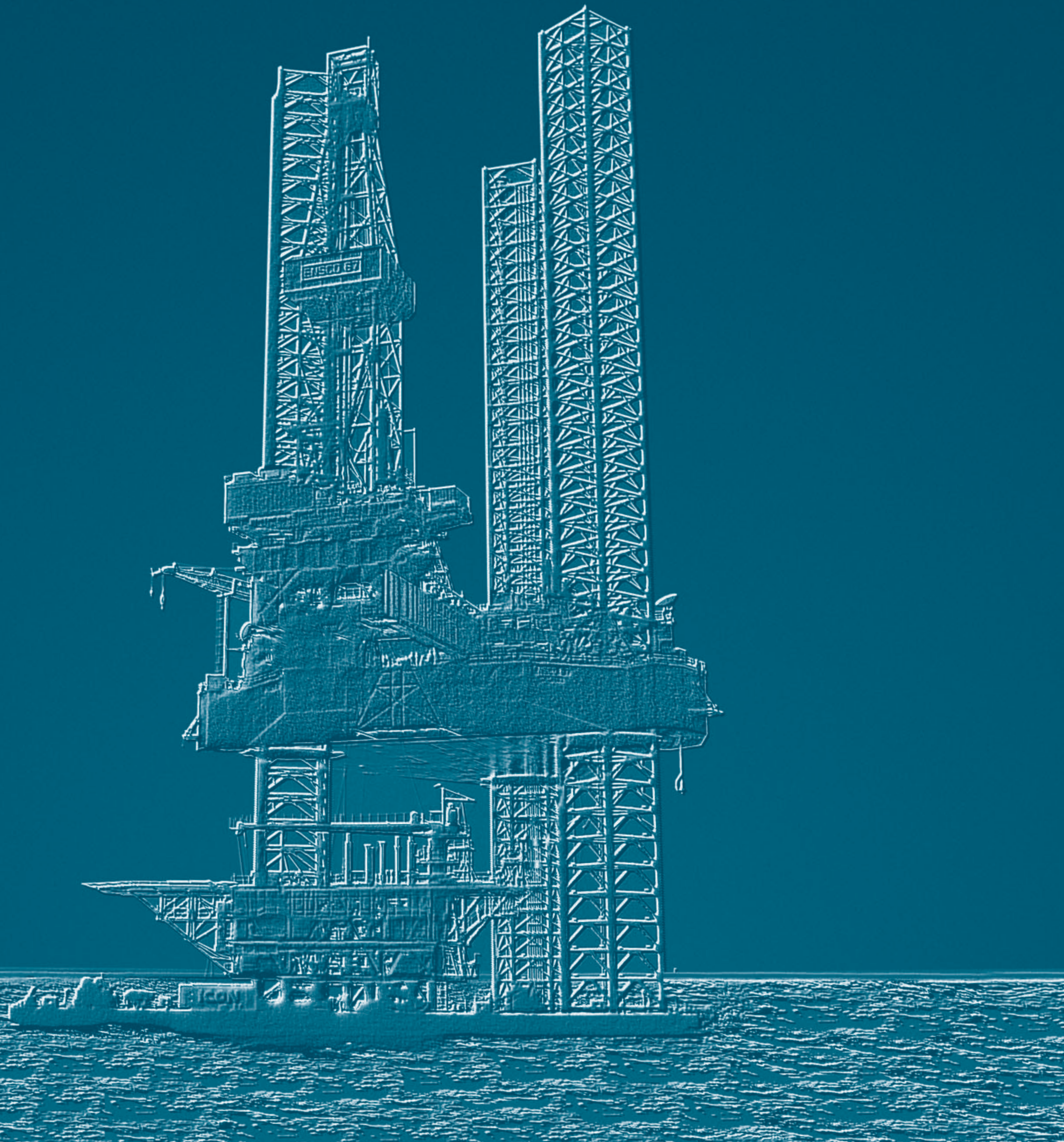
Roc Oil Company Limited

ANNUAL REPORT 2005

ABN 32 075 965 856



GLOBAL ROC

ROC is very aware of the need to respect all the people with whom it comes into contact regardless of race, nationality, religion or culture.

ENGLISH

ROC is a truly international oil and gas exploration and production company. The Company's core workforce of about 100 people, including full and part time employees, consultants, directors and advisors, comprises 25 nationalities collectively fluent in 15 languages and 11 tribal dialects. The Company has working interests in six countries: Australia, Britain, Mauritania, Equatorial Guinea, Angola and China. ROC manages operations in all of those countries except Mauritania. The Company has 10 offices in six countries: Sydney, Perth and Dongara (Australia); Luanda and Cabinda (Angola); Malabo (Equatorial Guinea); Zhanjiang (China); London and Lincoln (Britain); and Doha (Qatar). Because of the diversity of its workforce, operations and office locations, ROC is very aware of the need to respect all the people with whom it comes into contact regardless of race, nationality, religion or culture. Fortunately, the world is full of good people who deserve respect and ROC is privileged to have met many of them.

PORTUGUESE

A ROC é verdadeiramente uma companhia internacional de pesquisa e produção de petróleo e de gás. Os efectivos desta Companhia, de cerca de 100 pessoas, incluindo empregados a tempo inteiro e a tempo parcial, consultores, directores e conselheiros, incluem 25 nacionalidades, conjuntamente fluentes em 15 línguas e 11 dialectos tribais. A Companhia tem interesses comerciais em seis países: Austrália, Grã-Bretanha, Mauritânia, Guiné Equatorial, Angola e China. A ROC realiza operações em todos esses países excepto na Mauritânia. A Companhia tem 10 escritórios em seis países: Sydney, Perth e Dongara (Austrália); Luanda e Cabinda (Angola); Malabo (Guiné Equatorial); Zhanjiang (China); Londres e Lincoln (Grã-Bretanha) e Doha (Qatar). Por causa da diversidade dos seus efectivos, das operações e localizações dos escritórios, a ROC está muito ciente da necessidade de respeitar todas as pessoas com as quais entra em contacto independentemente da raça, nacionalidade, religião ou cultura. Felizmente, o mundo está cheio de boas pessoas que merecem ser respeitadas e a ROC teve o privilégio de ter conhecido muitas delas.

MANDARIN

ROC石油公司是一个真正国际性的石油和天然气勘探及生产公司。公司的核心队伍有大约100人，包括全职和兼职的雇员、顾问、董事，他们总共有25个国籍，能流利说15种语言和11个民族的方言。该公司在六个国家有业务利益，即澳大利亚、英国、毛里塔尼亚、赤道几内亚、安哥拉和
中国；在除毛里塔尼亚之外的所有这些国家管理其运作。该公司在六个国家共有10个办事处：澳大利亚的悉尼、佩思和冬格拉（Dongara）；安哥拉的罗安达（Luanda）和卡宾达卡宾达（Cabinda）；赤道几内亚的马拉博（Malabo）；中国的湛江、英国的伦敦和林肯市、卡塔尔的多哈（Doha）。正由于公司的员工队伍、运作区域和办公地点都极具多样性，ROC石油公司非常清楚地意识到必须尊重同公司有关系的任何人，而无论其种族、国籍、信仰或文化。幸好这个世界上到处都有值得尊敬的好人，ROC石油公司有幸与很多这样的好人打交道。

FRENCH

ROC est une société d'exploration et de production pétrolière et gazière véritablement internationale. Les effectifs de base de la société, une centaine de personnes dont des employés à temps complet ou partiel, des consultants, des administrateurs et des conseillers, comptent 25 nationalités qui, collectivement, parlent couramment 15 langues et 11 dialectes tribaux.
La société a des intérêts dans six pays : l'Australie, la Grande Bretagne, la Mauritanie, la Guinée équatoriale, l'Angola et la Chine. ROC exerce des activités dans tous ces pays, à l'exception de la Mauritanie. La société a 10 bureaux dans six pays : Sydney, Perth et Dongara (Australie) ; Luanda et Cabinda (Angola) ; Malabo (Guinée équatoriale) ; Zhanjiang (Chine) ; Londres et Lincoln (Grande-Bretagne) et enfin Doha (Qatar). De par la diversité de ses effectifs, de ses activités et de l'emplacement de ses bureaux, ROC est parfaitement consciente qu'il est nécessaire de respecter tous ceux avec qui elle est en contact, quelle que soit la race, la nationalité, la religion ou la culture. Heureusement, le monde est plein de gens « bien », dignes de respect, et ROC a la chance d'en avoir rencontré un grand nombre.

SPANISH

ROC es una compañía verdaderamente internacional dedicada a la exploración y producción de petróleo y gas. La fuerza laboral básica de la Compañía, incluyendo empleados a tiempo completo y tiempo parcial, consultores, directores y asesores, está compuesta de aproximadamente 100 personas de 25 nacionalidades diferentes, que en conjunto hablan con fluidez 15 idiomas y 11 dialectos tribales. La Compañía tiene intereses laborales en seis países: Australia, Gran Bretaña, Mauritania, Guinea Ecuatorial, Angola y China. ROC maneja las operaciones en todos esos países excepto en Mauritania.
La Compañía tiene 10 oficinas en seis países: Sydney, Perth y Dongara (Australia); Luanda y Cabinda (Angola); Malabo (Guinea Ecuatorial); Zhanjiang (China); Londres y Lincoln (Gran Bretaña) y Doha (Quatar). Debido a la diversidad de su fuerza laboral, operaciones y ubicación de sus oficinas, ROC es muy consciente de la necesidad de respetar a todas las personas, cualquiera que sea su raza, nacionalidad, religión o cultura. Afortunadamente, el mundo está lleno de personas buenas que merecen respeto y ROC se siente privilegiada de haber conocido a muchas de ellas.

ARABIC

تعتبر ROC شركة عالمية فعلاً للتنقيب عن النفط والغاز ولإنتاج هذين الموردين الحيويين، إذ أن قواها العاملة تتكون من حوالي 100 موظف ومستشار ومدير وخبير، يعملون بدوام كامل أو جزئي، ويتحدرون من 25 جنسية ويجيدون التحدث بطلاقة بخمس عشرة لغة وإحدى عشرة لهجة قبلية. هذا وللشركة مصالح تجارية في ستة بلدان: أستراليا، بريطانيا، موريتانيا، غينيا الاستوائية، موريتانيا، أنغولا والصين، وتدير ROC عملياتها وأشغالها في جميع تلك البلدان ما عدا موريتانيا. كما أن للشركة عشرة مكاتب في ستة بلدان: سيدني وبيرث ودونغارا (في أستراليا)؛ لواندا وكابندا (في بريطانيا)؛ مالابو (في غينيا الاستوائية)؛ زانغ جيانغ (في الصين)؛ لندن ولنكولن (في بريطانيا) والدوحة (في قطر). ونظراً لتعدد جنسيات قواها العاملة ومواقع عملياتها ومكاتبها، فإن ROC على دراية جيدة بضرورة احترام جميع الناس الذين تتعامل معهم بغض النظر عن العرق أو الجنسية أو الدين أو الثقافة. ولحسن الحظ فإن العالم يزخر بأشخاص يستحقون كل احترام وتقدير ويشرّف ROC أنها تعرفّت على العديد من هؤلاء الأشخاص.

CONTENTS

CORPORATE GOAL

To make a lot of money for all shareholders by establishing a substantial reserve base and sustainable production revenue.

In this click-speed age, annual reports rarely contain any new information. Usually, by the time hard copies of an annual report are printed and distributed, every material fact is already in the public domain. That is why ROC's 2005 Annual Report adopts a slightly different approach: it provides new information. Not necessarily new figures, nor new hard facts, but fresh corporate insights about what is happening in the international upstream oil and gas industry and how those events impact ROC.

The upstream industry is currently experiencing a transformation of historic proportion. If ROC's specific corporate activities and achievements during 2005 are viewed in isolation from these broader events, shareholders may run the risk of not fully appreciating the magnitude and relevance of this fast changing industry environment. Hopefully, this Annual Report will help readers gain a better insight into these crucial issues.

GLOBAL ROC	IFC
CORPORATE GOAL	1
CHAIRMAN'S REVIEW	2
FINANCIAL OVERVIEW	3
CHIEF EXECUTIVE OFFICER'S REVIEW	4
KEY POINTS	6
PORTFOLIO AND ACTIVITIES	8
AUSTRALIA	10
UNITED KINGDOM	12
ANGOLA	14
MAURITANIA	16
CHINA AND EQUATORIAL GUINEA	18
NEW VENTURES, ACQUISITIONS AND DIVESTMENTS	20
HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY	21
STATEMENT OF CORPORATE GOVERNANCE PRACTICES	22
DIRECTORS' REPORT AND THE ANNUAL FINANCIAL REPORT	24
SHAREHOLDER INFORMATION	80
GLOSSARY AND DEFINITIONS	82
DIRECTORY	IBC

Front Cover
The **Ensco 67** jack-up drilling rig started an eight month contract for ROC in late 2005. At a time when there is a worldwide shortage of rigs, this contract was essential for the development of the Cliff Head Oil Field.

Annual General Meeting
11.00am, Wednesday 17 May 2006
The Museum of Sydney
Corner Phillip and Bridge Streets
Sydney NSW 2000

By many measurements, ROC's 2005 activities hit record levels.

2005 was a very important year for ROC. It represented the culmination of eight years of hard work by the executive team, employees and your Board of Directors and it laid the foundation for a future which has the potential to be even brighter.

By many measurements, ROC's 2005 activities hit record levels. The Final Investment Decision ("FID") regarding the Cliff Head Oil Field Development, in the offshore Perth Basin, taken in March 2005, provided ROC with its first operated offshore oil field development. The large seismic survey which ROC undertook in Cabinda in the second half of 2005 marked the return of systematic onshore exploration to Angola after an absence of more than 30 years; it was also the Company's first onshore seismic operation in Africa.

During 2005 and early in 2006, ROC was equally busy on the transactional front. The sale of the Saltfleetby Gas Field, ROC's biggest asset sale, was completed in January 2005. Two successful share placements, both in the UK/Europe, were arranged via the Alternative Investment Market ("AIM"). The first, in January 2005, was at $2.00/share, an approximate 11% premium to the volume weighted average price ("VWAP") for the preceding 10 days, and the second, in January 2006 at $2.71/share, a 1.5% discount to the 12 day VWAP.

