fees. For the period 1 July 1999 to 31 December 1999, directors' fees were paid in cash.

The total emoluments disclosed above do not include a value attributed to the options granted during the financial year (any benefit arising on grant of the options not being quantifiable) as disclosed later in this Concise Financial Report.

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

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

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

Directors' Interests

As at the date of this Concise Financial Report the following Directors hold the number of ordinary shares and shareholder options shown in the table below:

Director	Ordinary Shares (Fully Paid)		Shareholder Options
Mr A J Love	545,690	(1)	25,231
Mr W G Jephcott	644,930	(2)	54,691
Dr R J P Doran	4,763,960	(3)	20,829
Mr R J Burgess	589,870	(4)	25,150
Mr R Dobinson	759,092	(5)	143,102
Mr S J Jansma Jr.	3,875,380	(6)	999,640
Mr A C Jolliffe	127,860	(7)	47,671
Mr B C Hung	50,000	(8)	-

Darcy Petroleum Pty Limited, a company associated with, amongst others, Mr A J Love, Dr R J P Doran and Messrs R A Boyson, R J Burgess and W G Jephcott, is a shareholder in the Company. It was issued with 3,734,140 fully paid ordinary shares at $0.001 per share during the financial year, of which 3,439,300 fully paid ordinary shares are held in trust for the abovementioned Directors.

Notes:

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

2 468,480 Darcy Petroleum Pty Limited in trust for En-Dev Finance Consultants Pty Limited (Mr W G Jephcott – director)
168,400 Amadan Pty Limited (Mr W G Jephcott – director)
8,050 Mr W G Jephcott.

3 4,685,010 Darcy Petroleum Pty Limited in trust for Celtic Energy Pty Ltd (Dr R J P Doran – director)
63,700 Celtic Energy Pty Ltd (Dr R J P Doran – director)
15,250 J Doran Superannuation Fund.

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

5 759,092 Espasia Pty Ltd (Mr R Dobinson – director).

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

7 127,860 Jass Investments Limited as trustee for Mr A C Jolliffe.

8 50,000 Mr B C Hung.

Officers

Remuneration levels are competitively set to attract, retain and motivate appropriately qualified and experienced senior executives capable of discharging their respective responsibilities.

Remuneration packages of senior executives include performance-based components in the form of bonuses.

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

Name	Position	Base (1) Remuneration $	Other (2) Benefits $	Superannuation $	Total $
Mr M Temple	Operations Manager	150,000	170,973	10,850	331,823
Mr G MacFarlane	Exploration Geologist	124,130	155,159	9,040	288,329
Mr B F Clement	General Manager Finance/Company Secretary	198,560	53,629	16,980	269,169
Mr W Jamieson	Chief Explorationist	170,560	34,592	13,550	218,702
Dr K Hird (3)	General Manager Business Development	172,000	23,198	13,580	208,778

Notes:

1 Base remuneration includes base salary.

2 Other benefits are non-base remuneration benefits including bonus, packaged benefits and fringe benefits tax (where applicable) and the cost to the Company of cars (including applicable fringe benefits tax).

3 Darcy Petroleum Pty Limited, a company with which Dr K Hird is associated, is a shareholder in the Company. It was issued with 3,734,140 fully paid ordinary shares at $0.001 per share during the financial year, of which 245,660 fully paid ordinary shares are held in trust for Dr K Hird.

The total emoluments disclosed above do not include a value attributed to the options granted during the financial year (any benefit arising on grant of the options not being quantifiable) as disclosed later in this Concise Financial Report.

Employee Options

During the financial year an aggregate of 949,910 employee options were issued to the following Directors and officers of the Company:

Directors and Officers	Number of Options Issued during 1999 (1)	Issuing Entity	Total Number of Options Held at Date of this Report
Mr B C Hung (Executive Director) (2)	350,000	ROC	350,000
Mr R A Boyson (Executive Director)	164,910	ROC	524,910
Mr B F Clement	250,000	ROC	450,000
Mr W Jamieson	130,000	ROC	250,000
Mr G MacFarlane	20,000	ROC	60,000
Mr M Temple	20,000	ROC	80,000
Dr K Hird	15,000	ROC	30,000

Notes:

1 These figures do not include additional employee options issued in relation to the 10 for 1 ordinary share split approved on 2 June 1999 for existing employee options issued in the prior financial year. The number of employee options issued reflects the number of ordinary shares under option.

