ASX Listing Rule 4.3A

Appendix 4E

Financial Year Ended 31 December 2013

This information should be read in conjunction with ROC's 2013 Financial Report which is enclosed.

Name of Entity

Roc Oil Company Limited

ABN or Equivalent Company Reference

32 075 965 856

Results For Announcement To The Market

				US$'000
Revenues from ordinary activities	Increase	4%	To	250,995
Profit from ordinary activities after tax attributable to members	Decrease	26%	To	45,189
Net profit for the period attributable to members	Decrease	26%	To	45,189

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Record date for determining entitlements to the final dividend	N/A	
Payment date for the final dividend	N/A	

A review of the consolidated entity's operations during the year is included in the attached Financial Report.

Roc Oil Company Limited

for the financial year ended
31 December 2013

Directors' Report

Annual Financial Statements

Directors' Declaration

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Front cover: Beibu Gulf, Offshore China

Directors' Report

The Directors of Roc Oil Company Limited ('Company' or 'ROC') have pleasure in submitting the Directors' Report for the financial year ended 31 December 2013.

Directors

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

Mr Richard M ('Mike') Harding MSc (Mech Eng)

Independent Non-Executive Director - Appointed 1 June 2012. Appointed Chairman 11 December 2013

Mr Harding is the Chairman of Downer EDI Limited and a non-executive Director of Santos Limited and Transpacific Industries Group Ltd. Mr Harding is the former Chairman of Clough Limited (2006-2010) and a former non-executive Director of Arc Energy Limited (2003-2007). Mr Harding holds a Master of Science degree and had a 25 year career at BP plc between 1978 and 2003. He held various project and business management positions at BP plc, which provided upstream sector experience in the United Kingdom, South Korea, Western Australia, former USSR Republics, PNG, Malaysia and Thailand. His final position at BP plc was as President and General Manager of BP Exploration Australia and CEO of BP Developments Australia Pty Limited. Mr Harding is a former Vice-Chairman and council member of the Australian Petroleum Production and Exploration Association.

During 2013, Mr Harding was the Chair of the Remuneration Committee of the Company and a member of the Nomination Committee and the Audit and Risk Committee. In addition to being Chairman of the Board, Mr Harding is currently the Chair of the Nomination Committee and a member of the Remuneration Committee, the Audit and Risk Committee and the Health, Safety and Environment Committee.

Mr Alan Linn CEng, MIChemE

Executive Director – Appointed 27 February 2012

Mr Linn joined ROC in January 2008 as Asset Manager - Africa and in October 2008 was appointed Chief Operating Officer. Mr Linn was appointed as Acting Chief Executive Officer on 29 October 2010 and was appointed as Chief Executive Officer on 23 February 2011. Mr Linn is a chartered chemical engineer with 30 years of international operational and joint venture management experience in both the upstream and downstream oil sectors.

Mr Linn spent 15 years working with ExxonMobil in both downstream and upstream assignments in the UK and USA before moving into the independent Exploration & Production ('E&P') oil sector working internationally for LASMO, Cairn Energy and Tullow in senior operational and business management roles. Before joining ROC, Mr Linn was Operations Director for African Arabian Petroleum, a privately-owned E&P company headquartered in Dubai. Based in Tunisia, Mr Linn was responsible for all operational and engineering activities within the business' African focused portfolio.

Mr Nigel D R Hartley FCA, BSc

Independent Non-Executive Director - Appointed 1 June 2012

Mr Hartley is a non-executive Director of Phoenix Oil & Gas Limited and a former non-executive Director of Austin Exploration Limited. Mr Hartley holds a degree in economics, is a Fellow of the Institute of Chartered Accountants in England and Wales, and had a 20 year career at Oil Search Limited between 1991 and 2011, during which time he held various senior financial and executive general manager positions (including 12 years as Chief Financial Officer). His final position at Oil Search Limited was as Executive General Manager Sustainability. Prior to his career at Oil Search Limited, Mr Hartley held financial positions at Rio Tinto and Niugini Mining and was a manager with the accounting and audit firm Peat, Marwick, Mitchell & Co.

Mr Hartley is Chair of the Audit and Risk Committee and the Remuneration Committee and is a member of the Nomination Committee.

Mr Christopher C Hodge MSc, DIC, FFin, MAICD

Independent Non-Executive Director - Appointed 7 September 2010

Mr Hodge is a qualified geologist and petroleum geophysicist with extensive experience both in Australia and overseas. In addition to a variety of senior technical roles, he has held managerial positions in major petroleum exploration and production companies and played significant roles in substantially growing their asset bases through a mix of exploration and acquisition. Mr Hodge was Managing Director of ASX-listed Adelphi Energy

Limited and is currently a Director of ASX-listed Xstate Resources Limited and the E&P Advisor to Mitsubishi in Australia. He is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists and holds a Graduate Diploma in Applied Finance and Investment.

Mr Hodge is Chair of the Health, Safety and Environment Committee.

Mr Robert C A Leon

Independent Non-Executive Director - Appointed 3 December 2008

Mr Leon is a French national with over 30 years of experience in business and government administration. From 2002 until the merger with ROC in 2008, Mr Leon was a non-executive director of Anzon Energy Pty Limited (formally Anzon Energy Limited) and from 2006 until the takeover by ROC, he was a non-executive director of Roc Oil (VIC) Pty Limited (formerly Anzon Australia Pty Limited). In 1996, Mr Leon co-founded Qualis, a diversified industrial group based in France, of which he is a co-manager. He was Chief Executive Officer of Arnault Group between 1986 and 1997, during which time he managed numerous strategic acquisitions, disposals and financial transactions. Prior to a career in business, Mr Leon held several positions in French Government administration. He holds degrees in political science and economics, and is a graduate of École Nationale d'Administration in France. Mr Leon was formerly a Director of the Mandarin Oriental Hotel Group.

Mr Leon is a member of the Audit and Risk Committee.

Mr Graham D Mulligan BSc, DipAcc, FAIM, MAICD

Independent Non-Executive Director - Appointed 7 September 2010

Mr Mulligan is the principal of International Infrastructure Ventures Pty Ltd, an independent consulting company which specialises in providing advisory services to major projects in infrastructure, transport, resources and petroleum. He holds both science and accountancy qualifications and has considerable experience as a senior executive in the international petroleum, infrastructure, transport and resources industries. This included over 16 years with the listed New Zealand Oil & Gas Limited Group as both a Director and senior executive. Mr Mulligan has held a number of other senior executive roles, including Chief Executive Officer of Port of Brisbane Corporation and Managing Director of Port Wellington Limited. He is a former Chairman of the Petroleum Exploration Association of New Zealand, is currently a Director of Chalmers Limited and has held director roles with other listed companies.

Mr Mulligan is a member of the Remuneration Committee, the Nomination Committee and the Audit and Risk Committee.

Directors of the Company who resigned during the financial year are listed below:

Mr Andrew J Love BCom, FCPA, MAICD

Independent Non-Executive Director, former Chairman - Appointed 5 February 1997. Resigned 11 December 2013

Mr Love, a founding Director of ROC, is a Fellow of The Institute of Chartered Accountants in Australia and a consultant to Ferrier Hodgson, Chartered Accountants, where he was formerly a Senior Partner.

In the prior three years, Mr Love was Chairman of Lemur Resources Ltd and Deputy Chairman of Riversdale Mining Ltd. Mr Love is also currently a non-executive director of Charter Hall Office REIT.

During 2013, Mr Love was Chairman of the Nomination Committee and a member of the Remuneration Committee and Audit and Risk Committee until his resignation as a Director of ROC in December 2013.

Company Secretary

Ms Leanne E Nolan BEc, LLB (Hons), LLM

Company Secretary - Appointed 29 August 2008

Ms Nolan is General Counsel and Company Secretary of ROC. Ms Nolan joined the Company in March 1998 and holds Bachelors of Economics and Laws (Hons) and Masters of Law from The University of Sydney. Prior to joining ROC, Ms Nolan held the position of Corporate Counsel with Ampolex Limited and prior to that was employed as a solicitor with Freehills.

Ms Nolan is a member of the Law Society of New South Wales, the Australian Mining Petroleum Law Association and the Australian Corporate Lawyers Association.

Ms Jacquie A Shanahan BA, LLB

Assistant Company Secretary – Appointed 30 January 2012

Ms Shanahan is Legal Counsel and Assistant Company Secretary. Ms Shanahan joined the Company in October 2011 and holds Bachelors of Arts and Law from The University of Queensland. Prior to joining ROC, Ms Shanahan was involved in the review and monitoring of corporate governance reporting for the Australian Securities Exchange , was a senior associate in the corporate commercial practice area at Corrs Chambers Westgarth and was employed as in-house legal counsel for a private company involved in developing sustainable energy projects.

Ms Shanahan is a member of the Law Society of New South Wales, the Australian Mining Petroleum Law Association and the Australian Corporate Lawyers Association.