During the year, the 59% share price increase to $2.87 represented a record. By end February 2006, ROC's share price had risen further to a record high of $3.16, equivalent to a record market capitalisation of $682 million. For the first time since listing, ROC's 2005 share price also outperformed its informal Australian Peer Group. Part of this value appreciation reflected the broader market's positive view of the oil and gas sector, driven mainly by high oil prices, which rose about 60% to a high of almost US$70/BBL West Texas Intermediate during calendar 2005. However, some of ROC's share price performance was the result of the Company's specific corporate achievements detailed elsewhere in this Annual Report and broader recognition by the investment community of these achievements.

During 2005, the Company continued to manage its capital in a conservative manner. ROC maintained its debt free status as it funded its way through four offshore field developments. Consistent with this prudent approach, the Company refined its hedging position during the year with approximately 19% of ROC's anticipated production from April 2006 to December 2007 hedged in the form of swaps at US$49.58/BBL Brent. This leaves the balance of ROC's production exposed to oil price upside above US$50/BBL.

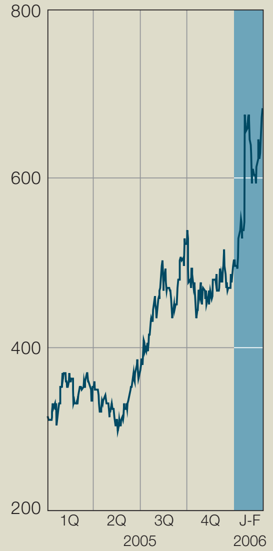
ROC's decision to change its accounting policy for exploration and evaluation expenditures to "Successful Efforts" was a carefully considered move designed to more closely align it with business practices in the international upstream industry ahead of its imminent increase in oil production.

Throughout the year, the Company's workforce remained focused on ROC's diverse international portfolio, both as operator and participant. None of the progress made during the year could have been achieved without this dedicated team. There is no doubt that during 2005 ROC's staff and consultants faced a number of hurdles. Equally, there is no doubt that they rose to overcome the challenges they encountered. 2006, which could prove to be ROC's most significant year to date, will be no less formidable – and equally exciting.

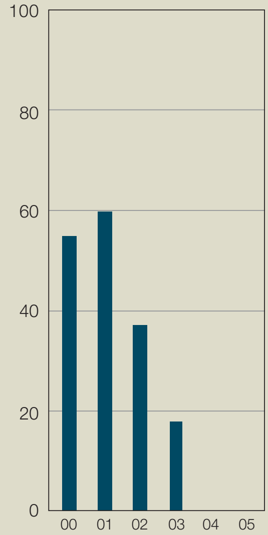
Andrew Love
Chairman

FINANCIAL OVERVIEW

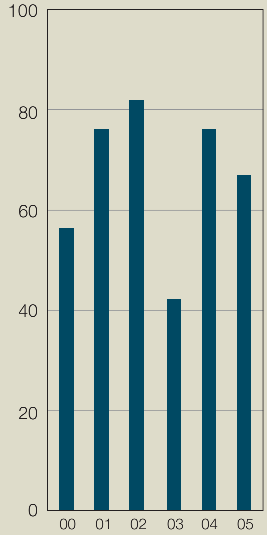
Market Capitalisation
($ Million)



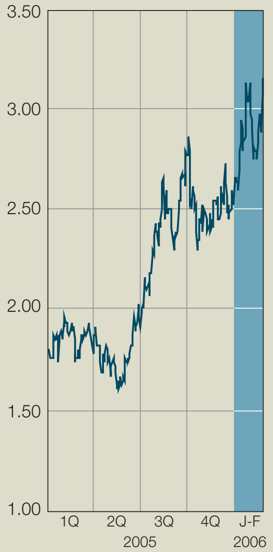
Debt
($ Million)



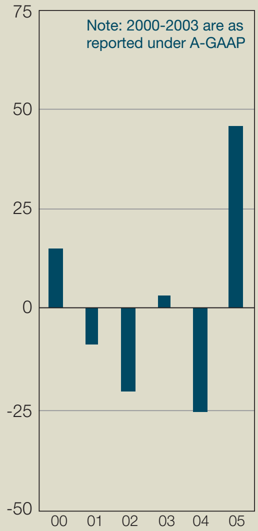
Cash
($ Million)



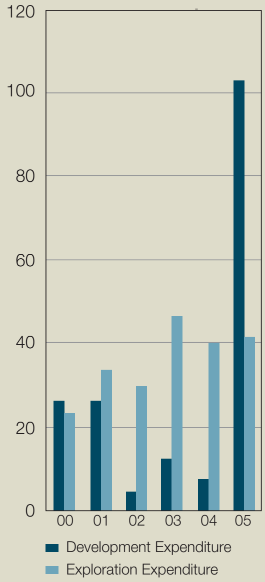
ASX Share Price
($/Share)



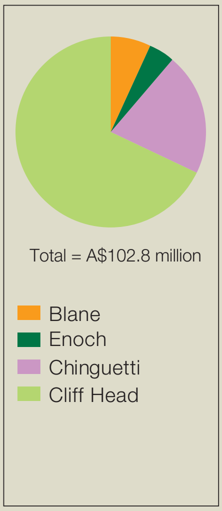
Net Profit/(Loss)
($ Million)



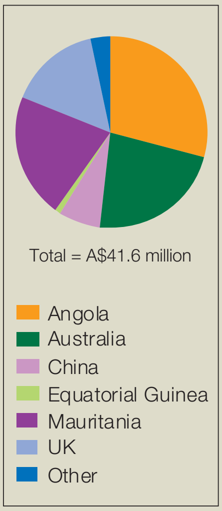
Development and Exploration
Expenditure ($ Million)



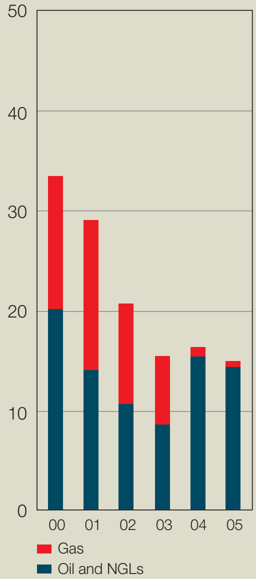
2005 Development
Expenditure



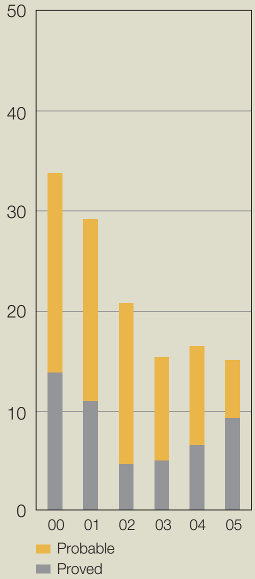
2005 Exploration
Expenditure



Gas v Oil 2P Reserves
(MMBOE)



2P Reserves
(MMBOE)



With a new oil field, Chinguetti, producing as of February 2006 and three others under development, ROC expects to be well positioned to benefit if oil prices remain strong.

The hard facts and figures spread throughout this Annual Report give an accurate understanding of the current corporate health and future direction of your Company but, if considered in isolation from the broader strategic picture, they only communicate part of the ROC story. To gain a complete picture, these statistics need to be read in conjunction with more subtle, but certainly no less important, insights relating to what is happening in the global oil and gas upstream industry. That is why this CEO's Report focuses on key strategic issues.

During the last year or two, the global upstream industry experienced a quantum change in at least six different ways:

Different players

A rare combination of market and industry circumstances has caused an "algal bloom" of new independent oil companies. In 1999, when ROC listed as a public company, there were approximately 30 upstream oil and gas companies listed on the ASX and about 25 companies publicly listed in London. At that time, the frequency of new oil company listings approximated to one every year. Now, as a result of new upstream oil and gas companies emerging recently at a rate of one or more every month or two, there are approximately 100 upstream oil and gas companies listed in Australia and more than 100 listed in the UK. Most of these companies do not have any production, but almost all of them are looking for new venture opportunities. This increased level of intra-industry competition has been accentuated by the global expansion of large national oil companies and the different strategic approaches and economic hurdle rates they bring to bear on asset and corporate acquisitions. In brief: competition for new opportunities has never been more intense.

Different price perceptions

Some of the basic rules of the upstream oil and gas business have changed. The most obvious change is in the oil price; no longer is there a rule that states that the natural price for a barrel of oil is between US$20 and US$30. Companies may have different views about future oil price trends but, increasingly, industry consensus seems to suggest that strong oil prices are not going to disappear anytime soon.

Different portfolio preferences

For most of the last 10 years, investor sentiment in Australia seemed to favour small independent oil companies with production and a finely defined geographical focus, preferably in Australia. ROC, with its emphasis on international exploration and a diverse and broadly balanced portfolio, did not quite fit into this category. Arguably, during 2005 some of this sentiment changed. Perhaps, the confinement of activities to one geographical location came to be viewed as a potential growth impediment while a diverse, balanced portfolio was increasingly viewed as an important form of risk mitigation.

Different vendor expectations

Rising oil prices have fuelled vendor price expectations. A new rule for acquisitions seems to be emerging: winning bids are based on valuations that take into account not only proved and probable reserves, but also possible/contingent resources and even exploration potential. Bargains may still exist, but finding them has become much more difficult.

ROC believes it has the right people and that they, in combination with the current asset base and corporate strategies, will enable the Company to thrive in this new industry climate.

Different cost pressures

As industry costs soared to unprecedented heights, they established a new reality. This will ensure that many small undeveloped fields remain uneconomic, even at high oil prices. For small companies, without production, high costs also create a new and very effective barrier to entry into the oil export producer's club.

Different access to expertise

Technical expertise is no longer easily accessed. The expertise that does exist is spread thinly across contractors and their oil company clients. Scarcity of technical expertise is a new and serious growth constraint for many companies. Part of the reasons for this state of affairs is the industry's boom-bust cyclic history and the capricious attitude that a number of oil companies, particularly larger ones, have sometimes displayed towards recruitment and retention of staff.

So, how is your Company faring within this fast changing industry environment? The brief answer is: reasonably well.

While there are certainly more companies in the corporate niche which ROC occupies, it is not overcrowded. Few of the new independents are working the same, heavy-duty, operational, side of the international street as ROC while large established companies continue to have a different perception as to what constitutes a material asset.

With a new oil field, Chinguetti, producing as of February 2006 and three others under development, ROC expects to be well positioned to benefit if oil prices remain strong. The Company may be a new entrant in terms of its increasing oil production, but its entry ticket was purchased at a time when costs were lower and contractors more readily available.

If there really is an increasing investor preference for an "old fashioned" independent upstream business model which lays down several separate planks of production upon which a diverse international exploration drilling programme is built, then ROC is well placed.

Generally, ROC has avoided situations where vendor expectations were deemed to be unrealistically high. Instead, the Company has adhered to its "sensibly contrary" strategy focusing on unusual opportunities, often sourced through individual contacts and frequently involving an initial investment which takes the form of a low cost option.

At a time when quality new ventures are more difficult to secure, ROC is fortunate that its current portfolio includes onshore Angola which, for all practical purposes, can be regarded as a "new venture" and a good example of ROC's "sensibly contrary" strategy in action.

ROC is also fortunate to have been able to recruit and retain a dedicated workforce at a time when competition for technical expertise is increasingly intense. ROC's people are the primary reason why the Company has been able to achieve a number of goals during 2005. At the end of the day, a company can undertake all the strategic thinking in the world but it will be to no avail if it does not employ the right people. ROC believes it has the right people and that they, in combination with the current asset base and corporate strategies, will enable the Company to thrive in this new industry climate.

Dr John Doran
Chief Executive Officer

During the year, ROC's share price rose 59% to a record high.

Corporate

- During the year, ROC's share price rose 59% to a then record high of $2.87 per share, equivalent to a market capitalisation of $538 million.
- In January, ROC raised $19.8 million by placing 9.9 million ordinary shares in Europe via the AIM of the London Stock Exchange at $2.00 per share, an approximate 11% premium to the previous 10 day VWAP.
- In September, Oriel Securities Limited was appointed as ROC's Nominated Advisor and Broker for the AIM in the UK.

Financial

- A 2005 after tax profit of $45.6 million represents a $71.8 million turnaround compared to a $26.2 million loss the previous year.
- Expenditures incurred include $103 million on development activities and $42 million on exploration and appraisal activities.
- Debt free status was maintained throughout the year. At year end, ROC had $66 million in cash.
- ROC adopted Australian-International Financial Reporting Standards ("A-IFRS") in accordance with Australian regulations effective 1 January 2005. Adoption of A-IFRS did not have any material effect on ROC's cash flow, business practices or activities.
- Effective 1 January 2005, ROC changed its accounting policy for exploration and evaluation expenditures to "Successful Efforts". The Company's business activities and cash flow were not impacted as a result of this change.
- Hedging arrangements were refined so as to increase the Company's exposure to oil prices above US$49.58/BBL Brent while at the same time maintaining a floor at that level for about 19% of the Company's production from April 2006 to December 2007.

Development

- In March, a FID was taken with regard to the development of the Cliff Head Oil Field, offshore Western Australia. By year end considerable progress had been made and first oil was expected within 12 months of FID.
- The Chinguetti Oil Field Development, offshore Mauritania, achieved a number of important milestones. At year end, the field was expected to start production in 1Q 2006.
- In July, FIDs were taken with regard to the Enoch Oil and Gas Field and the Blane Oil Field in the North Sea. At year end, both developments were underway with the expectation that the former field will come on to production by end 2006 and the latter by April 2007.
- Negotiations were initiated with the relevant government authorities in China with regard to the possible development of the Wei 12-8 West Oil Field in Block 22/12 in the Beibu Gulf. At year end, a number of key points were still subject to discussion.

Exploration and Appraisal

- In January, the onshore Errington-1 exploration well in the north of England discovered a sub-commercial tight gas accumulation.
- In February, the Tiof-6 appraisal well, offshore Mauritania, flowed at rates up to 12,400 BOPD and 11 MMSCFD.
- In June, a 162 sq km 3D seismic survey and a 505 km 2D seismic survey commenced in Angola, marking the return of systematic onshore exploration to that country after an absence of 33 years. The seismic acquisition phase was completed in November. Preliminary results are encouraging.
- In September, the Tevét-2 appraisal well, a 2 km step out from the Tevét-1 discovery, offshore Mauritania, confirmed a 46 m gross oil column in the Miocene. The side tracked Tevét-2ST1 well drilled into the deeper Cretaceous sequence and encountered a 6 m gross oil column.
- In November, the Labeidna-1 exploration well drilled a 116 m gross oil column offshore Mauritania although the thinly bedded nature of the reservoir sands suggests the accumulation is unlikely to be commercially developed in the near term.
- In March and November respectively, the Hadda-1 and Flying Foam-1 exploration wells in the offshore Perth Basin both encountered oil shows in their reservoir objectives with both wells deemed to be sub-commercial due to poor reservoir quality.