2 Employee options issued to Mr B C Hung were issued prior to his appointment as an Executive Director of the Company.

As at the date of this Directors' Report, there were 2,999,910 employee options (representing 2.83% of the issued capital of the Company) granted over unissued ordinary shares of ROC under the Employee Share Option Plan ("ESOP") at the following exercise prices:

Number of Options	Exercise Price	Expiry Date
525,000	$1.85	17 March 2003
465,000	$3.33	10 June 2003
110,000	$3.33	2 September 2003
16,740	$3.33	15 January 2004
5,320	$3.48	15 January 2004
60,000	$2.00	15 July 2004
1,685,000	$2.00	19 July 2004
82,850	$3.48	29 July 2004
50,000 *	$1.16	1 March 2005

* 50,000 employee options were issued to Mr E Baines on his appointment as Managing Director of Roc Oil (UK) Limited on 1 March 2000.

2,299,793 employee options remain available for issue under the ESOP.

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

Rounding

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

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

On behalf of the Directors:

Mr A J Love
CHAIRMAN

Dr R J P Doran
DIRECTOR

Sydney, 10 March 2000

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Telephone (02) 9322 7000
Facsimile (02) 9322 7001
www.deloitte.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ROC OIL COMPANY LIMITED

Scope

We have audited the concise financial report of Roc Oil Company Limited for the financial year ended 31 December 1999 as set out on pages 41 to 53 , in order to express an opinion on it to the members of the Company. The concise financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Roc Oil Company Limited for the year ended 31 December 1999. Our audit report on the full financial report was signed on 10 March 2000, and was not subject to any qualification.

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

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

Audit Opinion

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

Deloitte Touche Tohmatsu

Johan Duivenvoorde
Partner
Chartered Accountants
Sydney, 10 March 2000

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

PROFIT AND LOSS STATEMENT

For the Financial Year Ended 31 December 1999

	Note	Consolidated 1999 $'000	Consolidated 1998 $'000
Operating loss before abnormal items	2	3,722	2,248
Abnormal items before income tax expense	3	1,721	15,603
Operating loss		5,443	17,851
Income tax expense attributable to operating loss		520	-
Operating loss after income tax expense		5,963	17,851
Accumulated losses at beginning of financial year		19,114	1,263
Accumulated losses at end of financial year		**25,077**	**19,114**

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

BALANCE SHEET

As at 31 December 1999

	Note	Consolidated 1999 $'000	Consolidated 1998 $'000
Current Assets			
Cash		2,768	727
Short term deposits		23,095	21,939
Inventories		1,677	53
Receivables		7,860	4,230
Investments		15	-
Prepayments		727	180
Total Current Assets		36,142	27,129
Non-Current Assets			
Development expenditure	7	190,870	-
Exploration expenditure	8	34,955	8,580
Receivables		1,800	81
Materials inventory		2,329	753
Property, plant and equipment		13,505	874
Future income tax benefit		1,230	-
Total Non-Current Assets		244,689	10,288
Total Assets		280,831	37,417
Current Liabilities			
Accounts payable		14,733	4,789
Borrowings		8,861	-
Provisions		246	106
Total Current Liabilities		23,840	4,895
Non-Current Liabilities			
Borrowings		61,690	-
Provisions		10,819	37
Deferred purchase consideration	11	13,246	-
Total Non-Current Liabilities		85,755	37
Total Liabilities		109,595	4,932
Net Assets		**171,236**	**32,485**
Shareholders' Equity			
Share capital		197,597	51,599
Accumulated losses		(25,077)	(19,114)
Foreign currency translation reserve		(1,284)	-
Total Shareholders' Equity		**171,236**	**32,485**

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 1999

	Consolidated Inflows (Outflows) 1999 $'000	Consolidated Inflows (Outflows) 1998 $'000
Cash Flows From Operating Activities		
Receipts from customers	17,668	128
Payments to suppliers and employees	(21,431)	(2,043)
Tariffs and other receipts	1,519	-
Interest received	1,580	979
Interest paid (net of capitalised amounts)	(2,219)	-
Bank charges	(72)	(39)
Net cash used in operating activities	(2,955)	(975)
Cash Flows From Investing Activities		
Payment for plant and equipment	(1,450)	(466)
Payment for development expenditure	(20,091)	-
Payment for exploration expenditure	(15,557)	(13,657)
Recoupment of exploration expenditure	2,249	1,390
Payments for operated joint venture exploration expenditure	(785)	(6,309)
Payment for development studies	(97)	(484)
Reimbursement from operated joint venture operations	1,636	5,324
Payment for acquisition of controlled entities	(104,395)	(4,864)
Payment for materials inventory	(789)	(203)
Proceeds from sale of non-current assets	1	2
Payment (refund) for security deposits on operating leases	71	(91)
Net cash used in investing activities	(139,207)	(19,358)
Cash Flows From Financing Activities		
Proceeds from share issues	156,674	39,278
Share issue expenses	(9,902)	-
Other payments	(32)	-
Net cash provided by financing activities	146,740	39,278
Net Increase in Cash Held	4,578	18,945
Cash at Beginning of Financial Year	22,666	3,228
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,381)	493
Cash at End of Financial Year	**25,863**	**22,666**