Directors' Interests

	Ordinary Shares Fully Paid
Non-Executive Directors	
Mr R M Harding	30,000
Mr N D R Hartley	12,500
Mr C C Hodge	100,000
Mr R C A Leon	1,510,000
Mr G D Mulligan	25,000
Mr A J Love[1]	689,521
Executive Director	
Mr A S Linn	1,113,000

Note:

1. As at date of resignation – 11 December 2013.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) and attendance during the financial year:

	Directors		Remuneration Committee		Nomination Committee		Audit and Risk Committee		Health, Safety and Environment Committee	
	A	B	A	B	A	B	A	A	A	B
Mr R M Harding	10	9	4	4	0	0	4	3	2	2
Mr A S Linn	10	10	-	1[2]	-	-	-	4[2]	-	2[2]
Mr N D R Hartley	10	10	-	-	-	-	4	4	-	-
Mr C C Hodge	10	10	-	-	-	-	-	2[2]	2	2
Mr R C A Leon	10	9	-	-	-	-	4	3	-	-
Mr G D Mulligan	10	10	4	4	0	0	4	4	-	2[2]
Mr A J Love [1]	10	10	4	4	0	0	3	3	-	-

Notes:

A Number of meetings held during the time that the Director held office during the financial year.

B Number of meetings attended.

1. Resigned 11 December 2013.
2. Number of meetings attended as observer.

Principal Activities

The consolidated entity's principal activities during 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 US$45.2 million (2012: US$61.0 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 2013.

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 31 to 34.

Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the nature of the activities or state of affairs of the consolidated entity during the financial year.

Subsequent Events

No events have arisen since the end of the financial year that have 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.

Future Developments

Business strategy

ROC's goal is to be a leading independent upstream oil and gas company, with a presence in and focus on China, South East Asia and Australia delivering value and growth for our shareholders.

The Company aims to deliver these objectives by implementing its focus and growth strategy and:

- delivering existing production by optimising production performance from existing assets;
- delivering opportunities near to existing fields and basins;
- developing opportunities in new ventures in focus areas;
- selectively identifying and pursuing acquisition of value growth assets; and
- capitalising on our existing relationships and South East Asian regional presence.

ROC aims to deliver value growth whilst preserving our goals of zero harm to people, minimising our impact on the environment, supporting the communities in which we operate and building a motivated and engaged workforce.

Key projects and opportunities being pursued during the 2014 financial year include:

- China
  + 09/05 exploration well in 2H14;
  + Beibu Gulf Phase II development plan for WZ-12-8 East commenced with feasibility study underway;
  + progress extension possible extension to Zhao Dong licence beyond 2018; and
  + reviews of further acreage opportunities to complement existing portfolio;
- Myanmar
  + bidding results for the offshore licensing round in Myanmar are expected in early 2014; and
  + pursuing farm-in opportunities for onshore and offshore blocks;
- Malaysia
  + BCP Full Development Plan ('FDP') has been lodged with PETRONAS with Final Investment Decision ('FDP') expected in early 2014;
  + pursuing mature field PSC redevelopment projects; and
  + assessing current exploration licence rounds;
- Australia
  + reviewing current acreage, looking for opportunities to complement the existing portfolio.

ROC will continue to pursue a range of other exploration and new business opportunities designed to deliver the profitable implementation of smaller field developments, mature field redevelopments and near term exploration.

Material business risks

The following material business risks have the potential to impact ROC's ordinary operations and are monitored and managed on a regular basis:

- commodity price risk, which directly impacts ROC through the realised price received from the sale of hydrocarbons – ROC is predominantly an oil producer and is particularly exposed to movement in the oil price;
- reserves and production risks, where future performance of individual assets may not meet current estimates and forecasts;
- implementation of development and operating projects, including meeting schedule and budget, which could be subject to changes in future industry and economic conditions;
- sovereign risk relating to the expected fiscal, tax and regulatory environment in jurisdictions that ROC does business; and
- health, safety and environmental risks which are recognised by ROC to be of critical importance in ensuring ROC continues to build and operate a sustainable business and this remain a key focus area for the Company

Share Rights and Options

During the financial year, the Company granted 7,227,358 LTI Rights and 355,400 Deferred Short Term Incentive ('STI') Rights over unissued ordinary shares of ROC.

As at the date of this Directors' Report, there were 13,507,358 LTI Rights, 2,380,345 Deferred STI Rights and 980,000 executive share options granted over unissued ordinary shares of ROC under ROC's equity incentive plan and the Executive Share Option Plan. Refer to Note 23 to the financial statements for further details of the rights and options outstanding. During the financial year, 3,226,188 ordinary shares were issued as a result of vesting of LTI Rights.

Since the end of the financial year, no ordinary shares were issued as a result of vesting of LTI Rights or options and 2,095,985 Deferred STI Rights were granted in relation to the 2013 STI bonus accrual.

Rights and option holders do not have any right, by virtue of the rights or 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

The Company's Constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, all past and present directors, executives and secretaries of all the companies in the Group, for all losses or liabilities incurred by the person as an officer of a company in the Group.

The Constitution also permits the Company to purchase and maintain a directors' and officers' insurance policy. During the year, the Company paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts. A condition of the contracts is that the nature of the liability indemnified and premium payable is not disclosed.

The Company has also entered into Deeds of Access, Insurance and Indemnity with each of the Directors referred to in this report who held office during the year and certain Senior Executives of the Group indemnifying each against all liabilities incurred in their capacity as an officer of the Company to the full extent permitted by law.

Rounding

The Company is a company of the kind referred to in Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998 and, in accordance with that Class Order, amounts in this report and the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

The Remuneration Report is set out on pages 11 to 29 and forms part of the Directors Report for the financial year ended 31 December 2013.

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 regular basis.

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

The Board meets regularly throughout the year and at least once a year in both Kuala Lumpur and Beijing. Where appropriate, presentations are given to the Board from senior management who may be questioned directly by Board members on operational and commercial issues.

Details of the Company's corporate governance practices will be included in the Corporate Governance statement in the Annual Report.

Audit and Risk Management

During the financial year, Mr Harding, Mr Hartley (Chair), Mr Leon, Mr Mulligan, and Mr Love (until 11 December 2013), were members of the Company's Audit and Risk Committee. The Audit and Risk Committee is responsible for monitoring the operational and financial aspects of the Company's activities and considers recommendations and advice of internal and external advisors on the operational and financial risks of the Company. The Committee evaluates senior management's assessment of risk and its recommendations in relation to the management of that risk, including hedging policies.

Environmental Performance

The consolidated entity is subject to Commonwealth and State regulations and legislation in Australia. There is similar legislation that governs international operations. The consolidated entity is also a party to various PSC's 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. Based upon an environmental monitoring system, the consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. The Directors are not aware of any material breaches of the environmental obligations of the consolidated entity's contracts or licences. In addition, the Board has established the 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 applicable legislation 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, Ernst & Young, Australia, the following amount for material non-audit services, excluding services for the June 2013 interim review:

- tax compliance and accounting advice US$174,494.

The Directors have considered the position and, in accordance with advice received from the Audit and Risk Committee, are satisfied that the provision of these services is compatible with the standards of auditor independence imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;
- none of the services undermines the general principles relating to auditor independence as set out in the relevant professional statement, including reviewing and auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards; and
- the non-audit services provided, particularly in relation to tax compliance advice to the internal tax accounting team, are seen as a cost effective and valuable resource to the Company. Expenditure levels vary from year to year depending on the activity levels and regulatory reviews. In addition, with the Company's extensive global operations, comprehensive tax advice across all jurisdictions is regarded as essential. In the circumstances, the Company's auditor is regarded as the most appropriate to provide this advice.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 30.

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* and forms part of the financial statements

On behalf of the Directors:

Mr R M Harding
Chairman

Mr A S Linn
Director and Executive Officer

Sydney, 26 February 2014

Introduction to Remuneration Report

This introduction to the 2013 Remuneration Report does not form part of ROC's statutory Remuneration Report. It should be read in conjunction with the Remuneration Report which follows this introduction and which provides disclosures in accordance with ROC's statutory obligations and relevant accounting standards.

The Board is pleased to introduce ROC's Remuneration Report for the year ended 31 December 2013.

Remuneration Review

As foreshadowed in the 2012 Remuneration Report, the Remuneration Committee oversaw a review of a number of aspects of ROC's remuneration strategy in 2013 and in particular the performance criteria and conditions associated with "at risk" components of senior executive remuneration. In reviewing both short term and long term incentive plans ('STI and LTI plans'), consideration has been given to latest trends and market practice with a view to ensuring that ROC's STI and LTI Plans are aligned with current best practice.

Significant changes have been introduced to both the STI and LTI framework for the Chief Executive Officer ('CEO') Mr Alan Linn and all Senior Executives as a direct consequence of the 2012 review. The revised STI and LTI frameworks were applied to Mr Linn's 2012 remuneration, and all equity awarded to Mr Linn in relation to 2012 performance was approved by shareholders at the 2013 Annual General Meeting. The changes have been introduced for all Senior Executives' remuneration in 2013 and are detailed in the following report. The STI has been updated to include a deferred equity component for all senior management. The LTI now includes a stronger link between senior executive personal performance and the value of LTI awarded through the linked alignment of STI award with the LTI award. Other LTI scheme changes include new performance conditions which better reflect current industry practice. The Remuneration Committee has removed the service conditions and absolute Total Shareholder Return ('TSR') performance conditions attaching to the LTI and introduced two separate relative TSR measures consistent with current industry best practice.