During January and February 2006, the share price and market capitalisation continued to set new records.

■ In December, the Faucon-1 exploration well, offshore Mauritania, drilled a 10 m gross hydrocarbon column in the Cretaceous, 140 km south of the Chinguetti Oil Field. Although the well is sub-commercial, the result provides genuine technical encouragement.

Transactions

■ In January, the £44 million/$109 million sale of the Saltfleetby Gas Field, onshore UK was closed, providing ROC with an after tax profit of $81 million.

■ In May, ROC acquired, from BHP Billiton, a 20% interest in WA-351-P in the deepwater part of the Carnarvon Basin, offshore Western Australia. The Jacala-1 exploration well is due to be drilled in this permit, in March 2006.

■ In May, for no additional consideration, ROC increased its interest in Block H in the deepwater Rio Muni Basin, offshore Equatorial Guinea from 15% to 18.75%.

■ In June, an option to acquire direct equity in the Ardmore Field in the UK North Sea was terminated following ROC's request that an Administrative Receiver be appointed with respect to one of the Ardmore participants. As a result, ROC was able to recover $3 million (27%) of its loan investment.

2006 Subsequent Events

■ In January, ROC raised £32 million/ $76 million by placing 28 million fully paid ordinary shares in the UK via AIM at £1.15/$2.71 per share, a 1.5% discount to the 12 day VWAP.

■ In January, a US$30 million bridging loan facility was established, which remains undrawn.

■ In February, ROC's 40% participating interest in PEP38767, New Zealand, was transferred to TAG Oil (NZ) Ltd ("TAG") in consideration for a 0.8% overriding royalty on total gross production, subject to government approval.

■ On 24 February, the Chinguetti Oil Field, offshore Mauritania, started production and rates up to the target 75,000 BOPD were achieved within two weeks of start-up and within three weeks cumulative gross production had exceeded one million barrels. This is ROC's first oil production from Africa.

■ In February, ROC secured a 1% overriding royalty on total gross production from the exploration acreage surrounding the Ardmore Field in the UK North Sea.

■ By end February, ROC's cash position had increased to $110 million and the Company continued to be debt free.

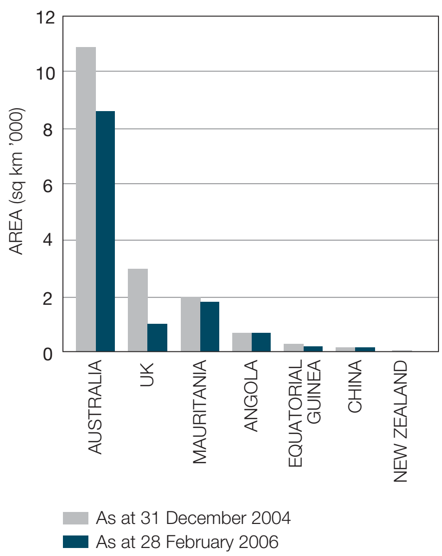
■ During January and February 2006, the share price and market capitalisation continued to set new records: $3.16 and $682 million respectively.

During 2005, ROC's operational activities again reached record levels.

During 2005, ROC's operational activities again reached record levels but, as stated in last year's Annual Report, the Company well understands that "activity" is not synonymous with "success". Overall, the 2005 exploration drilling results were unimpressive. Although a number of wells can be legitimately classified as oil discoveries and some of them do indeed provide genuine technical encouragement, none of them appears to be an obvious commercial discovery. Therefore, the Company did not find its legacy asset with the drill bit during 2005.

Within the industry and also within the investment community, seismic surveys usually have a lower profile than drilling operations. However, ROC's 2005 seismic survey, onshore Angola, deserves special mention because it marked the return of systematic onshore exploration to that country after an absence of more than 30 years. ROC has undertaken larger seismic surveys and surveys that were more costly on a per measured unit/dollar basis and it has also operated more remote seismic surveys in much more difficult terrain but it has never operated a survey that had such regional significance.

ROC's Net Acreage Holding



ROC'S 2005 DRILLING SUMMARY

Country	Well Name	Field/ Prospect	Environment	Well Type	Spud Date	Rig Release	Measured Depth (m)	Result	Status	ROC Working Interest (%)	ROC Contributing Interest (%)	Operator
AUSTRALIA	Cliff Head 5	Cliff Head	Offshore	Appraisal	18 Feb	25 Feb	1,516	Dry	P&A	37.50%	37.50%	ROC
	Cliff Head 6	Cliff Head	Offshore	Development	27 Feb	15 Mar	1,530	Oil	S	37.50%	37.50%	ROC
	Hadda 1	Hadda	Offshore	Exploration	17 Mar	29 Mar	1,831	Dry	P&A	37.50%	37.50%	ROC
	Jingemia 6	Jingemia	Onshore	Development	16 Aug	31 Aug	2,584	Dry	P&A	0.25%	0.25%	Origin
	Jingemia 10	Jingemia	Onshore	Development	01 Sep	16 Sep	2,587	Oil	C	0.25%	0.25%	Origin
	Flying Foam 1	Flying Foam 1	Offshore	Exploration	04 Nov	28 Nov	1,370	Dry	P&A	37.50%	37.50%	ROC
MAURITANIA	Chinguetti 16(L)	Chinguetti	Offshore	Development	19 Jan	23 Apr	2,672	Oil	C	3.25%	3.25%	Woodside
	Chinguetti 17 (K)	Chinguetti	Offshore	Development	20 Jan	13 May	2,449	Oil	C	3.25%	3.25%	Woodside
	Chinguetti 11 (A) ST1	Chinguetti	Offshore	Development	29 Jan	05 Feb	3,145	Oil	C	3.25%	3.25%	Woodside
	Chinguetti 14 (G) 14 ST1	Chinguetti	Offshore	Development	17 Mar	04 Apr	3,200	Oil	C	3.25%	3.25%	Woodside
	Sotto 1, ST1	Sotto	Offshore	Exploration	06 Aug	28 Aug	3,279	Dry	P&A	4.155%	4.155%	Woodside
	Espadon 1 / 1A	Espadon	Offshore	Exploration	29 Aug	15 Sep	2,523/ 3,042	Dry	P&A	3.693%	3.693 %	Woodside
	Tevét 2	Tevét	Offshore	Appraisal	16 Sep	03 Nov	3,912	Gas & Oil	P&A	3.693%	3.693 %	Woodside
	Tevét 2ST1	Tevét Deep	Offshore	Exploration	16 Sep	03 Nov	3,912	Oil, Subcommercial	P&A	3.693%	3.693 %	Woodside
	Labeidna 1	Labeidna	Offshore	Exploration	05 Nov	20 Nov	3,080	Oil, Subcommercial	P&A	3.693%	3.693 %	Woodside
	Faucon 1	Faucon	Offshore	Exploration	22 Nov	22 Dec	4,170	Gas & Oil, Subcommercial	P&A	2.00%	2.00%	Dana
	Zoulé	Zoulé	Offshore	Exploration	25 Dec	13 Jan ('06)	3,730	Dry	P&A	5.00%	5 .00%	Woodside

C = Completed **S** = Suspended **P&A** = Plugged and Abandoned

Activities as at 28 February 2006

Country	Block	Field / Discovery	ROC's Working Interest	Gross Area (sq km)	ROC's Net Area (sq km)	Agreement Type	Operator
AUSTRALIA	WA-286-P		37.5%	6,618.4	2,481.9	Exploration Permit	Roc Oil (WA) Pty Limited
	WA-31-L	Cliff Head	37.5%	72.3	27.1	Production Licence	Roc Oil (WA) Pty Limited
	TP/15		20.0%	647.2	129.4	Exploration Permit	Roc Oil (WA) Pty Limited
	WA-325-P		37.5%	6,014.9	2,255.6	Exploration Permit	Roc Oil (WA) Pty Limited
	WA-327-P		37.5%	6,472.3	2,427.1	Exploration Permit	Roc Oil (WA) Pty Limited
	WA-226-P		7.5%	1,985.3	148.9	Exploration Permit	Origin Energy Developments Pty Ltd
	WA-349-P		50.0%	756.0	378.0	Exploration Permit	Roc Oil (WA) Pty Limited
	WA-351-P		20.0%	3,773.4	754.7	Exploration Permit	BHP Billiton Petroleum Limited
	EP-413		0.25%	507.0	1.3	Exploration Permit	Origin Energy Developments Pty Ltd
	L14	Jingemia	0.25%	39.7	0.1	Production Licence	Origin Energy Developments Pty Ltd
	Sub-Total Australia			26,886.5	8,604.1		
EQUATORIAL GUINEA	H/15 & H/16		18.75%	991.0	185.8	PSC	Roc Oil (Equatorial Guinea) Company (Technical Operator)
MAURITANIA	Area A, Block 3 and Shallow Blocks 4 & 5	Banda	4.155%	6,970.0	289.6	PSC	Woodside Mauritania Pty Ltd
	Area B, Deepwater Blocks 4 & 5	Tiof, Tiof West, Tevét	3.693%	8,028.0	296.5	PSC	Woodside Mauritania Pty Ltd
	Chinguetti EEA, Area B	Chinguetti	3.250%	included above		PSC	Woodside Mauritania Pty Ltd
	Area C, Block 2		3.2%	4,979.0	159.3	PSC	Woodside Mauritania Pty Ltd
	Area C, Block 6		5.0%	3,853.6	192.7	PSC	Woodside Mauritania Pty Ltd
	Area D, Block 1		2.0%	3,936.0	78.7	PSC	Dana Petroleum (E&P) Limited
	Area D, Block 7	Pelican	4.95%	10,091.0	499.5	PSC	Dana Petroleum (E&P) Limited
	Area D, Block 8 (1)		2.0%	11,812.5	236.3	PSC	Dana Petroleum (E&P) Limited
	Sub-Total Mauritania			49,670.1	1,752.6		
ANGOLA	Onshore Cabinda South Block (2)		60.0%	1,073.0	643.8	PSA	Roc Oil (Cabinda) Company
	Sub-Total West Africa			51,734.1	2,582.2		
CHINA	Beibu Gulf Block 22/12	Wei 12-8, Wei 6-12	40.0%	364.0	145.6	Petroleum Contract	Roc Oil (China) Company
	Sub-Total China			364.0	145.6		
ONSHORE UK	PEDL 002 (3)		5.0%	240.4	12.0	Licence	Star Energy (East Midlands) Ltd
	PEDL 005 (Remainder) (4)	Keddington	100.0%	516.6	516.6	Licence	Roc Oil (GB) Limited
	PEDL 028 (5)		100.0%	198.8	198.8	Licence	Roc Oil (GB) Limited
	PEDL 030	Cloughton	100.0%	213.7	213.7	Licence	Roc Oil (GB) Limited
	Sub-Total Onshore UK			**1,169.5**	**941.1**		
UK NORTH SEA	P111, Block 30/3a (Upper)		15.24%	46.6	7.1	Licence	Talisman Expro Limited
	Blane Field, P111, Block 30/3a (Upper)	Blane	12.5%	included above		Licence	Talisman Expro Limited
	P219, Block 16/13a	J1	15.0%	65.2	9.8	Licence	Talisman Expro Limited
	Enoch Field, P219, Block 16/13a	Enoch	12.0%	included above		Licence	Talisman Expro Limited
	P755, Block 30/22b		12.0%	115.0	13.8	Licence	Maersk Oil North Sea UK Limited
	Sub-Total Offshore UK			**226.8**	**30.7**		
	Sub-Total UK			1,396.3	971.8		
TOTAL ROC ASSETS				80,380.8	12,303.7		

Note:

ROC interest in PEP38767, New Zealand, divested to TAG Oil (NZ) Ltd effective 1 December 2005, pending final Government approval. ROC retains 0.8% ORR over total gross production.

ROC has a 0.02115% ORR in P240 (Block 14/30a) and a 0.1057% Net Profit Interest in P240 (Block 16/22), UK North Sea.

ROC has a 1% Royalty over total gross production in P1036, P1037, P1038 and P1126 (Blocks 30/24d, 30/24c, 30/24a and 30/29b), UK North Sea.

(1) ROC has a 3% option, 5% contributing interest.
(2) 75% contributing interest.
(3) Free carried interest.
(4) "Remainder" refers to licence following exclusion of Saltfleetby area. To be partially relinquished 17 March 2006, retaining 23.5 sq km.
(5) To be relinquished 17 March 2006.

Key:

PSC – Production Sharing Contract
PSA – Production Sharing Agreement

Cliff Head is expected to meet 10% of Western Australia's oil demands at the field's planned initial plateau production rate of more than 10,000 BOPD.

The Cliff Head Oil Field Development Project ("Cliff Head Development")

The Cliff Head Development, offshore Dongara, Western Australia, dominated ROC's 2005 operating activities.

The discovery and development of the field has been a "rollercoaster ride": never more so than during the last 14 months. By end 2005, the journey from discovery to development was moving towards a satisfactory conclusion with first oil due in late March 2006.

For ROC, the Cliff Head story started in 1999 with a contrary-to-convention, exploration concept, followed at the end of 2001 by a seemingly small oil discovery by a well that would have been a dry hole if it had been located 100 metres further to the west. There followed three years of mixed appraisal drilling results, increasing capital costs, decreasing oil reserves, rising oil prices and a FID in March 2005.

With an estimated 14 MMBO proved and probable recoverable reserves as at end 2005, small by international offshore standards, Cliff Head is expected to meet 10% of Western Australia's oil demands at the field's planned initial plateau production rate of more than 10,000 BOPD.

As Cliff Head moved from discovery to development between 2002 and 2005, three unrelated trends emerged. Oil prices rose more than 200%, from US$20/BBL to more than US$60/BBL and there is no doubt that strong oil prices have played a major part in maintaining the economic viability of the Cliff Head Oil Field. By early 2006, development costs had climbed 17% from A$227 million at FID to A$265 million, albeit partly because of an expansion in project scope. As the nature of the field became better understood, recoverable proved and probable reserves estimates dropped from an early very preliminary estimate of 20-35 MMBO to an end 2005 estimate of 14 MMBO.

There were also at least two other equally important factors contributing to a viable Cliff Head Development concept: the timing of the project in relation to contractor availability and costs, and the project management concept adopted by the Joint Venture and expedited by ROC as Operator. The former allowed key contracts to be executed before even more prohibitive price increases occurred and at a time prior to contractors experiencing the full force of the global and national resources boom. The project management structure enabled ROC, as Operator, to work directly with contractors without going through an intervening, over-arching lead contractor.