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

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

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

Key Points

Business activities changed substantially during the financial year following the acquisition for $120.3 million (comprising cash consideration, deferred purchase consideration and incidental acquisition costs) on 29 July 1999 of the petroleum assets in the UK which included onshore and offshore oil and gas development and production assets.

The Company completed its IPO in July 1999, raising $140.1 million after share issue costs, and was admitted to the Australian Stock Exchange on 5 August 1999.

Production from the UK operations was 526,000 barrels of oil equivalent and averaged 3,393 barrels of oil equivalent per day for the financial period from 29 July 1999 to 31 December 1999. By 31 December 1999, the daily production rate had increased to over 11,000 barrels of oil equivalent following the successful commissioning and commencement of production from the Saltfleetby Gas Field development.

Operating revenue for the financial year was $19.7 million compared to $1.1 million in 1998, reflecting the growth in business operations to include oil and gas production from the UK.

The consolidated entity recorded an operating loss after income tax expense of $6.0 million compared with a loss of $17.9 million in 1998. The loss compares with the Company's Prospectus forecast loss of $9.6 million for 1999.

Profit and Loss Statement

The consolidated entity recorded an operating loss before abnormal items and income tax expense of $3.7 million.

Sales revenue from the Company's UK operations was $15.2 million with sales revenue from test oil sales in Mongolia of $1.3 million, compared to test oil sales revenue of $0.1 million in 1998. Production from the UK operations comprised 0.4 million barrels of oil and NGLs and 0.73 billion cubic feet of gas. UK sales revenue for the financial period was constrained by a pre-existing 2,000 barrels of oil per day hedging arrangement at a Brent oil price of US$13.00 bbls, which terminated on 31 December 1999, the effect of which was offset to some extent by an average of US$22.70 per barrel received for non-hedged oil production. Gas prices received averaged $3.98 per thousand cubic feet. During 2000, 1,000 bbls of oil per day is hedged through a pre-existing arrangement at a Brent oil price of US$14.35 bbls.

Sales revenue from the UK operations increased by over 300% in mid-December 1999 following the successful development, commissioning and commencement of production and gas sales from the Saltfleetby Gas Field development. In January 2000, daily UK production had increased to over 11,000 barrels of oil equivalent and sales revenue for the month was $8.7 million.

Other revenue totalled $1.5 million and included $1.1 million in revenue from electricity generation and sales from the processing of third party crude oil in the UK.

Net interest expense for the financial year was $0.3 million, including interest income of $1.6 million.

Exploration expenditure of $5.1 million written off and expensed during the financial year, in accordance with ROC's accounting policy, included Mongolia ($3.1 million), Yemen ($0.6 million), Malta ($0.4 million) and Iran ($0.5 million) areas of interest.

UK operating costs for the financial period were $6.0 million and amortisation/restoration/depreciation costs were $5.1 million for the financial year. Other costs, including general and administrative costs, were $5.1 million for the financial year.

The consolidated entity recorded abnormal net foreign exchange losses of $1.7 million, primarily resulting from the revaluation of the US$ cash balances held during the financial year. The Australian dollar strengthened against the United States dollar from $1:US$0.6135 as at 31 December 1998 to $1:US$0.6537 as at 31 December 1999. This item, included as an abnormal item because of its size and effect on the profit and loss statement, compares to net foreign currency gains of $1.1 million in the prior financial year.

Income tax expense for the financial year was $0.5 million, relating to the UK operations.

Balance Sheet

During the financial year, total assets increased from $37.4 million to $280.8 million, total liabilities increased from $4.9 million to $109.6 million and total shareholders' equity increased from $32.5 million to $171.2 million. The changes in the balance sheet resulted primarily from the acquisition of the UK assets and the equity subscriptions received through the IPO.

The share capital of the Company increased from $51.6 million to $197.6 million during the financial year. Share proceeds of $146.0 million, net of share issue expenses of $9.9 million, were received by the Company through the issue of 1.7 million shares (as adjusted for the 10 for 1 split on 2 June 1999) prior to the IPO ($5.9 million) and 75 million ordinary shares through the IPO ($140.1 million).