The positive and operational performance and focus on value growth of the Company over the last three years combined with the introduction of the existing LTI Plan in 2010, has gradually increased the "at risk" equity issued to management over this period. LTI equity serves to motivate and retain senior management and ensure performance hurdles are in place which fully align with shareholder objectives.

As also foreshadowed in the 2012 Remuneration Report, a clawback provision has been introduced to all issued performance rights giving the Board discretion to intervene if a situation arises with the potential to impact assessment of Company performance. Such a situation may include material misrepresentations or material misstatements in the Company accounts.

New CEO Service Contract

In advance of the 2013 Annual General Meeting, a new service contract was entered with the CEO Mr Alan Linn and announced to the market. The new service contract was effective from 1 January 2013 and includes the following key terms:

- an extension of Mr Linn's contract term until 31 December 2015;
- a fixed annual base salary for the three year period of the term; and
- changes to STI and LTI arrangements to more effectively link Company and individual performance with the STI and LTI awards.

2013 Annual General Meeting

At the 2013 Annual General Meeting, the Company enjoyed a strong level of support for the 2012 Remuneration Report from shareholders with a vote in favour of the Remuneration Report of in excess of 98%. This strong level of support was reassuring to the Board and it is anticipated that with the full implementation of the changes now in effect, the Board will continue to have strong support from shareholders for its proactive stance on executive remuneration.

2013 Strategy Success

The strategy to drive value growth opportunities in the South East Asian region and particularly in China and Malaysia outlined in the introduction to last year's Remuneration Report is making good progress. The strategy requires continuing corporate presence in the target operating regions and in country skills and experience to drive and secure existing and future value growth opportunities.

The success of ROC's focus and growth strategy is reflected in the following material outcomes in key areas of ROC business:

- share price – increased by 11% in 2013 which was comparable to the ASX 200 Energy Index and All Ords and better than the comparator group;
- profit – net profit after tax of US$45.2 million;
- net cash – at year end of US$65.1 million;
- production – increased from 6,445 BOEPD in 2012 to 7,263 BOEPD in 2013 ~ 2.65 MMBOE; and
- growth opportunities being pursued in China and South East Asia, including the successful seismic acquisition and farmout option to Horizon Oil Ltd for Block 09/05 in Bohai Bay, China.

Differentiation to Peer Group

ROC's strategy and business model continue to differentiate it from the Australian small-mid cap oil and gas peer group in a number of ways:

- ROC is a full cycle offshore operator of exploration and production assets. The scale and operating capability of ROC's overseas operations are unlike many of ROC's Australian small-mid cap peers.
- in 2013:
  + China represented 78% of Company production;
  + ROC operated approximately ~20,000 BOEPD on behalf of joint venture partners;
  + growth opportunities being targeted in both Malaysia and in China;
  + ROC's Beijing office is its largest with approximately 110 staff onshore and over 120 offshore under ROC management; and
  + Malaysia has approximately 90 staff both with ROC and through our joint venture operating company, BC Petroleum Sdn Bhd. Sydney is head office with approximately 26 people looking after the Group in Australia and regionally; there is also a small operations office in Perth; and
- four out of five of the Company's Senior Executive's referred to in the 2013 Remuneration Report are located in either Malaysia or China together with a number of key technical/operations employees.

Value of Expatriate Costs

The presence of strong expatriate teams in the regions provides leadership to build and strengthen the managerial and operational skills of the local teams as they develop and undertake regional operations. In all locations, the local teams far outweigh the percentage of expatriates:

- China – expatriates 9%, Chinese nationals 91%; and
- Malaysia (including joint ventures) - expatriates 25%, Malaysian locals 75%.

By necessity, the executives and technical/operations management seconded into the focus regions are very experienced, typically with greater than 20 years' technical/operations experience gained internationally.

ROC's ability to recruit and retain high calibre teams gives it an edge in building a regional business and also in ensuring appropriate risk mitigation. It is recognised that the regional deployment of Senior Executives and senior technical professionals reduces business risk by ensuring good technical understanding of the local geology and "on the ground" management understanding of the optimum route to develop the business securely.

A consequence of the expatriate secondment of executives is the incremental business costs associated with the secondments and ensuring that executives are no worse off financially as a family in their host country environment. The Board continues to view these costs as a strategic investment in business growth and the Board acknowledges that the inclusion of expatriate benefits results in remuneration levels for KMPs which are not directly comparable with those employed in the Australian peer group. ROC is competing in an international market for talent and to do so it needs to remunerate accordingly.

The Board endorses the remuneration levels required to support the expatriate secondments and ROC's commitment to grow shareholder value by building on the business strategy in Asia.

Resignation of Chairman

In December 2013, ROC's longstanding Chairman Mr Andrew Love resigned as a Director and as Chairman of the Board. It is noted that Mr Love was not eligible for and did not receive any retirement benefits as a result of his resignation.

Financial Reporting Changes

To improve reporting clarity in the Remuneration Report for our shareholders, ROC has revised its approach to the reporting of STIs in the financial results year in which the STI was awarded. This change commenced with the 2013 reporting period and also impacted comparative 2012 information and this has now been restated to facilitate comparisons.

The Remuneration Committee timetable has also been amended during 2013 to ensure that the STI awards are accrued in the financial statements in the applicable year.

As noted above, as part of the review of senior management remuneration the Remuneration Committee has provided that the STI will be awarded partly in cash and partly in deferred equity. This is explained in the following Remuneration Report.

The changes to the LTIs, although introduced in 2013, do not apply to the LTIs awarded to Senior Executives in 2013. The changes only apply to the LTIs awarded to the CEO in 2013. A full explanation of both the new LTI framework and the previous LTI framework is therefore included within the following report.

Remuneration Report

This Remuneration Report for the year ended 31 December 2013 outlines the key management personnel remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* ('Act') and its regulations. The disclosures in this Remuneration Report have been audited as required by section 308(3C) of the Act.

What is in this Remuneration Report?

This Remuneration Report is presented under the following sections:

1. Remuneration Review
2. Key Management Personnel
3. Remuneration Policy and Link to Company Performance
4. The Board's Role in Remuneration and Remuneration Governance
5. Description and Statutory Details of Non-Executive Director Remuneration in 2013
6. Description of Executive Remuneration
7. Company Performance and Remuneration Outcomes for Senior Executives in 2013
8. Statutory Details Executive Remuneration in 2013
9. Summary of Senior Executive Contractual Arrangements
10. Shareholdings of Key Management Personnel.

1. Remuneration Review

In late 2012, the Remuneration Committee engaged an independent remuneration consultant Aon Hewitt to review the Company's remuneration programs and practices and provide benchmarking of fixed and "at risk" remuneration. Based upon the results of the 2012 review, the Remuneration Committee completed a full update of performance criteria and conditions associated with the short term and long term incentive plans to ensure that ROC's Short Term Incentive ('STI') and Long Term Incentive ('LTI') Plans were aligned with latest trends and current best practice.

The key outcomes of the comprehensive review were:

- the renegotiation of the CEO Mr Alan Linn's contractual arrangements and those components of Mr Linn's remuneration that are linked to company and individual performance. (See section 9 of this Remuneration Report);
- a deferred equity component has been introduced to the STI applicable to Senior Executives and the tier of employees below Senior Executive. (See section 6 of this Remuneration Report);
- the number of rights issued under the LTI plan are now linked with the award of STIs which has the benefit of ensuring the alignment of longer term performance incentives with immediate past performance. (See section 6 of this Remuneration Report);
- the three tiers of performance conditions attaching to the existing LTI plan (which was based upon absolute Total Shareholding Return ('TSR'), relative TSR and a service condition) has been replaced with two tiers of performance conditions based upon the relative TSR of two distinct comparator groups. It is the Boards view that these conditions will more effectively test the Company's performance and shareholder return over time. (See section 6 of this Remuneration Report); and
- a clawback provision has been included in all issued performance rights ensuring the Board has discretion to determine if some or all of the unvested rights will lapse should a situation arise which impacts the assessment of performance. Such a situation may include material misrepresentations or material misstatements in the Company accounts.

2. Key Management Personnel

For the purpose of this report, Key Management Personnel ('KMPs') of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly.

The following have been identified as KMPs for the purpose of this Remuneration Report:

Non-Executive Directors	
Mr R M Harding	Chairman (Appointed Chairman 11 December 2013)
Mr N D R Hartley	Director
Mr C C Hodge	Director
Mr R C A Leon	Director
Mr G D Mulligan	Director
Mr A J Love	Chairman (Resigned 11 December 2013)

Chief Executive Officer and Executive Director	
Mr A S Linn	Chief Executive Officer and Executive Director

Senior Executives	
Mr R L Morris	President - Roc Oil (China) Company
Mr R B Stork	Chief Operating Officer
Mr A M Neilson	Chief Financial Officer
Ms L E Nolan	General Counsel and Company Secretary
Dr P Eliet	General Manager – Exploration, Geoscience & Business Development

In this report, a reference to Senior Executive includes the Chief Executive Officer and Executive Director, Mr Alan Linn.

3. Remuneration Policy and Link to Company Performance

Remuneration Policy

In 2013, the key business strategy for the Company was a continuing focus upon growth in Asia particularly Malaysia and China. The oil and gas market in these regions is competitive with a high degree of employment mobility across the sector. Within this context, the Company's remuneration policy is designed to:

- align the interests of employees and shareholders by linking individual and Company performance with remuneration outcomes;
- reward employees for financial and non-financial performance aligned with business objectives; and
- drive behaviour and focus performance in line with business objectives by setting key performance measures and targets for individuals and the Company aligned with these objectives.