The development of the Cliff Head Oil Field is a microcosm of many bigger projects. There were unique levels of project complexity. More than 160 approvals had to be obtained from 18 government authorities at federal, state and municipality levels. There was a need to liaise closely with the various trade unions involved with the project as well as the crayfishing industry which is such an important element of the local community.

As of end February 2006, two lost time injuries ("LTIs") had occurred during more than 1.3 million man hours of work on the Cliff Head Development, although both injuries were relatively minor and occurred early in the project. Nevertheless, they are disappointing.

On a technical level, there were plenty of challenges. A waxy, viscous, oil needed to be pumped to the deck of an unmanned platform before being transported, via a 14 km sub-sea and sub-beach pipeline, to an onshore stabilisation plant, constructed on one of the rare parcels of freehold land in the area. After separation of oil and produced water at the onshore plant, the latter has to be recycled back to the platform for reinjection into the reservoir while the oil is transported by truck 350 km to an oil refinery south of Perth.

These are some of the other relevant facts about the Cliff Head Development:

- as of February 2006, the time from FID to first oil production was expected to be about 12 months;
- although oil exploration offshore Australia has been underway for 40 years, Cliff Head is the first commercial offshore oil field to have been discovered, developed and brought on to production by a joint venture majority owned by small publicly-listed Australian companies. At the time of the discovery, these five Australian companies had a collective market capitalisation of about $260 million, less than the final development cost. Now, the three Australian companies which remain in the Joint Venture have a total market capitalisation in the order of A$2 billion; and
- the development of the Cliff Head Field is only the eighth instance where an oil field has been discovered offshore Australia and brought on to production by an operator which also operated the original discovery well; it is also the first time that that operating company has been a small local independent.

The Joint Venture's ability to adapt to changing contractor circumstances deserves special mention. For example, only one contractor bid was received for the pipeline phase of the project and it had a quoted cost that was unacceptably high and a commitment to target schedule that was unacceptably loose. The Joint Venture's response was to agree that ROC should cause a special purpose pipeline company to be created and staffed with highly experienced people recruited from within that specialised industry segment. As a result, the pipeline phase of the development was completed on schedule for less than the contractor quoted cost.

This direct, hands-on, pragmatic approach characterised the Cliff Head Development and is one of at least two reasons why the project is on track to be completed in such a short timeframe. The other reason is the quality of the people who worked on the project, both ROC staff and various consultants and contractors. If the project is judged to be successful, the success is theirs.

Exploration

ROC's 2005 two well exploration drilling programme in the northern part of the offshore Perth Basin was unsuccessful. Both wells, Hadda-1 and Flying Foam-1, encountered oil shows but, in both cases, the reservoirs proved to be too tight.

*The **Ensco 67** jack-up drilling rig lifting the 498 tonne deck component of the Cliff Head "A" Platform onto the platform jacket.*

The Arrowsmith Stabilisation Plant, south of Dongara, Western Australia.

Significant progress was made during 2005 with regard to the development of two North Sea fields.

Significant progress was made during 2005 with regard to the development of two North Sea fields: the Blane Oil Field ("Blane") and the Enoch Oil and Gas Field ("Enoch"). Respectively, ROC has a 12.5% and 12% non-operating unitised interest in these fields, both of which straddle the Britain-Norway international boundary. The fields were part of a package of assets that was acquired in 1999 immediately prior to ROC's Initial Public Offering and listing on the ASX. For most of the time since then, the development activities have been on hold, mainly due to the small/modest size of the fields, oil prices that were lower then than they are now and, importantly, a sequential change of operatorship that saw that function pass through four companies in as many years: Petroleo Brasileiro SA, Enterprise Oil plc, Royal Dutch Shell plc and Paladin Resources plc ("Paladin"). Whereas the first three companies did not focus on developing either Blane or Enoch, Paladin, presumably encouraged by strong and rising oil prices, has been more proactive in this regard. As a result, during late 2004 both fields began moving towards development. This positive impetus gained momentum in early 2005, when the governments of Britian and Norway agreed on the development of cross-border fields. In July 2005, both developments received specific approvals from the British and Norwegian governments and development activities commenced.

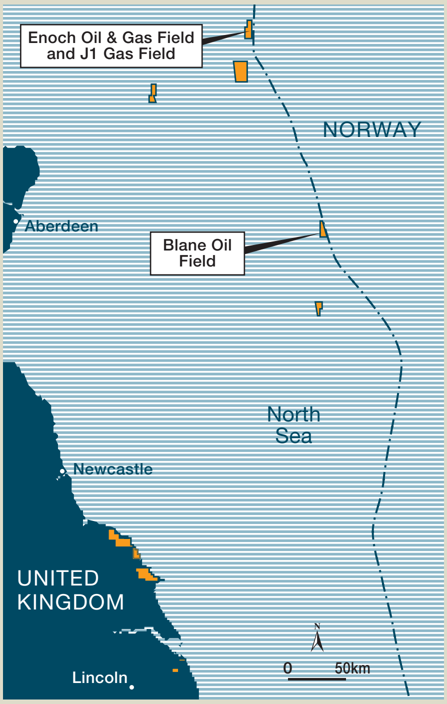
Ironically, the operatorship of both fields changed again towards the end of 2005 when a large Canadian independent, Talisman Energy Inc ("Talisman"), acquired Paladin via a friendly takeover.

Enoch is expected to come on to production towards the end of 2006 and Blane by April 2007. As of year end, the total cost for the two developments was estimated to be £240 million, of which ROC's net share is approximately £30 million. Early stage production from these fields will provide ROC with an additional 3,200 BOPD at a time when both the Chinguetti and Cliff Head oil fields are expected to have passed their initial production phase.

ROC's only other significant activity in the North Sea during 2005 related to the Ardmore Oil Field and surrounding exploration and appraisal acreage; details are provided on page 20 in this Annual Report.

Onshore

As far as exploration activities onshore UK are concerned, 2005 was a frustrating year for ROC's office in Saxilby, Lincolnshire. The dedication of ROC's local UK staff was on display daily and is readily acknowledged. At the beginning of 2005, as ROC finalised the sale of its main UK asset, the Saltfleetby Gas Field, an exploration well, Errington-1, reached total depth



without a clear-cut positive result and the timing of another exploration well, Willows-1, started slipping towards the back end of the year and eventually, into 2006. For an operation which had previously been quite active and had generated virtually all of the Company's cash flow for more than five years, this sequence of events represented a major down shift in activity levels.

The Errington-1 exploration well, in Northumberland, was suspended as a tight gas discovery in January 2005 with up to 100 m of potential tight gas pay identified. While initially this result was considered to be cautiously encouraging, more detailed analysis indicated that the well is sub-commercial and it has therefore been plugged and abandoned.

The Willows-1 exploration well is now scheduled to start drilling in April 2006 when it will test a high risk/high reward gas prospect in east Yorkshire.

Through the year, ROC continued to produce a small amount of oil from its wholly-owned and operated Keddington Oil Field in Lincolnshire.

ROC's office in the UK has been a major revenue generator for the Company and is currently preparing to drill a high risk/high reward gas prospect in Yorkshire.

The ROC-owned ***Explorer Drilling Rig*** *at the Errington-1 exploration location adjacent to Hadrian's Wall, a World Heritage-listed site in Northumberland, England. The well, a sub-commercial tight gas discovery, was completed in January 2005.*

ROC considers it a privilege to be able to apply modern exploration techniques to explore onshore Cabinda, effectively for the first time in more than 30 years.

Angola é especial. Angola is special. ROC considers it a privilege to be able to apply modern exploration techniques to explore onshore Cabinda, effectively for the first time in more than 30 years.

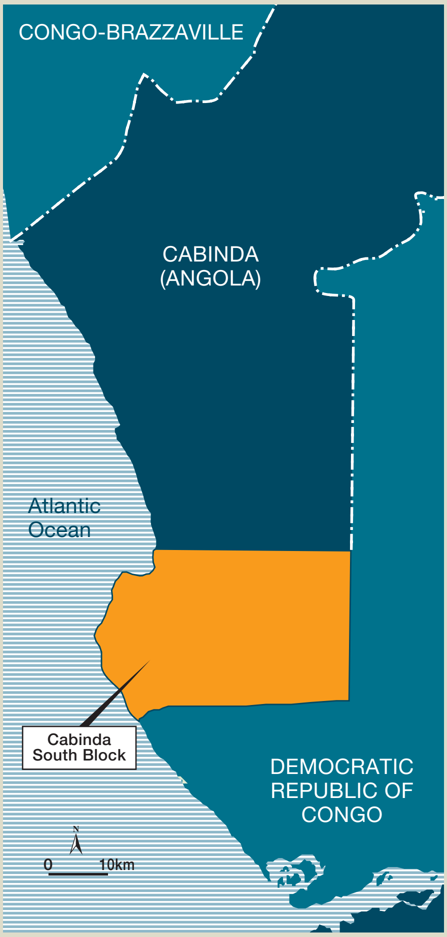
To describe the 2005 seismic activity undertaken in the Cabinda South Block by ROC, as Operator of the Cabinda South Block Joint Venture, as "pioneering" is no exaggeration. Onshore exploration stopped in Cabinda in 1972 effectively locking that area into a time vault that was not unlocked until mid 2005 when ROC started its seismic programme.

The perceived technical attraction of the Cabinda South Block is well recognised and reflects the fact that it covers part of the Lower Congo Basin. This is one the world's prolific petroleum systems, as evidenced by billions of barrels of reserves which have been discovered directly offshore Cabinda where oil production started in 1968 and where, almost 40 years later, production levels are in the order of 400,000 BOPD from approximately 15 fields.

ROC's seismic operation consisted of the acquisition of 505 km of 2D seismic and 162 sq km of 3D seismic. It involved more than 250 people working on the ground, including approximately 220 local hires. After a competitive bidding process, the seismic acquisition contract was awarded to The Geophysical Institute of Israel. The acquisition phase extended over six months with ground crews being preceded by a mine and unexploded ordnance clearance operation conducted by Demining and Development Services Inc. When individual 3D lines are taken into account on a walked-kilometre basis and combined with the 2D component of the seismic survey, a total of about 1,350 km of the Cabinda South Block was surveyed and rendered safe. Prior to starting the survey, ROC had gained the understanding that the area had not been heavily mined during the turbulent decades of civil unrest in the area and, at this stage, that seems to be the case.

The 2005 seismic survey, which represented more than 300,000 man hours working on the ground in Cabinda, experienced one lost time survey related incident of a relatively minor nature. While this could be regarded as a good record, particularly given the ground breaking nature of the survey, any LTI, no matter how minor, is one too many.

The seismic was processed in Luanda by WesternGeco Seismic Services Inc. Preliminary results, based on fast track processing, are encouraging. Final processing results have confirmed the high quality of the data. Numerous prospects and leads, incorporating several different reservoir objectives, structural styles and play types, have been identified at multiple stratigraphic levels. Initial indications of potential individual prospect size suggest a range in the order of 1 to 80 million barrels of recoverable oil, without reference to possible stratigraphic traps, which could be larger.



Despite the encouraging preliminary results and its attractive regional setting, the Cabinda South Block should still be viewed for what it is: pure exploration acreage with some of the usual technical risks.

ROC and its co-venturers have committed to spend approximately US$45 million/A$61 million on exploration and appraisal activities in the Cabinda South Block during 2006. This is an aggressive acceleration of the work programme commitment, considerably in excess of the mandatory requirements. For the two non-government companies, ROC and Force Petroleum Ltd, which collectively fund 100% of this expenditure, this decision represents a serious investment to explore the area and is also a genuine commitment to the local community.

Oil companies do not choose to spend relatively large amounts of money on exploration projects unless they consider that there is a reasonable possibility that the reward will greatly outweigh the economic loss that a failed exploration programme would crystallise. With the first modern drilling programme due to commence towards the end of 2006, subject to rig availability, the next year or two will go a long way towards determining whether or not the Cabinda South Block lives up to its perceived potential.

Vibroseis trucks during the 2005 2D and 3D seismic survey in the Cabinda South Block, onshore Angola.

Seismic crew drilling shot holes for the dynamite part of the 2005 seismic survey in the Cabinda South Block, onshore Angola.

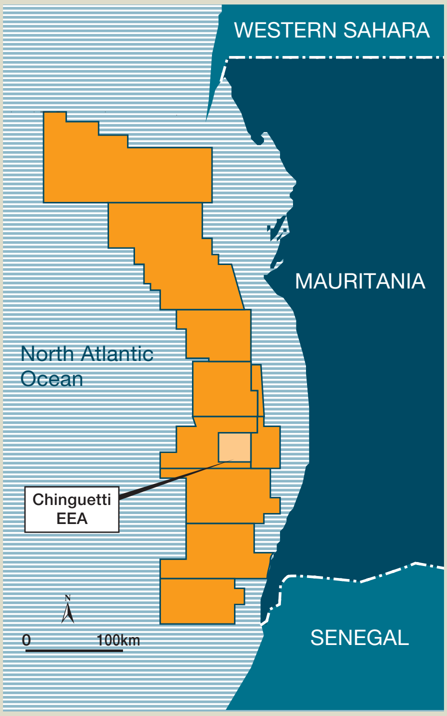
First oil was produced from the Chinguetti Oil Field in February 2006 and first oil export now looks set for late March 2006.

During the last 15 years, only a handful of countries have made the transition from no oil production to oil export, including Papua New Guinea, Sudan, Equatorial Guinea and Chad. At the end of 2005, Mauritania was poised to join this elite group. First oil was produced from the Chinguetti Oil Field in February 2006 and first oil export now looks set for late March 2006. ROC's net share of that first oil cargo, 60,000 barrels, will mark the latest step in a journey that began in 2000 when the Company acquired an option to buy Elixir Corporation Pty Ltd which held interests in Mauritania for an initial cash consideration of US$200,000. Since then, ROC has expended approximately US$55 million in relation to its various 2%-5% interests throughout offshore Mauritania and discovered seven accumulations, three of which are being considered for appraisal and/or development while one has just begun production.