The UK petroleum assets were acquired for $120.3 million plus the assumption of a US$46.0 million bank loan. Amongst other assets and liabilities, development expenditure of $177.2 million, exploration expenditure of $17.3 million and property, plant and equipment of $12.5 million were added as non-current assets and borrowings of $70.7 million and provision for abandonment and restoration of $8.2 million were added as liabilities.

Further additions to development expenditure of $18.3 million were made during the financial year in the UK, primarily in relation to the completion of the Saltfleetby Gas Field development.

Additions to exploration expenditure of $10.0 million were also made during the financial year, with major expenditures in the following geographical areas:

- in the Perth Basin offshore Western Australia, the consolidated entity participated in a 586 km 2D seismic survey over the WA-286-P and TP/15 permits at a cost of $0.5 million;
- in Mongolia, the consolidated entity completed the acquisition, processing and initial interpretation of a 1,035 km 2D onshore seismic survey over areas within the four Production Sharing Contracts at a cost of $4.2 million;
- in Morocco, the Company completed the acquisition, processing and interpretation of a 829 km 2D offshore seismic survey over part of ROC's Reconnaissance Licence area at a cost of $1.3 million; and
- in the UK, the consolidated entity completed 55 km of 2D seismic programmes and a 55sq km 3D seismic programme over parts of its onshore acreage at a total cost of $2.4 million.

Of the debt outstanding as at 31 December 1999, $8.8 million relates to a bank loan which is recorded as a current liability and is expected to be repaid during the second half of 2000. The debt to equity ratio as at 31 December 1999 was 41%.

Statement of Cash Flows

Net cash increased by $3.2 million over the financial year and as at 31 December 1999 the Company held a cash balance of $25.9 million.

Net cash used in operating activities was $3.0 million. The major cash flows from operating activities included gross receipts from sale of oil and gas in the UK and Mongolia of $17.7 million and payments to suppliers and employees of $21.4 million.

Net cash used in investing activities was $139.2 million. The major investments during the financial year were the acquisition of the UK petroleum assets ($104.4 million), payments for development expenditure ($20.1 million) and payments for exploration expenditure ($15.6 million).

A net total of $146.7 million was provided by financing activities. Proceeds received from shares issued were $156.7 million and share issue expenses relating to the IPO were $9.9 million. The majority of these expenses related to underwriting commissions and other fees paid to the underwriters to the IPO.

Financial Ratios

Cash flow from operations(1) for the financial year was $(1.4) million which included exploration expenditure expensed and written off of $5.1 million. The UK cashflow from operations for the financial period was $3.9 million.

EBITDA(2) for the financial year was $0.1 million which included exploration expenditure written off and expensed of $5.1 million. The UK EBITDA for the financial period was $8.4 million.

Basic earnings were (10.0) cents per share, based on a weighted average number of ordinary shares of 59,806,988.

Notes:

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

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

1 SUMMARY OF ACCOUNTING POLICIES

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

(a) Historical cost

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

(b) Consolidation

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

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

(c) Sales

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

Sales revenue represents amounts invoiced, excluding value-added taxes, in respect of sales to purchasers.

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

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

(d) Income tax

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

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

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

(e) Foreign currencies

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

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

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

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

(f) Acquisitions

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

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

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

(g) Petroleum exploration and development expenditure

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

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

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

In these cases, the expenditure is capitalised.

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

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

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

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

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

(h) Property, plant and equipment

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Plant and equipment is depreciated on a straight line basis so as to write down these assets to their estimated residual values over their estimated useful lives to the consolidated entity. Depreciation of onshore facilities is calculated using a unit-of-production basis, which will proportionately amortise the assets over the life of the reserves of the area of interest.

1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(i) Oil stock and materials

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

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

(j) Investments

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

(k) Recoverable amount of non-current assets

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

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

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

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

(l) Employee entitlements

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

(m) Provision for abandonment and restoration

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

(n) Joint ventures

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

(o) Financial instruments included in assets

Trade receivables are initially recorded at the amount of contracted sale proceeds. Receivables and other receivables are recorded as amounts due.

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

(p) Financial instruments included in liabilities

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

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services, whether or not invoiced.

(q) Financial instruments included in equity

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

Share capital is recorded at the value of consideration paid. The costs of issuing shares are offset against share capital.