Link to Performance

The Company's remuneration policy for Senior Executives is to reward performance by:

- attracting, motivating and retaining high performing individuals focused upon achieving the Company's objectives by offering fixed remuneration commensurate with the respective roles and responsibilities and accounting for market factors;
- linking the reward for Senior Executives with "at risk" incentives based on short term performance goals aligned and linked with Company goals and objectives which are set and reviewed annually; and
- aligning the longer term "at risk" incentive rewards with expectations and outcomes that match shareholder objectives and interests by:
  + measuring longer term performance against shareholder return over the same period;
  + benchmarking shareholder return against two groups of comparator companies;
  + assessing the performance over a longer period of time (three years); and
  + giving more equity-based rather than cash-based rewards as LTI's.

As part of the review of remuneration in 2013, a provision for clawback has been introduced which applies to equity rights awarded under the STI and LTI Plans. The provision gives the Board broad discretion to determine if some or all of an executive's unvested equity awards will lapse if any situation arises prior to the allocation of shares that, in the Board's view, will impact the assessment of performance. Such a situation may include material misrepresentations or material misstatements in the Company's accounts.

As in previous years, expatriate costs should be considered as separate from fixed remuneration and performance based incentives. The structure and quantum of expatriate benefits reflect the additional living costs and circumstances specific to an international location to where executive is assigned.

The Company's remuneration policy in relation to Non-Executive Directors is to offer a level of remuneration having regard for the Company's need to retain appropriately experienced and qualified directors and in accordance with competitive pressures in the marketplace. Remuneration levels for Non-Executive Directors are designed to attract and retain Directors; to motivate Directors to achieve the Company's business objectives; and to align the interests of Directors with the long term interests of shareholders. Non-Executive Directors are not provided with performance-based incentives.

4. The Board's Role in Remuneration and Remuneration Governance

The Board has overall responsibility for making decisions about the remuneration of KMPs. The Board engages with shareholders, management and other stakeholders as required to update and improve Company remuneration policies and practices and ensure remuneration practices are aligned with Company strategy and objectives. In support of the Board's role, the Board has the Remuneration Committee which operates under the Remuneration Committee Charter and the Remuneration Policy.

Remuneration Committee

The Remuneration Committee comprises three independent Non-Executive Directors and meets throughout the year. Details of the Remuneration Committee meetings and in 2013 attendance are outlined in the Directors' Report.

The Remuneration Committee is responsible for making recommendations to the Board on its remuneration policies applicable to the Board and employees of the Company, including compensation arrangements for Senior Executives, fees for Non-Executive Directors and the STI and LTI awards. Senior Executive performance reviews are also considered by the Remuneration Committee.

Remuneration levels are reviewed annually by the Remuneration Committee through a process which evaluates the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy. Fixed remuneration levels and remuneration packages are benchmarked against independently provided remuneration data of comparable Australian and international energy and resources companies to ensure salary packages are reasonable and competitive, but not excessive. Total reward potential is targeted to provide employees with the opportunity to earn top percentile benefits versus the relevant industry benchmarks, assuming consistently outstanding performance versus personal and business objectives set.

Further details of the Company's remuneration policy are included in the Corporate Governance statement in the Annual Report and copies of the Remuneration Committee Charter and Remuneration Policy are available at www.rocoil.com.au.

Remuneration Consultant

In 2012, the Remuneration Committee engaged an independent remuneration consultant Aon Hewitt ('Consultant') to review the Company's remuneration programs and practices and provide an assessment of benchmarking and industry "best practice" for fixed and "at risk" remuneration. This review continued through 2013.

The Consultant made a number of recommendations on a range of remuneration matters including remuneration recommendations in relation to KMPs generally and specifically in relation the terms of the new service contract agreed with the CEO Mr Linn.

The Consultant was paid A$117,660 for the review of remuneration provided in the reporting period.

The members of the Remuneration Committee liaised directly with the Consultant and management only became involved to the extent of providing factual information to the Consultant. In this regard, the Remuneration Committee and the Board are satisfied that the remuneration recommendations made by the Consultant were made free from undue influence by any of the KMPs to whom the recommendations related.

5. Description and Statutory Details of Non-Executive Director Remuneration in 2013

The Company's Constitution specifies that the aggregate remuneration of Non-Executive Directors will be determined by a general meeting. At the 2011 Annual General Meeting ('AGM'), shareholders approved total remuneration for all Non-Executive Directors of up to A$750,000 per annum. There was no subsequent increase in fees paid to Non-Executive Directors at this time and prior to 2013 the last increase in fees paid to Non-

Executive Directors was approved in 2010. Fees paid to Non Executive Directors are set based on review of external market information in relation to fees paid to non-executive directors of comparable companies. In April 2013 the Board approved an increase in remuneration payable to individual Non-Executive Directors. These increases in Australian dollars are as follows:

- Chairman – from A$110,000 to A$140,000 per annum; and
- other Non-Executive Directors – from A$75,000 to A$90,000 per annum.

Non-Executive Directors' fees for the 2013 financial year were a total of US$666,499.

Generally, no additional fees are paid for sitting on Board committees. In exceptional circumstances, the Board will approve the payment of additional fees for specific and defined subcommittee projects. In 2013, the Board approved the payment of additional fees to a number of Directors for time spent on specific projects. The details of the amounts of these payments are set out in the statutory table below.

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

The following table sets out the remuneration paid to the Non-Executive Directors for the financial years ended 31 December 2012 and 2013. All of the Non-Executive Directors are paid in Australian dollars. As a result, the USD amounts shown are affected by foreign currency movements between years. The exchange rate used is the average for the period. The AUD/USD average rate used for 2013 was 0.9685 (2012: 1.0359).

		Short Term			Post Employment	Equity Compensation	Total	Percentage Performance Related
		Fees	Cash Bonus	Non-Monetary Benefits	Superannuation	Value of Share Options/Rights		
Non-Executive Directors		US$	US$	US$	US$	US$	US$	%
Mr R M Harding[(1)(2)]	**2013**	**104,114**[(3)]	**-**	**-**	**7,954**	**-**	**112,068**	**-**
	2012	45,321	-	-	4,079	-	49,400	-
Mr N D R Hartley[(2)]	**2013**	**100,482**[(4)]	**-**	**-**	**7,954**	**-**	**108,436**	
	2012	45,321	-	-	4,079	-	49,400	-
Mr C C Hodge	**2013**	**94,429**[(5)]	**-**	**-**	**7,954**	**-**	**102,383**	**-**
	2012	77,693	-	-	6,992	-	84,685	-
Mr R C A Leon	**2013**	**87,165**	**-**	**-**	**-**	**-**	**87,165**	**-**
	2012	77,693	-	-	-	-	77,693	-
Mr G D Mulligan	**2013**	**87,165**	**-**	**-**	**7,954**	**-**	**95,119**	**-**
	2012	77,693	-	-	6,992	-	84,685	-
Mr A J Love[(6)]	**2013**	**148,955**[(7)]	**-**	**-**	**12,373**	**-**	**161,328**	**-**
	2012	113,949	-	-	10,255	-	124,204	-
Mr W G Jephcott[(8)]	**2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2012	93,231	-	-	8,391	-	101,622	-
Mr S J Jansma Jr[(9)]	**2013**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2012	38,846	-	-	-	-	38,846	-
Total	**2013**	**622,310**	**-**	**-**	**44,189**	**-**	**666,499**	**-**
	2012	569,747	-	-	40,788	-	610,535	-

Notes:

1. Mr Harding was appointed Chairman on 11 December 2013.
2. Mr Harding and Mr Hartley were appointed as Non-Executive Directors on 1 June 2012.
3. This amount includes US$16,949 paid to Mr Harding as additional fees for specific project work.
4. This amount includes US$13,317 paid to Mr Hartley as additional fees for specific project work.
5. This amount includes US$7,264 paid to Mr Hodge as additional fees for specific project work.
6. Mr Love resigned as a Non-Executive Director on 11 December 2013.
7. This amount includes US$13,366 paid to Mr Love as additional fees for specific project work.
8. Mr Jephcott resigned as a Non-Executive Director on 12 December 2012.
9. Mr Jansma resigned as a Non-Executive Director on 17 May 2012.

6. Description of Senior Executive Remuneration

This section provides details of the remuneration structure for Senior Executives (including the CEO and Executive Director) which were applied to remuneration in 2013.

Remuneration Mix

What is the balance between fixed and "at risk" remuneration?	The remuneration structure and packages offered to Senior Executives for the period were: • fixed remuneration; and • performance-based remuneration consisting of an “at risk” component which may be offered at the discretion of the Board and comprising: + short term incentive ('STI') - an annual bonus set as a percentage of base salary linked to Company and individual performance and paid partly in cash and partly in the grant of rights convertible to equity over a period of two to three years; and + long term incentive ('LTI') – grant of rights convertible to equity on the attainment of performance conditions measured over a three year period. In 2013, the actual paid or expensed "at risk" performance-based remuneration comprised on average 30% of total remuneration paid to Senior Executives.