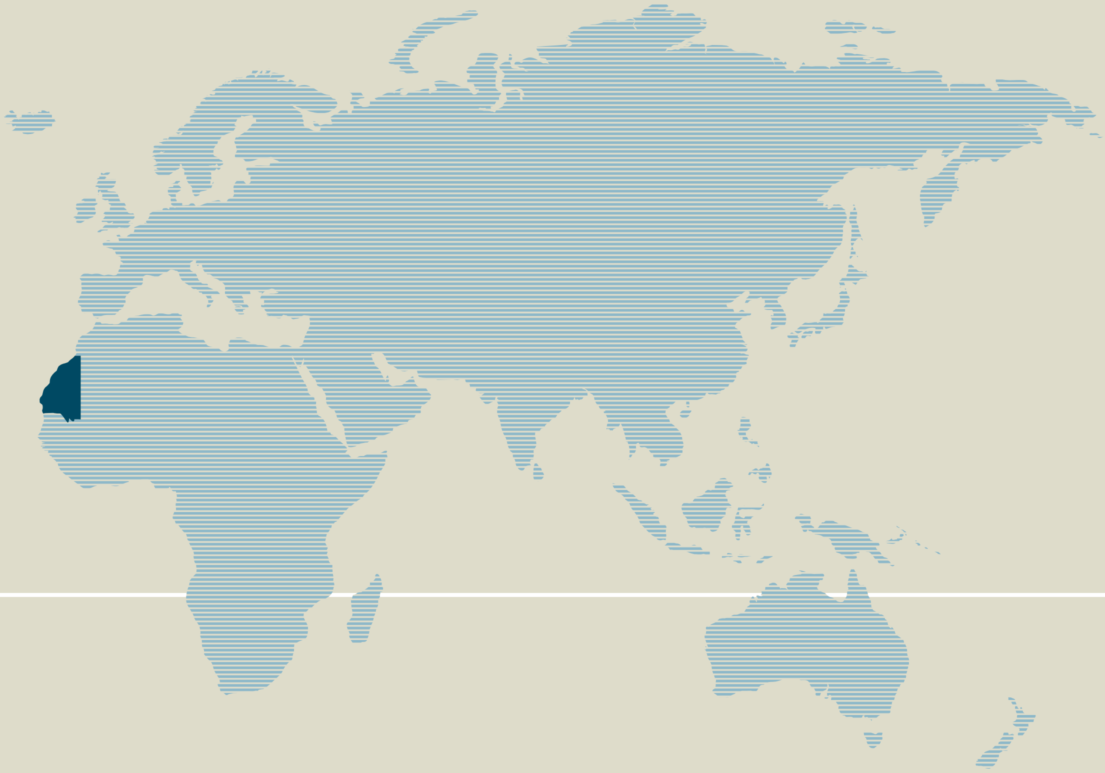
After an initial burst of 100% exploration drilling success in the Miocene channel play, a number of dry holes and/or sub-commercial discoveries have been drilled offshore Mauritania, both in that specific play and in others. This has quickly restored a statistical balance to the drilling results from this newly emergent petroleum province. This was never more obvious than in 2005 when six exploration and appraisal wells were drilled, none of which discovered clearly commercial hydrocarbons, although three did provide genuine technical encouragement for future exploration directions.

The most successful 2005 exploration and appraisal wells drilled by the various joint ventures in which ROC is a participant were Tiof-6 (spudded 2004, completed 2005), Tevét-2 and Tevét-2ST1, Labeidna-1 and Faucon-1. Any appraisal well that flows more than 10,000 BOPD must be viewed as encouraging and Tiof-6 certainly fits this category. However, the geology of the Tiof Oil Field is complex and although there appears to be a substantial volume of oil in-place, a lot of careful analysis and planning will be required before the relevant joint venture will be able to take the next step towards potential development. The chances of the Tevét Oil Field being developed were increased as a result of the Tevét-2 results and due consideration will be given to tying this field into the Chinguetti Oil Field facilities at an appropriate time in the future.

The Cretaceous oil discovered in the deeper part of the Tevét-2ST1 sidetrack well is an important technical result because it is clear-cut evidence that oil has been generated and trapped at this level in this area. Another Cretaceous oil accumulation drilled by the Faucon-1 well, some 140 km south of the Chinguetti Oil Field, provides more encouragement with regard to the, so far unproven, commercial potential of the Cretaceous petroleum system offshore Mauritania. The significance of the 116 m oil column in Labeidna-1 is hard to define.



The well certainly demonstrated that there is potential for a significant oil accumulation in the vicinity but it also indicated that in order for that accumulation to be commercial, a much thicker sand interval would have to be present. Given the channelised nature of the sequence in this part of offshore Mauritania, it is quite possible that thicker sands do exist in the area around Labeidna-1, although finding them may require a mixture of technical expertise and serendipity.



Sooner or later, in every petroleum province, the combination of rocks and exploration risk will assert itself; in Mauritania's case, this happened later rather than sooner. If Mauritanian exploration continues on a path that is typical of many new petroleum provinces, then, in the foreseeable future, the pendulum of exploration statistics will start to swing back towards the more successful side of the spectrum and further commercial discoveries will be made.

At the beginning of 2006, it became clear that the new Government of Mauritania had developed a view with regard to documents, referred to as Avenants, which are amendments to the PSCs for Areas A, B, C6 and C2 that is different from the view held by the Woodside Petroleum Ltd-operated Joint Ventures. At the time of writing, this divergence of views remains. Given ROC's small (3.2%-5.0%) non-operating interests in the areas being discussed, there is little that the Company should say, or do, about this matter in the public arena. However, the situation, which ROC anticipates will eventually be resolved, clearly illustrates the benefits of maintaining a diverse and well balanced portfolio.

This 2003 production test of Chinguetti-4-5 confirmed the field's commercial potential with a stabilised flow of up to 15,680 BOPD. It set the scene for the US$750 million/A$1,022 million Chinguetti Oil Field Development which produced first oil on 24 February 2006.

The ***Berge Helene*** *Floating Production Storage and Offloading vessel on its way to the Chinguetti Oil Field after an extensive refit in Singapore.*

Within its global portfolio, ROC considers the sedimentary sequence in the Block is second only to that which exists in Angola in terms of the quality of the working petroleum system.

China

ROC has been conducting business with various companies within China's energy industry since 1998. ROC's present China focus is almost exclusively on conventional oil exploration and potential field developments in Block 22/12 ("the Block") in the Beibu Gulf, near Hainan Island. Since 2001, ROC has also been reviewing the economic merits of potential oil shale projects which previously would have been considered unconventional although recently such projects are becoming more widely accepted.

Block 22/12

The Block 22/12 Joint Venture is composed of four independent Australian oil companies that spent 2005 focused on two objectives. Primarily, the potential development of one or more small oil accumulations that are known to exist within the Block, particularly the Wei 12-8 West Oil Field and, secondly, the potential addition of new reserves through an exploration well, which is now due to be drilled in April 2006.

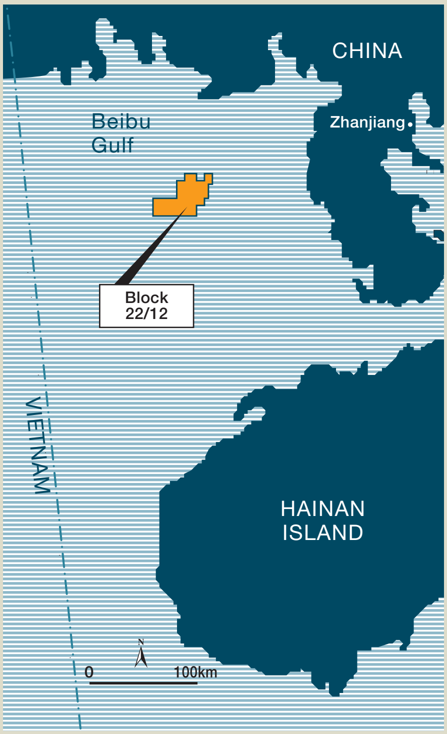
Within its global portfolio, ROC considers the sedimentary sequence in the Block is second only to that which exists in Angola in terms of the quality of the working petroleum system. An excellent mature oil source rock exists in close proximity to several different sandstone sequences that display high quality reservoir characteristics. The Block's main weak point is a lack of large structures. This is mitigated, to some extent, by two factors. There are a number of structures which, although individually small to modest in size, collectively hold the potential to be commercially attractive. Also, there is the possibility that a number of valid stratigraphic traps exist within the Block, some of which could be significantly larger than the structures that have been mapped to date. The regional setting of the Block is also attractive, being adjacent to one of China's larger offshore oil fields which is linked in via established infrastructure to a number of other fields in the vicinity of the Block and to onshore facilities on Weizou Island.

For the Block 22/12 Joint Venture, 2005 was not without frustration, mainly relating to the potential development of the Wei 12-8 West Oil Field, the viscosity of the oil in the Wei 12-8 East Field and the difficulty – since resolved – of contracting a rig to drill the next exploration well. The challenge of developing the Wei 12-8 West Oil Field relates to the small individual field size and a resultant lack of an economy of scale. This means that a stand alone development, separate from the established infrastructure, cannot be justified. One of the Joint Venture's other frustrations related to the high viscosity of the oil in one of the larger in-place oil accumulations in the Block, the Wei 12-8 East Oil Field, which renders a straightforward development difficult.

If the next exploration well in the Block, due to be drilled in April 2006, proves to be a significant discovery, a collective field development may be viable. However, until an adequate reserve base is established within the Block, it is difficult to be any more definitive about the future direction of ROC's activities in this area.

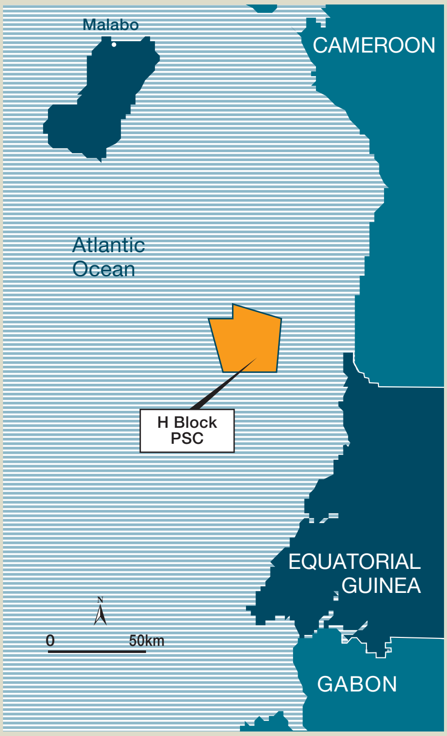
Oil Shale

ROC's other focus in China is on a potential involvement with oil shale developments, particularly at Fushun in Liaoning Province in North Eastern China where a profitable oil shale operation is already well established. ROC has been instrumental in introducing Canadian oil shale technology to the Fushun oil shale industry and has also been able to introduce large scale German engineering expertise. As a result of a contract signed in late 2005, ROC is due to receive a small revenue stream in the form of commissions relating to the introduction and application of this technology. While the magnitude of this anticipated revenue stream is not material in itself, it will represent the first receipt of revenue from the Company's activities in the Chinese oil industry and, as such, it will be a small milestone for ROC in that country.



Equatorial Guinea

Equatorial Guinea is the only area within ROC's portfolio for which a preferred rig is yet to be identified. With the Aleta Prospect, in the deepwater Rio Muni Basin, ready to drill, much of ROC's



effort during 2005 was spent trying to secure a suitable deepwater drilling unit. Unfortunately, a drilling programme consisting of a single well offshore Equatorial Guinea has, so far, proved to be less attractive to rig contractors than multi-well drilling opportunities elsewhere. ROC and its co-venturers will continue to search for a suitable rig through the balance of 2006 and, if necessary, into 2007.

Little has changed with regard to the prospectivity of the large Aleta Cretaceous channel sand play. Aleta is still regarded as a potentially large stratigraphic trap, well defined by the 3D seismic which ROC acquired in 2001. Arguably, the Prospect has been enhanced by 2005 reports that Cretaceous oil had been encountered by the P-2 exploration well, in an adjacent block, approximately 37 km to the southeast. Prior to that well being drilled, the nearest Cretaceous oil accumulations were at the Ceiba Oil Field Complex, approximately 65 km south of the Aleta Prospect. A commercial discovery at Aleta would upgrade and unlock the prospectivity of several other nearby Cretaceous channel prospects.

A summary of ROC's 2005 activities in Equatorial Guinea would not be complete without mentioning the much appreciated effort of the Company's small team located in the nation's capital, Malabo, particularly Olivier Gentizon, ROC's Country Manager in Equatorial Guinea. Running an office that is waiting on a rig contract can be frustrating and is never easy and therefore the efforts of ROC's Malabo office staff are particularly appreciated.

ROC's office in Zhanjiang, China.

ROC's office in Malabo, Equatorial Guinea.

NEW VENTURES, ACQUISITIONS AND DIVESTMENTS

New Ventures and Acquisitions

ROC has always pursued an active new venture programme and 2005 was no exception. However, one of the differences which became apparent through the year was that high vendor expectations and a proliferation of would-be purchasers made the acquisition of new business opportunities at ROC's end of the oil and gas spectrum tougher than before. ROC's response to this "hot" new venture environment is to increase its reliance on deals that are sourced through personal industry contacts, well away from the hyperbole generated by industry auction rooms and to capitalise on its international operating capabilities.

Australia

The main new venture commitment that ROC undertook during 2005 related to the acquisition of a 20% interest in WA-351-P in the deepwater part of the Carnarvon Basin, offshore Western Australia. At the outset, the farmin, via BHP Billiton, was recognised as being a high risk project, albeit one that also offered a potentially high reward. The Jacala-1 well, due to start drilling in March 2006, will test a structure which covers an area of approximately 300 sq km and has a vertical relief in the order of 100 m. The upside potential that could be realised in the event of a discovery would dramatically transform ROC while the impact of a dry hole would be readily managed.

Equatorial Guinea

During the year, ROC, along with its continuing co-venturers in the H Block in the deepwater Rio Muni Basin, offshore Equatorial Guinea, acquired, on a pro rated basis and for no consideration, a 20% interest owned by Sasol Petroleum International (Pty) Limited ("Sasol"). As a result, ROC's working interest in the area increased from 15% to 18.75%. Because of a farmout arrangement concluded in 2004, ROC's contributing interest to the next well to be drilled in Block H, Aleta-1, will reflect only the equity acquired from Sasol (3.75%) because the balance (15%) will be free carried through the well by the large US independent Pioneer Natural Resources Company. It is hoped that Aleta-1 will be drilled within the next 12 months, but it could slip into 2007 due to lack of rig availability.

Divestments

Onshore UK

ROC concluded a major divestment in January 2005 when it closed the £44 million/$109 million sale of the mature and declining Saltfleetby Gas Field, onshore England. The transaction was initiated, and expedited by ROC's senior management without assistance from the investment banking community. The sale generated an $81 million after tax profit. The proceeds of the sale were slightly greater than ROC's net share of the $103 million 2005 development costs of its four new offshore oil fields in Mauritania, Australia and the North Sea. In this sense, the proceeds of the sale of Saltfleetby Gas Field allowed ROC to fund a large part of the cost of developing four new oil fields without recourse to debt.