(r) Statement of cash flows

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

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

	Consolidated 1999 $’000	Consolidated 1998 $’000
2 OPERATING PROFIT AND LOSS		
The operating loss before income tax includes the following items of revenue and expense:		
Revenue		
Operating revenue		
Sales revenue – sale of goods (refer (a) below)	16,557	128
Other revenue	1,519	-
Interest income: Other entities	1,593	978
Non-operating revenue		
Proceeds from sale of non-current assets	1	2
Total revenue	19,670	1,108

2 OPERATING PROFIT AND LOSS (CONTINUED)

	Consolidated 1999 $'000	1998 $'000
Expense		
Amortisation of development expenditure	3,186	-
Depreciation of plant and equipment	1,275	153
Provision for abandonment and restoration	472	37
Operating lease rental expenses	858	152
Exploration expenditure written off	447	-
Exploration expenditure expensed	3,321	-
Transfer of test oil sales revenue to exploration (refer Note 6)	1,321	128
Interest paid or due and payable to:		
Other entities:		
on loans	2,031	-
on finance leases	6	-
Less interest capitalised	(151)	-
	1,886	-

(a) 2,000 barrels of oil per day of UK 1999 oil production was hedged at US$13.00 barrel prior to the acquisition of Morrison Middlefield Resources Limited. Sales revenue includes $2,895,000 recognised on part reversal of the liability for the hedging in the acquisition balance sheet.

3 ABNORMAL ITEMS

	1999	1998
Net foreign currency losses (gains)	1,721	(1,098)
Exploration expenditure written off and expensed	-	16,701
Abnormal items before income tax expense	**1,721**	**15,603**
The income tax (credit) expense applicable to each abnormal item was:		
Net foreign currency losses (gains)	(63)	-
Exploration expenditure written off and expensed	-	-
	(63)	-

4 EARNINGS PER SHARE

	Consolidated 1999
Basic earnings per share (cents per share)	(10.0)
Diluted earnings per share (cents per share)	refer note (a)
Weighted average number of ordinary shares used in the calculation of basic earnings per share (refer note (b) below)	59,806,988

(a) Diluted earnings per share has not been disclosed, as the amount does not reflect a less favourable result than basic earnings per share.

(b) Weighted average number of ordinary shares on issue prior to 2 June 1999 has been adjusted to reflect the 10 for 1 split in fully paid ordinary shares on 2 June 1999.

5 DIVIDENDS

No dividends have been paid or declared since the prior financial year and no dividends have been recommended by the Directors in respect of the financial year ended 31 December 1999.

6 SEGMENT INFORMATION

(i) Industry segments

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

(ii) Geographic segments

Geographic segments	Sales Revenue (1) 1999 $'000	Sales Revenue (1) 1998 $'000	Segment Revenue 1999 $'000	Segment Revenue 1998 $'000	Result (3) 1999 $'000	Result (3) 1998 $'000	Total Assets 1999 $'000	Total Assets 1998 $'000
United Kingdom	15,236	-	16,482	-	1,888	-	238,459	-
Australia	-	-	1,565	963	(3,596)	(1,022)	25,630	24,407
Middle East/other	-	-	-	-	(1,758)	(658)	-	320
Falkland Islands	-	-	-	-	(127)	(10,410)	-	-
Africa	-	-	-	-	(160)	(411)	3,132	3,098
Mongolia (2)	1,321	128	1,623	145	(1,690)	(5,350)	13,610	9,592
	16,557	128	19,670	1,108	(5,443)	(17,851)	280,831	37,417

Notes:

1 Sales revenue arises from sales outside the consolidated entity.

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

3 Operating profit (loss) before income tax expense.

7 DEVELOPMENT EXPENDITURE

	Consolidated 1999 $'000	1998 $'000
Areas in which production has commenced		
Balance at beginning of financial year	-	-
Acquisitions	109,329	-
Expenditure incurred during financial year	17,394	-
Capitalised interest	151	-
Foreign exchange (losses) gains	(1,009)	-
Balance at end of financial year	125,865	-
Accumulated amortisation	(3,186)	-
	122,679	-
Areas in development stage		
Balance at beginning of financial year	-	-
Acquisitions	67,899	-
Expenditure incurred during financial year	908	-
Foreign exchange (losses) gains	(616)	-
Balance at end of financial year	68,191	-
Balance sheet value	**190,870**	**-**

	Consolidated 1999 $'000	1998 $'000

8 EXPLORATION EXPENDITURE

	Consolidated 1999 $'000	1998 $'000
Deferred expenditure in exploration and evaluation stages		
Balance at beginning of financial year	8,580	5,120
Acquisitions	17,286	-
Expenditure incurred during financial year	10,026	22,506
Recoupment	(322)	(3,223)
Expenditure written off	(447)	(15,823)
Foreign exchange (losses) gains	(168)	-
Balance sheet value	**34,955**	**8,580**

9 CONTINGENT LIABILITIES

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

10 RELATED PARTY DISCLOSURES – DIRECTORS

(i) Directors' shareholding, interest in shareholder options and employee options have been disclosed separately in the Directors' Report.