Fixed Remuneration

What is fixed remuneration?	Fixed remuneration consists of base salary (which is calculated on a total cost basis and includes any tax charges related to employee benefits), as well as employer contributions to superannuation funds.
How is fixed remuneration reviewed?	Fixed remuneration levels are reviewed annually* through a process which considers external data and takes into account the overall performance of the Company and the Senior Executive to ensure that remuneration is appropriate and competitive in the markets in which the Senior Executive is located. There is no contractual requirement or expectation that any adjustments will be made. In determining fixed remuneration of Senior Executives, the Remuneration Committee has regard to the following: • executives with the ability to operate in the oil and gas sector in complex international business environments can command a premium relative to the pay of executives of similar companies whose business is predominantly Australian focused; • independently sourced market remuneration data of comparable Australian energy and resources companies. Although this data provides a reference point as a benchmark, it is not always realistic in the context of the Company's South East Asian focus and the need to compete for executives in this market; and • rewarding and retaining the Senior Executives with the requisite skills in the competitive oil and gas sector. * The 2013 CEO service contract provides that fixed remuneration levels are set for the three year term of the contract and accordingly, the CEO's fixed remuneration is not reviewed annually in this period.

Short Term Incentive ('STI')

What is the STI?	The STI Plan is a variable performance-based cash and deferred equity incentive plan designed to reward Senior Executives and eligible employees for performance, following the end of the financial year. The amount of any STI award is determined by the Board having regard to both individual and Company performance over the preceding 12 month period ('Performance Year') and is subject to Board discretion. The STI Plan was reviewed in 2013 and all STIs awarded for the 2013 financial year are in accordance with the updated STI Plan.
What is the purpose of the STI Plan?	The purpose of the STI Plan is to drive achievement of annual business plans and objectives at both an individual and corporate level, to build shareholder value.

	The STI forms part of ROC's performance-based remuneration system and provides "at risk" incentives based on short term performance goals aligned and linked with Company goals and objectives.
How does the STI link to ROC's objectives?	ROC objectives are set by the Board on an annual basis and key performance measures are set annually for all employees and Senior Executives to support the Company objectives. Any STI payable is subject to the Board's assessment of the performance of the Company against the Company's annual objectives, individual performance and Board discretion generally.
What are the performance conditions?	The performance conditions are Company performance conditions and individual performance conditions. **Company Performance** The Company performance conditions reflect the financial and operational goals of the Company and delivery is essential in meeting the Company's short and long term strategy and building shareholder value. The Board sets these strategic goals annually and the goals incorporate specific measurable annual objectives or targets against which the Board can assess Company performance. Details of the 2013 strategic goals and the weightings attributed to each are set out in section 7 of this report together with the actual Company performance against these goals. **Individual Performance** Individual performance conditions are set for each employee at the commencement of the financial year as part of individual performance management plans. The performance conditions are partly specific to an individual's role and responsibilities and partly aligned with delivery of the same strategic goals as set for the Company for the relevant year. Specific performance conditions for Senior Executives are not included within this report but typical performance measures for individuals will include meeting key operational objectives such as: • production targets; • health, safety and environment measures; • people measures; • expenditure controls; • profitability; and • business development and value growth.
Are there different performance levels?	Performance levels for individuals are set in a range from below expectations (1/5) to exceed expectations (5/5). An individual must achieve a performance rating of at least 2/5 to be considered for a minimum STI. Company performance levels are assessed by the Board based on achievement of objectives or targets set for the relevant year, as well as share price performance and any other factors the Board in its discretion assess as relevant. The maximum Company rating in any year is 5/5. On completion of the Company performance rating by the Board, the individual STIs are calculated with reference to the individual performance rating and as a percentage of base salary and adjusted where appropriate to allow further distinction between individual performances. Where applicable, the STI is awarded partly in cash and partly in deferred equity.
What is the maximum value of the STI opportunity?	STI is calculated each year as a percentage of the eligible employee's base salary ('Base Salary'). Base Salary does not include any allowances or incentive payments or superannuation/pension payments. The maximum STI opportunity available to any employee depends on the employee's position and level in the Company. The proportion of the STI opportunity payable in cash or deferred equity also depends on the employee's position and level. As part of the 2013 remuneration review, the maximum STI opportunity for senior managers and Senior Executives has marginally increased from that in previous years to take account of the deferred equity component.

Maximum STI opportunities and award mix are set out in the following table:

Roles	Maximum Percentage of Base Salary	Proportion of Cash and Equity	Deferral of Equity Period
Chief Executive Officer	60%	50% cash 50% equity	Up to 3 years
Senior Executives	50%	65% cash 35% equity	Up to 2 years
Senior Managers, Senior Professionals	40%	75% cash 25% equity	Up to 2 years

Details of the percentage of maximum STI awarded to Senior Executives in 2013 and amounts forfeited are set out in section 7 of this report.

How is the STI deferred equity granted?

Any deferred component of STI awarded in relation to a Performance Year will be delivered in the form of rights to acquire fully paid ordinary shares in the Company ('Shares') for nil consideration ('Deferred STI Rights').

How is the number of Deferred STI Rights determined?

The number of Deferred STI Rights granted in relation to any Performance Year will be determined by dividing the cash amount of the STI to be deferred, by the volume weighted average price ('VWAP') of Shares for the final 30 trading days of the Performance Year (usually 30 trading days up to 31 December).

What are the performance conditions on Deferred STI Rights?

Deferred STI Rights are designed to reward past performance and encourage employee retention. Once granted, ordinarily, no further performance conditions will attach to Deferred STI Rights other than the employee remaining in the Company's employment at the time of vesting.

From time to time, the Board may apply other conditions to the vesting of Deferred STI Rights. The Board ultimately has discretion in relation to the vesting of all Deferred STI Rights and may exercise this discretion to determine that some or all Deferred STI Rights vest at the relevant time.

When and how do the Deferred STI Rights vest?

Deferred STI Rights granted to the CEO are divided into three tranches that will vest (subject to Board discretion and the satisfaction of any applicable conditions) as follows:

- 50% after 12 months;
- 40% after 24 months; and
- 10% after 36 month.

Deferred STI Rights granted to Senior Executives (except CEO), Senior Managers and Senior Professionals are divided into two tranches that will vest (subject to Board discretion and the satisfaction of any applicable conditions) as follows:

- 65% after 12 months; and
- 35% after 24 months.

Vesting periods will generally commence on 1 January of the year in which the Deferred STI Rights are granted.

Board discretion and clawback in relation to Deferred STI Rights

The Board retains a broad discretion to:

- allow for accelerated vesting in special circumstances (e.g. death and incapacity);
- determine that some or all unvested Deferred STI Rights will lapse if any situation arises that, in the Board's view, should impact the assessment of performance. Such situations may include material misrepresentations and material misstatements in the Company's accounts;
- determine that some or all rights should lapse on cessation of employment in particular circumstances (e.g. termination for poor performance); and
- determine that any rights that vest, are settled in cash not Shares (subject to any ASX Listing Rule or *Corporations Act 2001* requirements).

Existing Long Term Incentive ('LTI')

The Existing LTI Plan applies to the LTIs awarded to Senior Executives in 2013 (other than the CEO Alan Linn). It will not apply to the award of LTIs after 2013.

What is the LTI?	The LTI is a variable performance-based equity plan designed to reward eligible employees for delivering sustained performance over a multi-year Performance Period (LTI Plan). The LTI Plan was reviewed and updated in 2013 ('New LTI Plan'). The New LTI Plan applies to the LTI awarded to Alan Linn in 2013 and will apply to all Senior Executives from 2014 onwards. The LTI Plan that applied to Senior Executives, other than Mr Linn, in 2013 was the Long Term Incentive Plan introduced in 2010 ('Existing LTI Plan'). Collectively, these plans are referred to in this report as 'LTI Plan'. The below table following this table details the differences in the New LTI Plan.
What is the purpose of the LTI?	The purpose of the LTI Plan is to focus participating employees on delivery of long term shareholder value over a multi-year period. The LTI Plan acts as a counter-balance to the mainly cash-based STI and is intended to ensure that overemphasis is not put on achieving short term performance to the detriment of longer term growth. The LTI Plan forms part of ROC's performance-based remuneration system and provides "at risk" incentives based on longer term performance goals aligned and linked with Company goals and objectives.
How does the LTI link to ROC's key objectives?	The LTI Plan links to ROC's key objectives by aligning long term "at risk" incentive rewards with expectations and outcomes that match shareholder objectives and interests by: • linking the award of LTI in any year to the STI awarded to the employee for the previous year performance*; • measuring longer term performance against shareholder return over the same period; • benchmarking shareholder return against a peer group of comparator companies; • assessing the performance over a longer period of time (three years); and • giving more equity-based rather than cash-based rewards as LTI's. *This only applies to rights awarded under the New LTI Plan which in 2013 only apply to Alan Linn.
How is the LTI equity granted?	The LTI Plan provides for the grant of rights to acquire Shares for nil consideration ('LTI Rights') if performance conditions are met. If the performance conditions are met, then, subject to the Board's determination as to how many LTI Rights will vest, recipients of the rights are entitled to receive one share in ROC for every vested right. Once a right is determined by the Board to vest, the holder is unconditionally entitled to the underlying share without taking any further action.
What is the LTI opportunity?	Under the Existing LTI Plan, the determination of the number of LTI Rights granted to any individual was at the Board's discretion based on the individual and Company performance and any other factors relevant to the individual's long term performance and retention.
Performance period for LTI Rights	The Performance Period for all LTI Rights is three years. Under the Existing LTI Plan the relevant Performance Period usually runs from the date of grant of the right to the third anniversary of the date of grant.
Performance conditions under the Existing LTI Plan	The LTI Rights granted under the Existing LTI Plan are divided into three tranches with each tranche subject to different performance conditions. The three tranches and the performance conditions attached to each tranche are as follows: • **Tier One Rights** With a weighting of 40%, these rights are subject to the compound annual TSR growth of ROC measured over the Performance Period applying to the right. The TSR calculations for the purpose of Tier One Rights are based on the difference between the VWAP of Shares in the 60 trading days before the date of grant of the rights and the VWAP of Shares in the 60 trading days before the date the performance condition is measured, expressed as a percentage.