The acquisition, development, production and ultimate sale of Saltfleetby are good, real life examples of ROC's "conveyor belt" strategy. ROC usually acquires new assets prior to development and then spends a number of years trying to add value organically by moving the assets sequentially from exploration and appraisal success to development, through first flush production and on to mature production and eventual decline, with a likelihood that when a mature field is declining it may be sold – but only if a compelling offer is received. This cycle of acquisition, value addition, revenue generation and divestment rarely takes less than several years and can take a lot longer: it is never a quick fix.

UK North Sea

In late 2004, ROC agreed to provide loans to a private company active in the North Sea, Acorn North Sea Limited ("ANSL"). In return, ROC received an option to acquire equity in a number of areas covering and adjacent to the Ardmore Oil Field in the UK North Sea. This proved to be a bad deal. The basic concept was that a significant portion of Ardmore's recoverable reserves were yet to be produced. Unfortunately, that concept remains untested. The key well that was required to prove or negate the theory was never drilled for a variety of reasons, not least of which were the technical and financial difficulties which the field's operator experienced. As a result, in May 2005, ROC requested that an Administrative Receiver be appointed to ANSL in an effort to limit further monetary exposure and to allow part of the $11 million which it had provided by way of a loan to be recouped. During the balance of 2005, ROC worked diligently with the relevant parties, including the Administrative Receiver, and succeeded in recovering $3 million (27%) of the loan. The Company was also able to negotiate a 1% overriding royalty on total gross production from the exploration acreage surrounding the Ardmore Field.

New Zealand

In view of the many other activities which ROC is currently undertaking in various parts of the world, it was decided that the best way of realising corporate value from the Company's interest in PEP38767 in New Zealand was to exchange its 40% working interest for a 0.8% overriding royalty on total gross production. By January 2006, a Deed of Assignment and Assumption to that effect had been executed with TAG, which is subject to the approval of the relevant government authorities

The New Zealand divestment is a good example of ROC's ability to quickly acquire, assess and divest assets if the results do not meet corporate targets.

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

If a company is focused on operating, particularly in the international arena, it must also be focused on risk management and community relations. A highly developed commitment to both, well beyond the pages of a corporate manual or the words uttered in presentations to investors, is mandatory.

ROC's attitude to risk in the upstream oil and gas business has never changed: risk is everywhere and it must always be managed very carefully. At ROC, this is formalised through its health, safety, environmental and community policies and practices as well as its commercial strategies.

Since it was established as a private company almost 10 years ago, ROC has undertaken operations in 10 countries and has participated as a non-operator in a further three countries. Operational areas ranged from the sparsely populated Gobi Desert of Mongolia to densely populated and highly regulated onshore England. Working environments ranged from onshore Angola to rural farming communities in New Zealand and from ankle deep water along the Western Australian coastline to drilling in 1,500 m of water offshore Equatorial Guinea. Cultures and communities within which ROC has worked are equally diverse but, as stated in previous corporate communications, regardless of the superficial differences between people in various parts of the world, it seems to ROC that everybody always wants to receive the same thing: respect.

ROC's major project safety record is satisfactory, as indicated in details provided in pages 10 and 14 of this Annual Report.

Angola

The commencement of the ground-breaking seismic survey onshore Angola, in mid-2005, represented a unique set of circumstances. In 1998, ROC identified the Cabinda South Block as a place where it would like to do business, although it did not acquire an initial interest in the area until 2001 and did not activate the PSA until late 2004. During this long lead-up period, ROC spent a lot of time trying to identify the specific challenges that it could experience once on-the-ground exploration started. By November 2004, the Company had concluded that the time was appropriate to stop analysing and start exploring. The six months that ROC spent operating the acquisition phase of the Cabinda South Joint Venture's seismic survey in 2005, suggested that the understanding which the Company had gained prior to commencing the survey, was essentially correct.

As a result of its seismic survey, ROC has become at least a small part of the local community and as the Company progresses its exploration activities during 2006 and subsequent years, it will endeavour to do so in a manner that reflects this fact.

Australia

In the vicinity of the Cliff Head Oil Field, crayfishing represents a very valuable community resource. This is why, from the moment it started operating in the area in 1999, ROC tried to develop a strong relationship with that industry by working within the constraints that always exist when two resource businesses are sharing the same patch of ocean. The imminent completion of the mechanical construction phase of the offshore Cliff Head Development stands as a tribute to the manner in which the crayfishing industry, offshore Dongara and ROC, as Operator of the Cliff Head Joint Venture, have been able to work together.

A good 2005 example of ROC's attention to environmental detail relates to the Cliff Head Development where there was a strict requirement to preserve a pristine shoreline. ROC was able to achieve this by designing and expediting a development that allowed the pipelines and umbilicals, which connect the onshore separation plant to the offshore production platform, to be installed with minimal disturbance to the foreshore that lies between the two sites. This was achieved by drilling for a kilometre horizontally under the beach and running the pipelines and umbilicals through the drilled hole, rather than laying them in a pipeline trench cut through the sand dunes and across the beach.

ROC's seismic survey onshore Angola was preceded by a demining operation which rendered the survey area safe by identifying and dealing with potential hazards such as unexploded ordnances and landmines. It is a tribute to the diligence of the people involved in this operation that the survey did not encounter any problems in this regard.

The pristine nature of the shoreline between the onshore Arrowsmith Stabilisation Plant and the offshore Cliff Head production platform has been preserved by using horizontal drilling techniques to install the pipelines and umbilicals underneath the beach.

The Board of the Company is dedicated to achieving the highest standards of ethical behaviour and corporate governance. To meet this aim, the Company has adopted corporate governance policies and practices based upon the principles set out in the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" ("ASX Recommendations").

This statement sets out the main corporate governance practices that the Company had in place during the reporting period.

Laying Solid Foundations for Management and Oversight

The Board is responsible for the strategic direction of the Company, the identification and monitoring of corporate goals and policies, overseeing the Company's management and regularly reviewing performance. The Directors' focus is to act in the best interests of shareholders and other stakeholders.

The Board operates in accordance with the Company's Constitution and Board Charter which describe the Board's composition, functions and responsibilities and identify authorities reserved to the Board and those which are delegated to management. A copy of the Company's Board Charter can be obtained from the Company's website at www.rocoil.com.au.

Structuring the Board to Add Value

Board Composition

As at the date of this report, the Board is comprised of seven directors being one Executive Director and six Non-Executive Directors including the Chairman:

Mr AJ Love
Mr WG Jephcott
Dr RJP Doran
Mr RJ Burgess
Mr R Dobinson
Mr SJ Jansma Jr
Mr AC Jolliffe

Details of the background, experience and professional skills of each Director are set out in the Directors' Report. Under the Company's Constitution, there must be a minimum of three Directors and a maximum of 12. In addition, a Director (other than the Chief Executive Officer) may not retain office for more than three years without submitting to re-election. In effect, one third of Directors in office (with the exclusion of the Chief Executive Officer) retire by rotation at the Annual General Meeting. Those retiring Directors must seek re-election by the shareholders.

The Board usually meets on a monthly basis and, where appropriate, hears presentations from senior management who may be questioned directly by Board members on operational and commercial issues. The Non-Executive Directors also meet on a regular basis independently of the Chief Executive Officer and management.

The shareholders may, by resolution in general meeting, remove or replace a Director.

Independence of Directors

All Non-Executive Directors of the Company, including the Chairman, are considered independent. The independence of Directors is assessed pursuant to the Company's Policy on Independence of Directors which is based upon the ASX Recommendations. Director independence is assessed on both a qualitative and quantitative basis.

Based on the assessment of independence of Directors conducted by the Board, six Directors are independent and one is not. Therefore, the Company satisfies the ASX Recommendation that the majority of Directors be independent.

Independent Advice

Directors may, with the reasonable approval of the Chairman, obtain independent professional advice at the Company's cost, in relation to their position while acting as a Director of the Company.

Remuneration and Nomination Committee

The Board has created the Remuneration and Nomination Committee. The Remuneration and Nomination Committee comprises Mr Jephcott (Chairman) and Mr Love. It is a policy of the Board that members of the Remuneration and Nomination Committee be Non-Executive Directors. The Committee operates within a Charter which can be found in the Corporate Governance section of the Company's website at www.rocoil.com.au.

The Committee is responsible for assisting in identifying potential Directors and assisting Directors understand their duties and responsibilities. The Committee also assists the Board in evaluating the performance of executives, Directors and members of Board Committees. The Committee is responsible for reviewing and making recommendations to the Board for the remuneration of the Chief Executive Officer and other key executives.

Promoting Ethical and Responsible Decision Making

The Company is committed to the principles of efficiency, honesty and fairness in undertaking its activities and seeks to maintain the highest standard of integrity.

The Company has adopted a Directors' Code of Conduct to guide Directors and officers in relation to the standards that are expected of them. The Company has also adopted a policy on Anti-Corruption and Receipt of Gifts which establishes the Company's obligations to comply with relevant laws and to conduct its business ethically.

In addition, the Board has adopted a Share Dealing Code and Share Trading Policy that regulates dealing by officers and employees in shares and other securities issued by the Company. The Policy seeks to ensure that officers and employees are aware of the legal restrictions on trading in Company shares while in possession of unpublished price-sensitive information and establishes a procedure for trading by officers and employees which is consistent with legal requirements in the UK and ensures integrity and market confidence.

Copies of both the Directors' Code of Conduct (including the Policy on Anti-Corruption and Receipt of Gifts) and the Share Trading Policies can be found in the Corporate Governance section of the Company website at www.rocoil.com.au.

Conflict of Interest

Directors are required to keep the Board appraised of any potential conflicts of interest they may have with the interests of the Company.

Safeguarding Integrity in Financial Reporting

The Board has created the Audit Committee to oversee the Company's financial reporting processes and ensure it meets its reporting obligations. The Chairman of this Committee, Mr Jephcott, is an independent Non Executive Director who is not Chairman of the Board. The Committee operates within a Charter which can be found in the Corporate Governance section of the Company website at www.rocoil.com.au.

The Audit Committee comprises Mr Jephcott as Chairman, Mr Love and Mr Jolliffe. It is a policy of the Board that members of the Audit Committee be Non-Executive Directors and that the majority be independent. At least one member of the Audit Committee must have a background in financial reporting, accounting or auditing.

The Audit Committee reviews the Company's financial information to ensure its accuracy and timeliness.

The Committee's functions also include reviewing the Company's accounting policies, overseeing the effectiveness and independence of the external audit and considering risk management and compliance issues.

The Chief Executive Officer and General Manager Finance have stated in writing to the Board that for the financial year ended 31 December 2005, the financial reports present a materially true and fair view of the Company's financial condition and the operational results are in accordance with relevant accounting standards.

Timely and Balanced Disclosure

The Company is committed to open, prompt and regular communication with the market. Under the ASX Listing Rules, the Company has an obligation to inform the market of information that may have a material effect on the price or value of the Company's securities. To meet these obligations, the Board has adopted a Continuous Disclosure Policy which contains policies and procedures designed to ensure accountability at the senior management level for compliance with the disclosure obligations.

The Company has established a Continuous Disclosure Committee which comprises the Chief Executive Officer, the Chief Operating Officer and the Company Secretary.

The Company's Continuous Disclosure Policy can be found in the Corporate Governance section of the Company website at www.rocoil.com.au.

Respecting the Rights of Shareholders

The Board of Directors has a primary responsibility to the shareholders. The maintenance of active channels of communication with shareholders forms an integral part of this responsibility. The Company is committed to effective communication with shareholders and other stakeholders. The Company has therefore established a communication strategy.

The Board aims to ensure that shareholders are informed of all major developments affecting the Company in a timely fashion through announcements to the ASX and AIM. These announcements can be found in the ASX Releases section of the Company's website at www.rocoil.com.au. The Company's website also contains a range of other company information including presentations, reports and the Company's policies, codes and charters.

In addition, information is communicated via the distribution of the Annual Report, the lodging of a half yearly report with ASIC, ASX and AIM and the distribution of notices to all shareholders informing them of shareholder meetings.

The Board encourages shareholder participation at general meetings and will provide for shareholder questions in all meetings. The Company auditors will attend the Annual General Meeting. Shareholders are invited to submit written questions to the auditors (via the Company) concerning the Auditors' Report or the conduct of the Company's audit no later than five business days before the Annual General Meeting. A list of questions will be made available to members at the Annual General Meeting. Shareholders can also ask questions of the auditors at the Annual General Meeting.

Recognising and Managing Risk

The Company understands the need for an effective system of risk oversight, management and internal control. The Board is responsible for the overall control framework of the Company. To this end, the Board has established a Finance and Risk Management Committee and a risk management strategy. This Committee comprises Mr Love, Mr Jephcott, Mr Burgess, Mr Jansma Jr and Mr Jolliffe. Copies of the Charter and Terms of Reference can be found at the Company's website www.rocoil.com.au.

The Chief Executive Officer and General Manager Finance have stated in writing to the Board that for the financial year ended 31 December 2005, the statements made by them regarding the integrity of the financial statements are founded on a sound system of risk management, internal compliance and control systems which, in all material respects, implements the policies adopted by the Board and that the risk management and internal compliance and control, to the extent that they relate to financial reporting, are operating effectively and efficiently, in all material respects.

Encouraging Enhanced Performance

The Remuneration and Nomination Committee is responsible for ensuring performance evaluation of the Board and key executives and for the implementation of induction procedures for new Board members. The Board has established a Performance Evaluation Process.

A performance evaluation for the Board and its members was undertaken during the last reporting period.

The Performance Evaluation Policy and the Charter of the Remuneration and Nomination Committee can be found in the Corporate Governance section of the Company's website at www.rocoil.com.au.

Fair and Responsible Remuneration

The Company is aware that fair remuneration is essential for attracting and retaining talented and motivated Directors and employees who will enhance the Company's performance. The Company is also aware that remuneration should be responsible and that there should be a clear relationship between performance and remuneration.

Executive remuneration is fixed by the Board and may comprise salary, bonuses and share participation.

Non-Executive remuneration comprises fixed remuneration, including superannuation, which is set at a level that reflects the marketplace.

The total fees payable to Directors (including equity-based payments) must not be increased without the prior approval of Members at a general meeting.

Further information on remuneration can be found in the Remuneration Report included as part of the Directors' Report and in the Remuneration and Nomination Committee Charter on the Company website at www.rocoil.com.au.