(ii) There were no loans to Directors entered into during the financial year and there were no loans to Directors outstanding as at 31 December 1999, except for an advance amount of $15,579 (1998: $39,968) owing by Dr R J P Doran to the Company for the purpose of meeting business expenses incurred in connection with performing services as the Chief Executive Officer. No interest is being charged on the amount.

	Consolidated 1999	1998
Advance repayments received	$47,059	$1,396

(iii) Other transactions of Directors of the Company and director-related entities:

- Mr R A Boyson is a director of Boyson Consulting Pty Ltd. During the period of the financial year Mr R A Boyson was a Director, Boyson Consulting Pty Ltd received $404,000 (1998: $234,000) for consulting services provided to the consolidated entity on normal commercial terms and conditions. For the financial year ended 31 December 1999, Boyson Consulting Pty Ltd received a total of $528,000 (1998: $234,000) for consulting services provided to the consolidated entity on normal commercial terms and conditions.
- The $200,000 due and payable at 31 December 1998 to Boyson Investments Pty Ltd, of which Mr R A Boyson is a director, was paid during the financial year.
- Mr R Dobinson is a director of Technology Structuring Limited which entered into a contract for services with the Company for services provided during the course of the Company's IPO on normal commercial terms and conditions. The amount paid under the contract was $200,000.
- Prior to Mr B C Hung becoming a full time employee on 18 July 1999, Upstream Petroleum Services Pty Ltd, of which he is a director, received $250,672 during the financial year for consulting services provided to the consolidated entity on normal commercial terms and conditions.

11 CONTROLLED ENTITIES ACQUIRED

Morrison Middlefield Resources Limited was acquired on 29 July 1999. The purchase consideration comprised a cash element of $103,103,902 and a deferred purchase consideration element assigned a fair value of $13,245,723. Incidental costs associated with the acquisition were $3,922,216. Assets and liabilities of Morrison Middlefield Resources Limited at acquisition were: cash $2,631,114, development expenditure $177,228,327, exploration expenditure $17,286,477, property, plant and equipment $12,542,583, future income tax benefit $1,401,618, borrowings $70,714,835, deferred income tax liability $1,831,177, provision for abandonment and restoration $8,206,252 and other net liabilities $10,066,014.

The deferred purchase consideration is payable based on the "excess reserves" of the Saltfleetby Gas Field as determined by an independent engineer. The excess reserves are to be determined as at 14 December 2000 and an amount representing the deferred purchase consideration is expected to be paid in the first quarter of 2001.

12 SUBSEQUENT EVENTS

Since the end of the financial year, the following material event has occurred:

- ROC has completed its interpretation of data obtained from the 586 km Michelle Seismic Survey conducted in the offshore Perth Basin permits WA-286-P and TP/15 in October 1999. ROC considers the results to be encouraging. On this basis, ROC has exercised its option to acquire a 45% interest in WA-286-P by paying 60% of the cost of a well, for which there is a government commitment to drill in 2000 and which the joint venture is scheduling to drill during the second half of 2000.

SHAREHOLDER INFORMATION

1 ORDINARY SHARE CAPITAL

As at 24 February 2000, the Company had on issue 105,994,060 fully paid ordinary shares held by 6,529 shareholders.

All issued fully paid ordinary shares carry one vote per share.

2 OPTIONS

As at 24 February 2000, the Company had the following options on issue:

- 3,049,910 employee options held by 35 optionholders; and
- 7,698,830 shareholder options held by 46 optionholders.

3 DISTRIBUTION OF SHAREHOLDINGS AS AT 24 FEBRUARY 2000

Holding	Shareholders
1 - 1,000	2,477
1,001 - 5,000	2,655
5,001 - 10,000	778
10,001 - 100,000	522
Over 100,000	97
Total	6,529
Holding less than a marketable parcel	416

4 RESTRICTED SECURITIES AS AT 24 FEBRUARY 2000

- 8,636,500 fully paid ordinary shares
- 7,698,830 shareholder options
- 524,910 employee options

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

5 SUBSTANTIAL SHAREHOLDERS AS AT 24 FEBRUARY 2000

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

Shareholder	Number Held (Fully Paid Ordinary Shares)	% of Class Held
Colonial Limited	16,569,149	15.63
Macquarie Bank Limited	5,830,000	5.50
N M Rothschild Australia Holdings Pty Limited	5,598,788	5.28
AMP Limited	5,564,841	5.25