Subject to Board discretion, the percentage of Tier One Rights that vest will be determined as follows:

TSR Growth over Performance Period Based on Annual Growth Rates	% of Rights Vesting
<6%	0%
6% - 9%	Pro rata from 25% to 50%
9% - 12%	Pro rata from 51% to 100%
>12%	100%

- **Tier Two Rights**

With a weighting of 40%, these rights are subject to a relative TSR test against a comparator group of companies. The comparator group of companies that applied to the rights granted under the Existing LTI Plan in 2013 are as follows ('Comparator Group'):

- Beach Energy Limited
- AWE Limited
- Horizon Oil Limited
- New Zealand Oil & Gas Limited
- Carnarvon Petroleum Limited
- Nexus Energy Limited
- Tap Oil Limited
- Cooper Energy Limited
- Drillsearch Energy Limited
- Otto Energy Limited
- Cue Energy Resources Limited.

The Comparator Group may be adjusted to take into account events during the Performance Period of the Tier Two Right including but not limited to takeovers, mergers, de-mergers or de-listings.

The TSR calculations for the purposes of Tier Two Rights are based on the difference between the VWAP of shares in each of the relevant companies in the 60 trading days before the date of grant of the rights and the VWAP of shares in each of the relevant companies in the 60 trading days before the date the performance condition is measured, expressed as a percentage.

Subject to Board discretion, the extent to which Tier Two Rights will vest is determined by reference to the position of the Company in the Comparator Group as calculated in accordance with the following ranking table:

Position of Company in Comparator Group	% of Rights Vesting
Below Median	0%
Median	50%
Between Median and Upper Quartile	Pro rata from 50% to 100%
Upper Quartile and above	100%

- **Tier Three Rights**

With a weighting of 20%, these rights are subject to a service condition only. Subject to the Board's discretion, Tier Three Rights will vest provided that the employee has been continuously employed by ROC throughout the Performance Period and is employed by the Company on the vesting date.

Why choose these performance conditions?

These performance conditions were chosen at the time the Existing LTI Plan was established in 2010 as performance hurdles based on absolute TSR and relative TSR against comparable companies were regarded as an appropriate way to align Senior Executive remuneration with shareholder value at that time. Likewise, the service condition only on the Tier Three Rights was regarded as an appropriate way to retain key individuals. These conditions have been replaced with those applicable to the New LTI Plan.

Cessation of employment	Subject to some exceptions such as death, injury, permanent disability, retirement or redundancy and at the discretion of the Board, a right will normally lapse if the employee ceases to be employed by the Company.
Board discretion and clawback in relation to rights	Under the Existing LTI Plan, the Board has a broad discretion to make any determination in relation to unvested rights and regardless of performance conditions that apply no right will vest unless the Board in its absolute discretion is satisfied that there has been an overall satisfactory and sustained improvement in the performance of the Company during the relevant Performance Period.

New LTI Plan

The New LTI Plan only applies to the rights issued to Alan Linn in 2013. The rights issued to Alan Linn were approved by shareholders at the 2013 AGM. The following table sets out only the differences between the New LTI Plan and the Existing LTI Plan. In all other respects, the New LTI Plan is same as the Existing LTI Plan.

What is the maximum LTI opportunity under the New LTI Plan?	Under the New LTI Plan, LTI is calculated each year as a percentage of the eligible employee's Base Salary. The maximum LTI opportunity available to any employee depends on the employee's position and level in the Company. The maximum LTI opportunity for Alan Linn in 2013 is an amount equal to 100% of his fixed remuneration.
Calculation of LTI Value	Under the New LTI Plan, the quantum of LTI for a particular Performance Year will be largely determined by reference to an employee's STI performance outcome for the relevant Performance Year. More specifically, the grant value of the LTI to be awarded will, subject to Board discretion and individual performance calibration, be determined by reference to the % of the employee's maximum STI for the relevant Performance Year and the maximum LTI opportunity (being the relevant % of Base Salary as a $ amount). ('LTI Value').
Determination of number LTI Rights	Under the New LTI Plan, subject to the discretion of the Board, the number of LTI Rights to be granted is calculated by dividing the LTI Value by the VWAP of Shares for the five trading days following the release of the Company's full year results for the previous Performance Year.
Performance Period for LTI Rights	The Performance Period for all LTI Rights is three years. Under the New LTI Plan, the usual Performance Period will be the three years commencing 1 January in the year of grant ('Performance Period'). The exception to this will be for rights that may be granted throughout for the year for reasons independent of annual performance reviews. An example of such a grant are rights granted on commencement of employment as a "sign on" incentive.
Performance conditions under the New LTI Plan	LTI Rights granted under the New LTI Plan are divided into two tranches with each tranche subject to a separate relative TSR hurdle. **Tranche One**, with a weighting of 60%, will be tested against those companies in the ASX 200 Energy Index (as at the commencement of the Performance Period). **Tranche Two**, with a weighting of 40%, will be tested against a comparator group of ASX-listed oil and gas companies. In 2013, the comparator group is the Comparator Group as listed in relation to Tier Two Rights granted under the Existing LTI Plan and detailed above. Both comparator groups may be adjusted to take into account events during the Performance Period including but not limited to takeovers, mergers, de-mergers or de-listings. The share prices used to calculate the TSR of a company for the Performance Period will be measured as follows: • the opening share price will be the VWAP on the ASX of that company for the 30 trading days up to 31 December in the year preceding the commencement of the Performance Period; and • the closing share price will be the VWAP on the ASX of that company for the 30 trading days ending on the last day of the Performance Period (i.e. 31 December of the year three years after the grant).

	Subject to Board discretion, the percentage of the LTI Rights in each tranche that vests, if any, will be determined by reference to the percentile ranking achieved by the Company over the Performance Period compared to the other entities in the relevant comparator group as follows: **Relative TSR Ranking of ROC** — **% of TSR Rights that Will Vest** 75th percentile or above — 100% Between 50th and 75th percentile — Progressive pro rata vesting from 50% to 100% (i.e. on a straight line basis) 50th percentile — 50% Below 50th percentile — NIL
Why choose these performance conditions?	The performance conditions attaching to LTI Rights under the New LTI Plan were chosen following the remuneration review in 2013, as an appropriate way to align senior executive remuneration with shareholder value and effectively test the Company's performance and shareholder return over time. Consideration was given to longer Performance Periods and to a condition based on various profit measures. A Performance Period longer than three years was regarded as not aligning with the Company's strategic planning and the various profit measures such as earnings per share were regarded as not providing as effective a test of shareholder return and value versus the relative TSR tests chosen. A benchmark review was also undertaken of energy companies across the ASX and these measures were found to be representative of market practice and fitted the Company plans to grow shareholder value.
Cessation of employment	Under the New LTI Plan, subject to the Board exercising its discretion differently, the following treatment will generally apply in respect of unvested rights upon cessation of employment: • where the relevant employee resigns or is terminated for cause, all unvested rights will lapse; and • where the relevant employee ceases employment in circumstances other than those described above (including expiry of fixed term contract), the unvested rights will remain in the plan and will generally vest in the ordinary course (i.e. as if the employee had remained in employment). Different arrangements have been made in relation to the treatment of Rights in the case of the cessation of employment of Mr Linn. These arrangements are detailed in section 9 of this report.
Board discretion and clawback in relation to rights	Under the New LTI Plan, the Board retains a broad discretion to: • allow for accelerated vesting in special circumstances (e.g. death and incapacity); • determine that some or all unvested rights will lapse if any situation arises that, in the Board's view, should impact the assessment of performance. Such situations may include material misrepresentations and material misstatements in the Company's accounts; • determine that some or all rights should lapse on cessation of employment in particular circumstances (e.g. termination for poor performance); and • determine that any rights that vest are settled in cash not Shares (subject to any ASX Listing Rule or *Corporations Act 2001* requirements).

Terms Applicable to Deferred STI Rights and LTI Rights Issued under the Existing LTI Plan and the New LTI Plan ('Rights')

Limits on number of Rights	Subject to a number of conditions, the Board may not issue Rights if immediately following the grant, the number of shares the subject of the grant of the Right when aggregated with all other Rights on issue could exceed 5% of the total number of issued shares in the Company at the time of issue of the Rights.
Payment for Rights	No consideration is payable upon grant or vesting of a Right by the employee.
Disposal restrictions on Shares	No disposal restrictions will apply to the shares once allocated, subject to the ROC Share Trading Policy.