Recognising the Legitimate Interests of Stakeholders

The Company recognises that it has a responsibility to shareholders, employees, clients and the community as a whole and is committed to corporate practices that reflect these responsibilities. The Company requires that the Directors and staff of the Company act in a manner that reflects the highest standards of behaviour and professionalism. It emphasises the need for honesty and integrity in all areas and in particular, in relation to legal compliance, record keeping, conflicts of interest and confidentiality.

The Company has adopted a Directors' Code of Conduct to guide Directors and officers in relation to the standards expected of them by the Company. The Directors' Code of Conduct can be found in the Corporate Governance section of the Company website at www.rocoil.com.au.

The Company has also adopted a Code of Conduct and Business Ethics which reflects its commitment to business and corporate ethics and recognition of the interests of shareholders. The Code of Conduct includes the Company's whistleblower policies and procedures. Under that policy, any concerns may be reported with the Chairman of the Audit Committee of the Board, the Company Secretary or the Company's auditors. This code can also be found at the Company's website www.rocoil.com.au.

DIRECTORS' REPORT AND THE ANNUAL FINANCIAL REPORT

CONTENTS

Directors' Report		26
Discussion and Analysis of Financial Statements		34
Auditors' Independence Declaration		38
Independent Audit Report		39
Directors' Declaration		40
Income Statement		41
Balance Sheet		42
Cash Flow Statement		43
Statement of Changes in Equity		44
	Notes to the Financial Statements	
1	Summary of Significant Accounting Policies	45
2	Sales Revenue	52
3	Operating Costs	52
4	Other Income	52
5	Exploration Expensed and Written Off	52
6	Other Costs	53
7	Finance Costs	53
8	Income Tax	54
9	Cash Assets	55
10	Current Trade and Other Receivables	56
11	Derivatives	56
12	Inventories	56
13	Non-Current Assets Held for Sale	57
14	Non-Current Trade and Other Receivables	57
15	Other Non-Current Financial Assets	57
16	Oil and Gas Assets	58
17	Exploration and Evaluation Expenditure	59
18	Property, Plant and Equipment	59
19	Controlled Entities	60
20	Current Trade and Other Payables	61
21	Provisions	61
22	Share Capital	62
23	Other Reserves	62
24	Employee Benefits	63
25	Earnings Per Share	65
26	Segment Information	65
27	Related Party Disclosures	68
28	Commitments for Expenditure	68
29	Joint Ventures	69
30	Associate Companies	70
31	Remuneration of Auditors	71
32	Key Management Personnel Disclosures	71
33	Contingent Liabilities	76
34	Financial Instruments	77
35	Subsequent Events	78
36	Additional Company Information	78
	ROC Licences at 31 December 2005	79
	Shareholder Information	80
	Glossary and Definitions	82

DIRECTORS' REPORT

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

Directors

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

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

Mr Love is Chairman of the Board of ROC, a Fellow of The Institute of Chartered Accountants in Australia and a Senior Partner in the firm of Ferrier Hodgson, Chartered Accountants. In the prior three years, Mr Love was a director of Principal Real Estate Investors (Aust) Limited. Since July 2005 Mr Love has also been a non-executive director of Primelife Corporation Limited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Directors' Meetings

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

	Directors	Audit Committee	Remuneration and Nomination Committee	Finance and Risk Management Committee	Occupational Health, Safety and Environment Committee
Number of meetings held	13	3	2	4	2
Number of meetings attended					
Mr A J Love	12	3	2	1	N/A
Mr W G Jephcott	12	3	2	4	N/A
Dr R J P Doran	13	N/A	2	N/A	N/A
Mr R J Burgess	12	N/A	N/A	4	N/A
Mr R Dobinson	13	N/A	N/A	N/A	2
Mr S J Jansma, Jr	8	N/A	N/A	3	2
Mr A C Jolliffe	12	3	N/A	4	N/A

Principal Activities

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

Results

The net profit of the consolidated entity for the financial year after income tax was $45.6 million (2004: net loss $26.2 million).

Dividends

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

Review of Operations

A review of the consolidated entity's operations during the financial year and the results of those operations are included in the Discussion and Analysis of Financial Statements on pages 34 to 37.

Significant Changes in State of Affairs

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

Subsequent Events

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

Except for the matters referred to in Note 35, there has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in financial years subsequent to 31 December 2005.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations, is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has been omitted from this Directors' Report.

Remuneration Report

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

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

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

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

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

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

Directors' Remuneration

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

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

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

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

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

Directors' Interests

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

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

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

Chief Executive Officer and Specified Executives' Remuneration

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

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

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

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

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

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

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

TSR is the total of:

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

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

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

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

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

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

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

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

In the case of the Chief Executive Officer, specific goals are set at the commencement of each year and payment of a bonus is assessed against achievement of the specified goals. The goals which are set and reviewed annually relate to the performance objectives and goals of the Company. Details of cash bonuses awarded to Specified Executives in 2005 are set out in the table below. The Chief Executive Officer's bonus is set out in the table on page 28 of this Report.

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

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

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

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

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

Service Agreement - R J Doran

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

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

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

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

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

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

Options over Ordinary Shares

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

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

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

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

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

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

Shares under Option

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

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

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

Indemnification of Directors and Officers

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

Rounding

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

Corporate Governance

The Board is responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and the monitoring of the business and affairs of the Company on behalf of its shareholders. The Board delegates responsibility for the day-to-day management of ROC to the Chief Executive Officer. In addition, the Board has established a number of committees to support it in matters which require more detailed consideration. All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports from senior management during the financial year on a monthly basis.

The Board is comprised of one Executive Director and six Non-Executive Directors including the Chairman. In accordance with the Company's Constitution and ASX Listing Rules, the Directors (other than the Chief Executive Officer) are subject to re-election by shareholders every three years.

The Board usually meets on a monthly basis, and where appropriate, hears presentations from senior management who may be questioned directly by Board members on operational and commercial issues.

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

Finance and Risk Management

Mr W G Jephcott (Chairman), Mr A J Love, Mr R J Burgess, Mr S J Jansma, Jr and Mr A C Jolliffe are members of the Company's Finance and Risk Management Committee. It is responsible for monitoring the operational and financial aspects of the Company's activities and considers recommendations and advice of internal and external advisers on the operational and financial risks of ROC. The Committee evaluates senior management's assessment of risk and its recommendations in relation to the management of that risk, including hedging policies and the nature and level of insurance cover.

Environmental Regulations

The consolidated entity is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The consolidated entity is also a party to various production sharing contracts and exploration and development licences in the countries in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the consolidated entity's contracts or licences. The Board has established an Occupational Health, Safety and Environment Committee. The Committee's responsibility is to ensure that occupational health, safety and environmental standards of the Company's operations are maintained at a level equal to, or above, accepted industry standards and that the Company complies with all relevant governments in the jurisdictions in which it operates.

Auditor and Non-Audit Services

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

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

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

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is included on page 38.

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

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

On behalf of the Directors:

Mr A J Love
Chairman

Dr R J P Doran
Director and Chief Executive Officer

Sydney, 7 March 2006

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

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

Key Points

- **Financial**

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

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

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

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

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

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

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

- **Share Placement**

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

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

- **Activity**

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

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

  Australia and New Zealand

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

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

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

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

  ROC's 40% interest in PEP38767 (ROC: 40% and Operator) in the Taranaki Basin onshore New Zealand was sold, subject to government approval, to TAG Oil (New Zealand) Ltd after the financial year end for an overriding royalty of 2% of any future production.

West Africa

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

- **Mauritania**

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

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

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

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

- **Angola**

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

- **Equatorial Guinea**

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

United Kingdom

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

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

China

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

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

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

Development

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

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

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

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

Key Points *(continued)*

- **Activity**

  Development *(continued)*

  Chinguetti Oil Field (ROC: 3.25%)

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

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

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

Income Statement

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

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

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

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

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

Balance Sheet

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

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

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

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

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

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

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

Cash Flow Statement

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

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

Financial Ratios

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

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

Hedging

Oil price

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

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

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

Foreign exchange/interest rates

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

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

7 March 2006

Dear Directors

Roc Oil Company Limited

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

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

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

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

Yours sincerely
DELOITTE TOUCHE TOHMATSU

J H W Riddell
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ROC OIL COMPANY LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, summary of significant accounting policies and other explanatory notes and the directors' declaration for both Roc Oil Company Limited (the company) and the consolidated entity, for the financial year ended 31 December 2005 as set out on pages 40 to 78. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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

Audit approach

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

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

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

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

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

Audit Opinion

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation

DIRECTORS' DECLARATION

The Directors declare that:

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

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

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

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

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

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

On behalf of the Directors:

Mr A J Love
Chairman

Dr R J P Doran
Director and Chief Executive Officer

Sydney, 7 March 2006

INCOME STATEMENT

For the financial year ended 31 December 2005

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

BALANCE SHEET

As at 31 December 2005

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

CASH FLOW STATEMENT

For the financial year ended 31 December 2005

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2005

CONSOLIDATED

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

COMPANY

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

Note 1. Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

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

(b) Statement of compliance

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

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

Reconciliations of:

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

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

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of ROC ('parent entity') and its subsidiaries ('Group'). The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

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

(d) Oil and gas assets

Development expenditure is stated at cost less accumulated depletion and any impairment in value. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field, on a unit-of-production basis. Costs are amortised only once production begins.

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

(e) Exploration and evaluation expenditure

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

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

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

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

(f) Property, plant and equipment

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

Depreciation is provided on plant and equipment, including freehold buildings but excluding land. Plant and equipment is depreciated on a straight line basis so as to write down these assets to their estimated residual values over their estimated useful lives to the consolidated entity.

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

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

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

Operating leases are not capitalised. Payments made under operating leases are charged to the Income Statement in equal instalments over the term of the lease.

(g) Oil and gas stock and materials inventory

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

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

(h) Investments

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

(i) Provision for restoration

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

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

(j) Cash and cash equivalents

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

(k) Investment in associates

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

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

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

(l) Trade and other receivables

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

(m) Impairment

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

Calculation of recoverable amount

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

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

(n) Provisions

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

(o) Revenue

Sales

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

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

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

Interest

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

Dividends

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

(p) Finance costs

Finance costs are recognised as an expense when incurred.

(q) Share-based payment transactions

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

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

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

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

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

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

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

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

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

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

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

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

(r) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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

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

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

Tax consolidation

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

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

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

(s) Goods and services tax

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

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

(t) Derivative financial instruments

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

Cash flow hedges

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

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

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

Derivatives that do not qualify for hedge accounting

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

Embedded derivatives

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

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

(u) Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

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

(v) Employee benefits

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

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

(w) Interest in joint venture operations

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

(x) Impact of adoption of A-IFRS

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

(iv) Reclassifications

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

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

Note 3. Operating Costs				
Production costs	524	10,673	–	–
Amortisation	32	10,287	–	–
Hedging loss	2,026	–	–	–
	2,582	**20,960**	**–**	**–**

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

Note 5. Exploration Expensed and Written Off				
Angola	12,061	1,447	–	–
Australia	8,718	2,811	–	–
China	2,882	5,282	–	–
Equatorial Guinea	478	286	–	–
Mauritania	12,114	6,280	–	–
New Zealand	270	1,071	–	–
United Kingdom	10,463	14,812	–	–
Other	1,169	377	1,172	400
	48,155	**32,366**	**1,172**	**400**

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

Note 6. Other Costs

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

Note 7. Finance Costs

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

Note 8. Income Tax

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

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

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

Tax Consolidation

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

Note 9. Cash Assets

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

Note:

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

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

Note 10. Current Trade and Other Receivables

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

Note 11. Derivatives

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

Note 12. Inventories

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

Note 13. Non-Current Assets Held for Sale

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

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

Note 14. Non-Current Trade and Other Receivables

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

Note 15. Other Non-Current Financial Assets

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

Note 16. Oil and Gas Assets

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

	CONSOLIDATED		COMPANY	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 17. Exploration and Evaluation Expenditure				
Opening balance	52,893	52,879	–	–
Expenditure incurred	41,595	40,017	1,172	400
Increase in restoration asset	68	124	–	–
Exchange gain/(loss)	1,104	(194)	–	–
Transfer to oil and gas assets	(21,198)	(7,567)	–	–
Amounts expensed and written off	(48,155)	(32,366)	(1,172)	(400)
	26,307	**52,893**	**–**	**–**

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

Note 18. Property, Plant and Equipment

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

Note 19. Controlled Entities

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

Notes:
(1) Liquidated in the current year.
(2) Sold in the current year.

Note 20. Current Trade and Other Payables

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

Note 21. Provisions

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

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

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

Note 22. Share Capital

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

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

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

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

Note 23. Other Reserves

CONSOLIDATED

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

COMPANY

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

Note 24. Employee Benefits

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

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

Employee Share Option Plan

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

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

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

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

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

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

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

Executive Share Option Plan

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

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

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

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

Note 24. Employee Benefits *(continued)*

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

Fair value of options

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

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

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

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

(b) Superannuation plans

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

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

(c) Employee benefits expensed

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

Note 25. Earnings per Share

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

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

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

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

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

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

Note 26. Segment Information

Primary reporting – geographical segments

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

Secondary reporting – business segments

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

Segment accounting policies

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

Composition of each geographical segment

Asia mainly comprises the area of interest in China.

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

Note 26. Segment Information *(continued)*

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

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

Note 27. Related Party Disclosures

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

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

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

Note 28. Commitments for Expenditure

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

Note 29. Joint Ventures

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

Country	Block	Principal Activities	Interest 2005 %	Interest 2004 %
Australia	WA-286-P	Oil and gas exploration	37.50	37.50
	WA-31-L (Cliff Head)	Oil development	37.50	–
	TP/15	Oil and gas exploration	20.00	20.00
	WA-325-P	Oil and gas exploration	37.50	37.50
	WA-327-P	Oil and gas exploration	37.50	37.50
	WA-226-P	Oil and gas exploration	7.50	7.50
	WA-349-P	Oil and gas exploration	50.00	50.00
	WA-351-P	Oil and gas exploration	20.00	–
	EP413	Oil and gas exploration	0.25	0.25
	L14 (Jingemia)	Oil production	0.25	0.25
New Zealand	PEP38767[1]	Oil and gas exploration	40.00	40.00
Equatorial Guinea	H/15 & H/16	Oil and gas exploration	18.75	15.00
Mauritania	Area A	Oil and gas exploration	4.16	4.16
	Area B (Chinguetti)	Oil and gas exploration/development	3.69/3.25[3]	3.69/3.25[3]
	Area C Block 2	Oil and gas exploration	3.20	3.20
	Area C Block 6	Oil and gas exploration	5.00	5.00
	Area D Block 1	Oil and gas exploration	2.00	2.00
	Area D Block 7	Oil and gas exploration	4.95	4.95
	Area D Block 8	Oil and gas exploration	2.00	2.00
Angola	Cabinda South Block	Oil and gas exploration	60.00	60.00
China	Beibu Gulf Block 22/12	Oil and gas exploration	40.00	40.00
Onshore UK	PEDL002	Oil and gas exploration	5.00	5.00
UK North Sea	P111 (Block 30/3a) (Blane)	Oil and gas development	15.24/12.50[2]	15.24
	P219 (Block 16/13a) (Enoch)	Oil and gas development	15.00/12.00[2]	15.00
	P755 (Block 30/22b)	Oil and gas exploration	12.00	12.00

Note:

(1) Sold subsequent to year end.