6 TWENTY LARGEST SHAREHOLDERS AS AT 24 FEBRUARY 2000

Shareholder	Number Held	%	Rank
Chase Manhattan Nominees Limited	7,587,122	7.16	1
Citicorp Nominees Pty Limited	6,743,465	6.36	2
Permanent Trustee Australia Limited	4,902,159	4.62	3
National Nominees Limited	4,760,946	4.49	4
Darcy Petroleum Pty Limited (Celtic Energy Pty Ltd A/C) *	4,685,010	4.42	5
Wolverine Global Energy LLC	3,125,380	2.95	6
HE Sheikh Hamad Bin Jassim Bin Jabor Al-Thani	2,600,000	2.45	7
Perpetual Trustees Nominees Limited	2,472,825	2.33	8
GIO Personal Investment Services Limited	2,419,440	2.28	9
AMP Life Limited	2,255,301	2.13	10
Cargill Financial Markets plc	2,190,510	2.07	11
Westpac Custodian Nominees Limited	1,675,213	1.58	12
Queensland Investment Corporation	1,591,000	1.50	13
Gulf Canada Resources Limited	1,454,140	1.37	14
The National Mutual Life Association of Australasia Limited	1,429,810	1.35	15
LGSS Pty Limited	1,214,898	1.15	16
Mango Bay Enterprises Inc.	950,000	0.90	17
Suncorp Life & Superannuation Limited	949,200	0.90	18
Macquarie Life Limited	765,170	0.72	19
Espasia Pty Ltd	759,092	0.72	20
Top 20 Subtotal	**54,530,681**	**51.45**	

* Celtic Energy Pty Ltd's fully paid ordinary shares are held in trust by Darcy Petroleum Pty Limited. Dr R J P Doran is a director of both Celtic Energy Pty Ltd and Darcy Petroleum Pty Limited. Dr R J P Doran's total shareholding in ROC of 4,763,960 fully paid ordinary shares is disclosed in the Directors' Report.

ROC PERMIT SUMMARY AS OF 1 MARCH 2000

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

LISTING OF PROPERTIES

Country	Block	Gross Area (acres)	ROC Interest (%)	Agreement Type
Australia	WA-286-P	3,583,022	45	Exploration
	TP/15	298,255	–	Option to acquire (1)
Morocco	Foum Draa Maritime	1,482,632	100	Reconnaissance Licence (2)
Mongolia	93 PSC (Onshore)	5,230,233	100	Production Sharing Contract
	97 PSC (Onshore)	1,306,199	100	Production Sharing Contract
	Block XV (Onshore)	3,732,527	100	Production Sharing Contract
	Block X(N) (Onshore) (3)	5,737,293	100	Production Sharing Contract
	Total Mongolia	16,006,252	100	
Senegal	Offshore PSC	2,023,048	92.5	Production Sharing Contract
Total		**23,393,209**		

Note: 1 Option to acquire between 10-20% at 2:1 promote
2 Application to renew licence for four month period until 31 July 2000
3 Subject to Government approval, Block X (North) may be exchanged for Block XII

UK ONSHORE – ALL OPERATED BY ROC (UK)

Licence	ROC Working Interest (%)	Gross Area (sq km)	ROC Net Area (sq km)
AL 009	100.0	8.75	8.75
EXL 226	77.0	31.75	24.45
EXL 251	97.5	265.22	258.60
EXL 252	97.5	166.00	161.85
EXL 255	97.5	100.00	97.50
PEDL 002	100.0	483.65	483.65
PEDL 003	100.0	344.50	344.50
PEDL 004	100.0	209.49	209.49
PEDL 005	100.0	769.61	769.61
PEDL 006	100.0	239.52	239.52
PEDL 022	100.0	94.70	94.70
PEDL 028	100.0	400.00	400.00
PEDL 029	100.0	500.00	500.00
PEDL 030	100.0	407.10	407.10
PEDL 031	100.0	353.29	353.29
PEDL 032	100.0	339.26	339.26
PEDL 033	100.0	490.00	490.00
PL 179b	100.0	103.50	103.50
PL 199a	77.0	8.00	3.08 (1)
PL 256	100.0	15.00	15.00
PL215a	77.0	9.11	4.95 (1)
Total		**5,338.45**	**5,308.80**

Note: 1 Some parts of the gross areas are excluded from the net areas.