No retesting of performance conditions	Performance conditions will not be retested if the Performance Conditions are not met at the end of the Performance Period in relation to any Rights.
Restriction on dealing	All dealing (as that term is defined in the ROC Share Trading Policy) is prohibited.
Hedging of rights or options	The Company prohibits executives from entering into arrangements to protect the value of unvested rights. The prohibition includes entering into contracts to hedge exposure to rights or options granted as part of their remuneration package.
Lapse of Rights	Rights will lapse: • to the extent that relevant performance conditions are not satisfied; • where the relevant participant commits an act of fraud, major negligence or misconduct, unless the Board determines otherwise; • where the relevant participant resigns or is terminated for cause; or • where the Board exercises its discretion in relation to the unvested Rights (see explanation regarding the Board's Discretion in relation to each Right in the tables above).
Effect of change of control	In the event of a change of control in the Company, the Board may determine in its absolute discretion that some or all Rights will vest, having regard to the portion of the Performance Period elapsed and the extent to which any relevant performance conditions have been satisfied between the commencement of the Performance Period and the change of control event. The Board may determine that no Rights vest, but rather that new rights be granted in replacement in respect of any body corporate determined by the Board.

Previous Executive and Employee Share Option Plans

Prior to the introduction of the Existing LTI Plan, the Company's remuneration policy included participation in an Executive Share Option Plan and an Employee Share Option Plan. All outstanding options issued under the Employee Share Option Plan lapsed in December 2013. A total of 980,000 options issued under the Executive Share Option Plan remain outstanding and are due to lapse during 2014 if unexercised. No further options are granted under these plans. Any options vesting under these plans in the 2013 financial year to Senior Executives are outlined in tables below.

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 three years and the remaining 40% vest after four years. Options expire six years after they are granted. Of the options granted, 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 the Company's TSR must be benchmarked against industry performance.

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

- 100% of the percentage increase in the S&P/ASX 200 Energy 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 S&P/ASX 200 Energy Index at any time after vesting for 75% of the relevant performance options to be exercised; and
- 120% of the percentage increase in the S&P/ASX 200 Energy 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 volume weighted average price for the sale of ROC shares on the ASX in the 90 days before the issue date.

7. Company Performance and Remuneration Outcomes for Senior Executives in 2013

ROC remuneration policy is designed to align the interests of employees and shareholders by linking individual and Company performance with remuneration outcomes; reward employees for financial and non-financial performance aligned with business objectives; and drive behaviour and focus performance in alignment with business objectives by setting key performance measures and targets for individuals and the Company aligned with these objectives.

Following is a table outlining Company performance against stated objectives in 2013 and a graph indicating relative share price performance in the same period. Following that is a summary of the senior executive's fixed, STI and LTI remuneration in 2013.

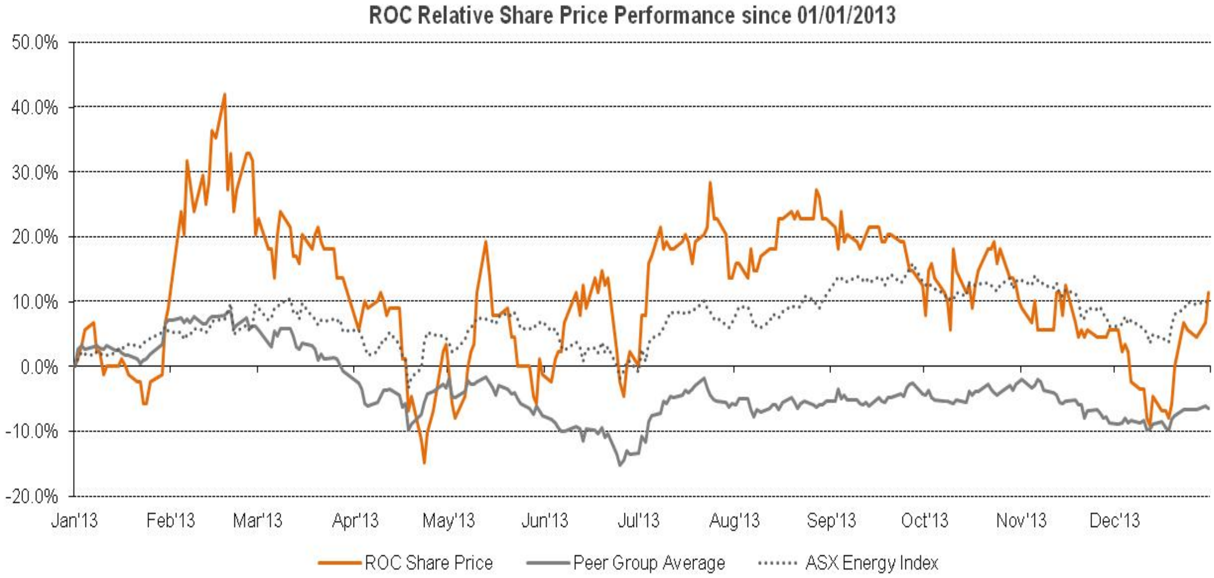
Company Performance in 2013

Goal	Weighting	Objectives	Measure	Outcome
Operational	35%	HSE	Same or better than five year OGP averages (Asia and Australasia) for TRIFR and LTIFR, including implementation of 2013 corporate proactive milestones	ROC achieved TRIFR and LTIFR rates 60% below the APPEA 5 year average but were higher than the 5 year OGP average (Asia and Australasia). All quantitative HSE targets were achieved and proactive milestones were met.
		Deliver Production	6,500 – 7,500 BOEPD	Achieved. Production 7,263 BOEPD (2.65 MMBOE).
Growth	30%	Reserve Replacement	Maintain reserve replacement	In 2013 ROC achieved 2P reserve additions from existing assets of 0.6 MMBOE resulting in ROC's three year reserve replacement ratio of 55%
		Business Development and Growth	Add contingent and prospective resources to the portfolio by developing existing assets in the portfolio or adding at least one new prospective asset	Successful acquisition of seismic and option for Block 09/05 farmout completed. Bids were also lodged for offshore acreage in Myanmar, and pursuing farm-in opportunities for onshore Myanmar blocks.
Financial	30%	Profitability ('NPAT')	Continued profitability of the business	Achieved NPAT of US$45.2 million
		Cost Control	• Development and exploration expenditure <US$100 million - excludes Malaysia BCP equity funding estimated to be US$40-45 million for 2013	Achieved YTD exploration and development expenditure of US$76.7 million plus US$40.7 million for Malaysia BCP equity funding
			• Opex <US$20/BBL (Profit & Loss).	Achieved opex of US$19/BBL.
People	5%	Committed Personnel	Ensure the business and its people are operating effectively and aligned with delivering objectives	Achieved. Corporate restructure completed and retention levels maintained across all locations. Malaysia office is now well established. Remuneration review completed.

Following assessment of the Company performance in accordance with the above objectives, the Board also takes into account the share price performance over the year as a final overriding factor in determining overall Company performance for the year.

Share price	Used by Board as key determining factor	Deliver positive share price performance on absolute and comparative basis	Exceeded expectations with share price increase 11% for 2013 and top quartile performance against Comparator Group for 2013.

As set out in the graph, below the Company's share price increased by approximately 11% in 2013 which was comparable with All Ords and the ASX Energy Index and outperformed the Comparator Group:



Below is a table setting out Company earnings and ROC's year-end closing share price for the last five years:

	2013	2012	2011	2010	2009
Net profit/(loss) after tax (US$ million)	45.2	61.0	27.7	(35.9)	(115.4)
Share price (31 December) (A$)	0.49	0.44	0.26	0.41	0.67

Taking all of the above into account, the Board concluded that the Company performance in 2013 was above expectations and continued to deliver strong performance and growth prospects.

Fixed Remuneration Outcomes for Senior Executives in 2013

All Senior Executives were reviewed in accordance with the ROC performance management plan and their performance measured against the specific goals and objectives for the relevant performance year and in accordance with ROC remuneration policy and benchmarking processes.

On conclusion of these performance reviews, Senior Executive remuneration was set for 2013.

It is noted that the fixed remuneration of the CEO, Mr Linn has been set at A$740,000 per annum until 31 December 2015. Some variations may appear in the statutory tables on account of exchange fluctuations from Australian to US dollars.

Fixed remuneration, excluding non-monetary benefits, is made up the following approximate percentages of fixed and “at risk” remuneration for Senior Executives in 2013:

CEO

Fixed Remuneration 50%	“At Risk” Remuneration 50%

Senior Executives (Other than CEO) (averaged)

Fixed Remuneration 70%	At Risk Remuneration 30%

STI and LTI Outcomes for Senior Executives in 2013

All Senior Executives' performance was assessed as being eligible for an STI in 2013.

The following table shows the percentage of maximum eligible STIs awarded to Senior Executives for 2013 performance. The percentages forfeited are a result of both Company performance objectives and personal performance objectives not being met in 2013.