(2) Unitised interest subject to redetermination following commencement of production in Blane Oil Field and Enoch Oil and Gas Field.

(3) Post-government back-in in Chinguetti Oil Field.

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

Note 29. Joint Ventures *(continued)*

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

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

Note:

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

Note 30. Associate Companies

Details of investments in associate companies are as follows:

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

Note 31. Remuneration of Auditors

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

Note:

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

Note 32. Key Management Personnel Disclosures

(a) Details of key management personnel

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

(b) Remuneration

(i) Remuneration policy

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

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

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

(b) Remuneration *(continued)*

(ii) Remuneration of key management personnel

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

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

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

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

(c) Options: granted during the year

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

(d) Shares issued on exercise of employee share options

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

(e) Option holdings

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

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

(e) Option holdings *(continued)*

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

(f) Shareholdings

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

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

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

(g) Loans and other transactions

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

Note 33. Contingent Liabilities

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

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

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

Note 34. Financial Instruments

(a) Financial risk management objectives

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

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

(b) Significant accounting policies

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

(c) Commodity price risk

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

Cash flow hedges

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

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

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

(d) Foreign currency risk

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

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

(e) Interest rate risk

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

(f) Credit risk

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

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

Note 34. Financial Instruments *(continued)*

(g) Fair value of financial instruments

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

The fair values are determined as follows:

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

Note 35. Subsequent Events

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

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

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

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

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

Note 36. Additional Company Information

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

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

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

ADDITIONAL COMPANY INFORMATION

ROC LICENCES AT 31 DECEMBER 2005 (UNAUDITED)

Country	Block	Field/Discovery	ROC Interest %	Operator
Australia	WA-286-P		37.50	Roc Oil (WA) Pty Limited
	WA-31-L	Cliff Head	37.50	Roc Oil (WA) Pty Limited
	TP/15		20.00	Roc Oil (WA) Pty Limited
	WA-325-P		37.50	Roc Oil (WA) Pty Limited
	WA-327-P		37.50	Roc Oil (WA) Pty Limited
	WA-226-P		7.50	Origin Energy Developments Pty Ltd
	WA-349-P		50.00	Roc Oil (WA) Pty Limited
	WA-351-P		20.00	BHP Billiton Petroleum Limited
	EP413		0.25	Origin Energy Developments Pty Ltd
	L14	Jingemia	0.25	Origin Energy Developments Pty Ltd
New Zealand	PEP38767[1]		40.00	Roc Oil (NZ) Pty Limited
Equatorial Guinea	H/15 & H/16		18.75	Roc Oil (Equatorial Guinea) Company (Technical Operator)
Mauritania	Area A	Banda	4.16	Woodside Mauritania Pty Ltd
	Area B (Chinguetti)	Chinguetti, Tiof, Tiof West, Tevét	3.69/3.25[3]	Woodside Mauritania Pty Ltd
	Area C Block 2		3.20	Woodside Mauritania Pty Ltd
	Area C Block 6		5.00	Woodside Mauritania Pty Ltd
	Area D Block 1		2.00	Dana Petroleum (E&P) Limited
	Area D Block 7	Pelican	4.95	Dana Petroleum (E&P) Limited
	Area D Block 8		2.00	Dana Petroleum (E&P) Limited
Angola	Cabinda South Block		60.00	Roc Oil (Cabinda) Company
China	Beibu Gulf Block 22/12	12-8, 6-12	40.00	Roc Oil (China) Company
Onshore UK	PEDL002		5.00	Star Energy (East Midlands) Ltd
	PEDL005 (Remainder)	Keddington	100.00	Roc Oil (GB) Limited
	PEDL028		100.00	Roc Oil (GB) Limited
	PEDL030	Cloughton	100.00	Roc Oil (GB) Limited
UK North Sea	P111 (Block 30/3a)	Blane	15.24/12.50[2]	Talisman Expro Limited
	P219 (Block 16/13a)	Enoch, J1	15.00/12.00[2]	Talisman Expro Limited
	P755 (Block 30/22b)		12.00	Maersk Oil North Sea UK Limited

Note:

(1) Sold subsequent to year end.

(2) Unitised interest subject to redetermination following commencement of production in Blane Oil Field and Enoch Oil and Gas Field.

(3) Post-government back-in in Chinguetti Oil Field.

SHAREHOLDER INFORMATION

1. Ordinary Share Capital

As at 21 March 2006, the Company had on issue 215,943,793 fully paid ordinary shares held by 10,375 shareholders.

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

2. Options

As at 21 March 2006, the Company had the following unquoted options:

- 765,000 options under the Employee Share Option Plan held by 25 optionholders and 5,585,000 options under the Executive Share Option Plan held by 32 optionholders;
- During the year ended 31 December 2005, 89,000 employee share options and 113,000 executive share options lapsed or were cancelled.
- 2,004,100 options issued under the Employee Share Option Plan were exercised; and
- Options do not carry any voting rights or rights to dividends.

3. Distribution of Share and Option Holders

Holding	Shareholders	Employee Options	Executive Options
1 – 1,000	2,066	–	–
1,001 – 5,000	4,837	1	–
5,001 – 10,000	2,114	1	–
10,001 – 100,000	1,583	23	9
Over 100,000	104	-	23
Total	10,704	25	32
Shareholders holding less than a marketable parcel	39		

4. Substantial Shareholders as at 21 March 2006

The following shareholders have advised that they are a substantial shareholder and are substantial holders as at 21 March 2006:

Shareholder	Number Held (Fully Paid Ordinary Shares)	% of Class Held(1)
J P Morgan Chase & Co	15,523,488	7.20
Merrill Lynch & Co Inc	11,338,421	5.25
Commonwealth Bank of Australia	10,814,302	5.01

Note:

(1) Calculated against issued share capital as at 21 March 2006.

5. Twenty Largest Shareholders as at 21 March 2006

Shareholder	Number Held	%	Rank
Computershare Clearing Pty Ltd	45,884,622	21.25	1
Westpac Custodian Nominees Limited	18,467,821	8.55	2
National Nominees Limited	14,410,817	6.67	3
J P Morgan Nominees Australia Limited	13,847,965	6.41	4
Citicorp Nominees Pty Limited	7,175,468	3.32	5
Cogent Nominees Pty Limited	4,767,266	2.21	6
ANZ Nominees Limited	4,375,496	2.03	7
Citicorp Nominees Pty Limited (CFS W/Sale GBL Res Fund A/c)	3,850,124	1.78	8
Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/c)	2,779,034	1.29	9
Celtic Energy Pty Limited	4,220,000	1.95	10
Neweconomy Com Au Nominees Pty Limited	1,370,000	0.63	11
Sandhurst Trustees Ltd	1,368,738	0.63	12
Cogent Nominees Pty Limited	1,362,570	0.63	13
Mirrabooka Investments Limited	1,200,000	0.56	14
Transport Accident Commission	1,199,446	0.56	15
Merrill Lynch (Australia) Nominees Pty Ltd	1,044,038	0.48	16
Victorian Workcover Authority	987,284	0.46	17
The University Of Melbourne	897,652	0.42	18
RBC Dexia Investor Services Australia Nominees Pty Limited	894,604	0.41	19
Mr Sidney John Jansma Jr	800,000	0.37	20
Top 20 Total	130,902,945	60.61	

GLOSSARY AND DEFINITIONS

A$, $ or **cents**	Australian currency.
A-GAAP	Australian Generally Accepted Accounting Principles.
A-IFRS	Australian equivalents to International Financial Reporting Standards.
AIM	Alternative Investment Market of the London Stock Exchange.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited.
BBLs	Barrels, equivalent to 0.159 cubic metres.
BCF	One billion cubic feet of natural gas.
BOE	Barrel of oil equivalent. The factor used to convert gas to oil equivalent is based upon an approximate energy value of 6,000 cubic feet per barrel and not price equivalence at the time.
BOEPD	Barrel of oil equivalent per day.
BOPD	Barrel of oil per day inclusive of NGLs.
GST	Goods and services tax.
km	Kilometres.
m	Metre.
MCF	One thousand cubic feet of natural gas.
MM	Millions.
MMBBL	One million barrels of oil.
MMBOE	One million barrels of oil equivalent.
MMSCFD	One million standard cubic feet of natural gas per day.
NGLs	Natural gas liquids.
pound or **£**	UK pounds.
probable reserves	Probable reserves are less certain than proved reserves and can be estimated with a degree of certainty sufficient to indicate they are more likely to be recovered than not. Note that probable reserves have not been risked.
proved reserves	Proved reserves can be estimated with reasonable certainty to be recoverable under current economic conditions. Current economic conditions include prices and costs prevailing at the time of the estimate. Proved reserves may be developed or undeveloped.
PSA	Production sharing agreement.
PSC	Production sharing contract.
ROC	Roc Oil Company Limited.
sq km	Square kilometres.
UK	United Kingdom.
US$	United States dollars.
2D	Two dimensional.
3D	Three dimensional.
2P	Proved and probable reserves.

DIRECTORY

Australian Offices

Sydney

Roc Oil Company Limited
Level 14, 1 Market Street
Sydney NSW 2000
Australia
Tel: +61 2 8356 2000
Fax: +61 2 9380 2066

Perth (from mid-April)

Roc Oil (WA) Pty Limited
Level 2, 201 Adelaide Terrace
Perth WA 6000
Australia
Tel: +61 8 9429 1111
Fax: +61 8 9429 1199

Dongara

Arrowsmith Stabilisation Plant
27753 Brand Highway
Arrowsmith WA 6525
Tel: +61 8 9955 9111
Fax: +61 8 9955 9110

Great Britain Offices

Lincoln

Roc Oil (GB) Limited
High Street, Saxilby
Lincolnshire LN1 2JQ
United Kingdom
Tel: +44 152 270 4580
Fax: +44 152 270 4581

London

Tel: +44 207 586 7935
Fax: +44 207 722 3919

Equatorial Guinea Office

Roc Oil (Equatorial Guinea) Company
Caracolas, Malabo
Equatorial Guinea
Tel: +240 096 333
Fax: +240 096 170

Middle East Office

C/- Sovereign Technology & Energy
PO Box 18141
Doha, Qatar
Tel: +974 436 9111
Fax: +974 436 9333

China Office

Roc Oil (China) Company
Chaoyang A1 Villa,
Nanhai Hotel
Potou Zhanjiang
Guangdong 524057
PR China
Tel: +86 759 395 0265
Fax: +86 759 395 2236

Angolan Offices

Luanda

Roc Oil (Cabinda) Company
24 Rua Ferraz Bomboko
(Gastao De Sousa Dias)
Alvalade Luanda CP2835
Angola
Tel: +244 228 740 329
Fax: +244 222 327 989

Cabinda

Roc Oil (Cabinda) Company
Avenida 28 de Maio
Cabinda
Angola
Tel: +244 231 220 302
Fax: +244 231 220 303

Registered Office

Level 14, 1 Market Street
Sydney NSW 2000
Australia

Share Registrar

Australia

Computershare Investor
Services Pty Limited
Level 3, 60 Carrington Street,
Sydney NSW 2000

Great Britain

Computershare Investor Services plc
The Pavillions
Bridgewater Road
Bristol
BS13 8AE

Stock Exchanges

Australian Stock Exchange Limited

20 Bridge Street
Sydney NSW 2000
Australia
ASX Code: ROC

Alternative Investment Market (AIM) of the London Stock Exchange

10 Paternoster Square
London EC4M 7LS
England
AIM Code: ROC

Nominated Advisor and Broker Oriel Securities Limited

125 Wood Street
London EC2V 7AN
Tel: +44 207 710 7600
Fax: +44 207 710 7609

Board of Directors

Mr Andrew J Love – *Chairman*
Mr William G Jephcott – *Deputy Chairman*
Dr R John P Doran – *Chief Executive Officer and Director*
Mr Richard J Burgess – *Director*
Mr Ross Dobinson – *Director*
Mr Sydney J Jansma Jr – *Director*
Mr Adam C Jolliffe – *Director*

Advisors to the Board

Mr Ahmed E Seddiqi Al-Emadi
Dr A A Al-Quaiti

Company Secretary

Ms Sheree Ford

Senior Management

Mr Edgar Baines, *Managing Director (Roc Oil (UK) Limited)*
Mr Ken Bergen, *General Manager – Angola*
Mr Bruce Clement, *Chief Operating Officer*
Mr Simon Daniel, *Asset Manager – Cliff Head Project*
Dr R John P Doran, *Chief Executive Officer and Director*
Dr Qing Fang, *Country Manager – China*
Ms Sheree Ford, *General Counsel and Company Secretary*
Mr Olivier Gentizon – *Equatorial Guinea Representative*
Dr Kevin Hird, *General Manager – Business Development*
Mr Wes Jamieson, *General Manager – Exploration*
Ms Michelle Manook, *General Manager – Corporate Affairs*
Mr John Mebberson, *Regional Manager – Australia & New Zealand*
Mr Neil Seage, *Senior Reservoir Engineer and Planning Engineer*
Mr Antonio Vieira, *African Representative*
Mr Chris Way, *General Manager – Operations*

Photography

Nickk Ayala
Robert Cook
John Doran
Paul Jelley
Ian Johnston
Peter Kinder
John Marmaras
Woodside Petroleum Limited

Chris Shehan, who lives in Dongara, Western Australia, is one of more than 500 people, many from the local community, who worked on the Cliff Head Development. Chris is also a ROC shareholder having purchased his shares before starting work on the Development. Therefore, not only is Chris a part owner of ROC but he has, in a very real way, helped to build part of the Company. In this sense, Chris represents about 10,000 retail shareholders who collectively own about 35% of ROC.