UK NORTH SEA

Licence	ROC Working Interest (%)	Gross Area (sq km)	ROC Net Area (sq km)	Operator
P249 (Blk 14/19)	0.4605	62.00	0.29	Elf
P735 (Blk 15/25c)	1.2500	4.80	0.06	Talisman
P748 (Blk 29/2c)	12.5000	56.30	7.04	Ranger
P354 (Blk 22/2a)	17.7500	29.30	5.20	Premier
P317 (Blk 20/2a)	14.2810	73.00	10.42	Petrobras
P273 (Blk 20/3a)	4.1667	73.00	3.04	Amoco
P272 (Blk 20/7a)	12.4020	20.00	2.48	Amoco
P111 (Blk 30/3a) (1)	15.2446	46.60	7.10	Petrobras
P219 (Blk 16/13a)	15.0000	65.20	9.78	Petrobras
P614 (Blk 47/14b)	5.0000	49.20	2.46	Amerada Hess
P755 (Blk 30/22b)	1.1250	115.00	1.29	Kerr McGee
P026 (Blk 49/7a)	3.0000	123.00	3.69	Wintershall UK
P899 (Blk 49/6b)	3.0000	159.10	4.77	Wintershall UK

Note: 1 Excludes pre Tertiary sequences

Total		**876.50**	**57.62**	

ORRI & NPI BLOCKS

P240 (Blk 14/30a)	0.2114% ORRI	71.60		
P240 (Blk 16/22)	1.057% NPI	217.99		

STATEMENT AND CONSENT REGARDING HYDROCARBON RESERVES REFERRED TO IN THIS REPORT

The evaluation of Roc Oil Company Limited's onshore United Kingdom hydrocarbon reserves for this Annual Report was performed by RDS Resource Limited ("RDS"), an independent international energy consultancy based in Aberdeen, Scotland and is based on and accurately reflects information compiled by or under the supervision of Mr Russ M Gilbert of RDS. Mr Gilbert is a Member of the Society of Petroleum Engineers and has 17 years of various petroleum engineering experience. Mr Gilbert has the appropriate qualifications to be considered as an expert under the VALMIN code of the Australian Institute of Mining and Metallurgy. RDS is accredited by the London Stock Exchange as having competent persons available to perform independent valuations.

The evaluation of Roc Oil Company Limited's offshore United Kingdom (North Sea) hydrocarbon reserves for this Annual Report was performed by Adams Pearson Associates Inc. ("APA") and is based on and accurately reflects information compiled under the supervision of Mr Hank Baird.

The actual work was performed by Mr Hank Baird. Mr Baird is a Petroleum Engineer employed by APA. He attended the University of Alberta and graduated with a Bachelor of Science Degree Geology (Honours 1973) and a Master of Science Degree Petroleum Engineering in 1978. Mr Baird is a registered Professional Engineer and Professional Geologist in the Province of Alberta, Canada. Mr Baird has in excess of 23 years experience in petroleum engineering studies relating to Canadian and international oil and gas properties. APA has considerable experience in the valuation of both producing and undeveloped reserves.

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

GLOSSARY AND DEFINITIONS

APA
Adams Pearson Associates Inc., is a firm of independent engineering consultants, based in Calgary, Canada.

ASX
Australian Stock Exchange Limited (ACN 008 624 691).

bbls
Barrel of oil inclusive of NGLs.

bcf
1,000,000,000 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.

FPSO
Floating production storage and off-loading facilities.

km
Kilometre.

m
Metre.

mbbl
One thousand barrels.

mmbbl
One million barrels.

MMBO
One million barrels of oil.

MMBOE
One million barrels of oil equivalent.

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

NGLs
Natural gas liquids.

NPI
Net Profit Interest.

ORRI
Overriding Royalty Interest.

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.

PSC(s)
Production sharing contract(s).

RDS
RDS Resources Limited is an independent international energy consultancy based in Aberdeen, UK.

Sq km
Square kilometre, equal to 247.1 acres.

This page has been left blank intentionally

Australian Office

Roc Oil Company Limited
Level 16
100 William Street
Sydney NSW 2011
Australia

Tel: +61 2 8356 2000
Fax: +61 2 9380 2066

www.rocoil.com.au

UK Office

ROC Oil (UK) Limited
High Street Saxilby
Lincolnshire LN1 2JQ
United Kingdom

Tel: +44 1522 704 580
Fax: +44 1522 704 581

Mongolian Office

Prime Minister Amar's
Street 2
Tuushin Building
Fifth Floor
Ulaanbaatar 20 "A"
Mongolia

Tel: +976 1 312 399
Fax: +976 1 312 383

Middle East Office

C/- Sovereign Technology
& Energy
PO Box 18141 Doha
Qatar
Middle East

Tel: +974 369 111
Fax: +974 369 333