	% of Maximum STI Awarded in the Year	% of Maximum STI Forfeited in the Year
Mr A S Linn	78%	22%
Mr R L Morris	68%	32%
Mr R B Stork	63%	37%
Mr A M Neilson	78%	22%
Ms L E Nolan	86%	14%
Dr P Eliet	69%	31%

The following table details the total LTI rights/options to Senior Executives up to 31 December 2013 and the Deferred STI Rights awarded for 2013 performance in early 2014. This table includes details on options and rights over ordinary shares in the Company that were granted as remuneration to each Senior Executive relevant to the period up to 31 December 2013 as well as details on options and rights that vested during 2013 and any historical share options vested or lapsed. No terms of any options or rights granted to Senior Executives have been modified during 2013.

	Grant Date	Fair Value	Type	Exercise Price	Options/ Rights on 1 Jan 2013	Issued	Exercised	Lapsed	Options/ Rights on 31 Dec 2013	Vested	Exercis-able[1]	Date Options/ Rights First Vest
Mr A S Linn	19/05/08	1.14	Executive	2.28	400,000	-	-	-	400,000	400,000	200,000	19/05/10
	23/12/08	0.22	Executive	0.73	150,000	-	-	-	150,000	150,000	75,000	23/12/10
	12/11/10	0.32	LTI	-	1,250,000	-	(965,000)	(285,000)	-	-	-	12/11/13
	07/03/11	0.29	LTI	-	1,500,000	-	-	-	1,500,000	-	-	7/03/14
	16/12/11	0.20	LTI	-	500,000	-	-	-	500,000	-	-	16/12/14
	15/05/13	0.35	LTI		-	977,358			977,358	-	-	01/03/16
	15/05/13	0.48	Deferred STI	-	-	355,400	-	(71,040)	284,360	106,660	106,660	31/12/13
	29/01/14	0.46	Deferred STI[2][3]			387,209			387,209	-	-	31/12/14
					3,800,000	1,719,967	(965,000)	(356,040)	4,198,927	656,660	381,660	
Mr R L Morris	23/12/08	0.23	Employee	0.54	200,000	-	-	(200,000)	-	-	-	23/12/10
	12/11/10	0.32	LTI	-	500,000	-	(386,000)	(114,000)	-	-	-	12/11/13
	16/12/11	0.20	LTI	-	400,000	-	-	-	400,000	-	-	16/12/14
	01/03/13	0.40	LTI	-	-	650,000			650,000	-	-	01/03/16
	29/01/14	0.46	Deferred STI[3]			153,105			153,105	-	-	31/12/14
					1,100,000	803,105	(386,000)	(314,000)	1,203,105	-	-	
Mr R B Stork	16/12/11	0.20	LTI	-	600,000	-	-	-	600,000	-	-	16/12/14
	01/03/13	0.40	LTI			650,000		-	650,000	-	-	01/03/16
	29/01/14	0.46	Deferred STI[3]			147,733			147,733	-	-	31/12/14
					600,000	797,733	-	-	1,397,733	-	-	
Mr A M Neilson	10/05/07	1.34	Executive	3.43	200,000	-	-	(200,000)	-	-	-	10/05/09
	19/05/08	1.14	Executive	2.28	20,000	-	-	-	20,000	20,000	10,000	19/05/10
	23/12/08	0.22	Executive	0.73	150,000	-	-	-	150,000	150,000	75,000	23/12/10
	12/11/10	0.32	LTI	-	400,000	-	(308,800)	(91,200)	-	-	-	12/11/13
	16/12/11	0.20	LTI	-	650,000	-	-	-	650,000	-	-	16/12/14
	01/03/13	0.40	LTI		-	750,000			750,000			01/03/16
	29/01/14	0.46	Deferred STI[3]			137,640			137,640	-	-	31/12/14
					1,420,000	887,640	(308,800)	(291,200)	1,707,640	170,000	85,000	
Ms L E Nolan	19/05/08	1.14	Executive	2.28	20,000	-	-		20,000	20,000	10,000	19/05/10
	23/12/08	0.23	Employee	0.54	60,000	-	-	(60,000)	-	-	-	23/12/10
	12/11/10	0.32	LTI	-	400,000	-	(308,800)	(91,200)	-	-	-	12/11/13
	16/12/11	0.20	LTI	-	650,000	-	-	-	650,000	-	-	16/12/14
	01/03/13	0.40	LTI			650,000		-	650,000	-	-	01/03/16
	29/01/14	0.46	Deferred STI[3]			153,153			153,153	-	-	31/12/14
					1,130,000	803,153	(308,800)	(151,200)	1,473,153	20,000	10,000	
Dr P Eliet	13/09/12	0.30	LTI	-	500,000		-	-	500,000	-	-	13/09/15
	01/03/13	0.40	LTI			500,000		-	500,000	-	-	01/03/16
	29/01/14	0.46	Deferred STI[3]			125,122			125,122	-	-	31/12/14
					500,000	625,122	-	-	1,125,122	-	-	

Notes:

1. These exercisable options relate to price options which have vested; however, their exercise price exceeds this current trading price of ROC's shares. The existing performance options granted in prior years, which have vested at December 2013, are not currently capable of exercise as the Group absolute TSR relative to the performance of the ASX 200 Energy Index from respective grant date was not achieved.
2. The grant of Deferred STI Rights to Mr Linn is subject to shareholder approval.
3. These Deferred STI Rights relate to 2013 performance.

Details of the total value of the rights granted to and/or exercised by Senior Executives in 2013 as part of remuneration are set out in the table below. No value was attributable to options that lapsed during the year.

	Value of Rights Granted in 2013	Value of Rights Exercised in 2013	Remuneration Consisting of Options/Rights Expensed for the Year
	A$	A$	%
Mr A S Linn	520,191[1]	443,900	19.8%
Mr R L Morris	330,428	177,560	7.9%
Mr R B Stork	327,957	-	10.1%
Mr A M Neilson	363,314	142,048	19.6%
Ms L E Nolan	330,450	142,048	13.1%
Dr P Eliet	257,556	-	11.1%

The following table shows the shares issued on exercise of rights for the year ended 31 December 2013:

Senior Executive	No. of Shares Issued	Paid per Share	Unpaid per Share
Mr A S Linn	965,000	-	-
Mr R L Morris	386,000	-	-
Mr A M Neilson	308,800	-	-
Ms L E Nolan	308,800	-	-
Total	1,968,600	-	-

Note:

1. Mr Linn's 2012 Deferred STI Rights (issued on 15 May 2013) are not included in this number as they relate to 2012 performance. Included in this number are Mr Linn's proposed 2013 Deferred STI Rights which relate to 2013 performance and are subject to shareholder approval at the 2014 AGM.

8. Statutory Details of Senior Executive Remuneration in 2013

The consolidated entity's reporting currency is US$ and the amounts shown in this report are in US$ unless otherwise stated. A majority of Senior Executives are paid in Australian dollars. As a result, the US$ amounts shown are affected by foreign currency movements between years. The exchange rate used is the average for the period. The A$/US$ average rate used for 2013 was 0.9685 (2012: 1.0359).

The table below outlines the remuneration of Senior Executives for year ended 31 December 2012 and 2013.

In relation to this table, the following is noted:

- the overall increase in total remuneration costs from 2012 to 2013 reflects:
  - + the full year costs of Pierre Eliet (prior year only partial as he commenced employment in September 2012);
  - + the inclusion of the deferred equity portion of the new STI Plan expensed in full (when in reality, it is subject to vesting at a later date);
  - + increased effect of LTI Plan over the last three years; and
  - + an overall increase in expatriate costs.
- to improve reporting clarity in the Remuneration Report for our shareholders, ROC has revised its approach to the reporting of STIs in the financial results year in which the STI was awarded. This change commenced with the 2013 reporting period and also impacted comparative 2012 information as this has now been restated to facilitate comparisons;
- as part of the review and renegotiation of Mr Linn's remuneration and overall changes to the methodology to apply to the calculation of LTIs, the number and value of the LTIs awarded to Mr Linn in 2013 was less than the number and value originally agreed by the Board to be awarded to Mr Linn. On account of this, the Board agreed to pay Mr Linn an equalisation payment of A$35,540 (included in STI). The equalisation payment was a one off award for 2013 and no similar payment will be made in respect of future years. It is noted that balancing this payment is the exercise of the Board discretion to determine that 40% of Mr Linn's Deferred STI due to vest on 31 December 2013 would be forfeited on account of certain short term stretch targets not been met in 2013. This adjustment has been made to the number noted as awarded for 2012 performance; and
- the A$/US$ average rate used for 2013 was 0.9685 (2012: 1.0359).

		Short Term			Post Employ-ment	Equity Compensation		Total	Percentage Performance Related
		Salary	Cash Bonus	Non-Monetary Benefits	Super-annuation	Value of LTI Rights	Value of STI Rights		
Executive Director		US$	US$	US$	US$	US$	US$	US$	%
Mr A S Linn	**2013**	**716,782**	**195,676**	**414,587**	**-**	**358,888**	**172,505**	**1,858,438**	**39.1%**
	2012	766,971	161,969	364,430	-	328,841	139,920	1,762,131	35.8%
Other KMPs									
Mr R L Morris(1)	**2013**	**1,147,288**	**118,414**	**306,621**	**-**	**140,528**	**68,210**	**1,781,061**	**18.4%**
	2012	1,154,967	151,034	254,101	-	65,827	-	1,625,929	13.3%
Mr R B Stork(2)	**2013**	**633,376**	**102,230**	**138,474**	**24,212**	**108,622**	**65,817**	**1,072,731**	**25.8%**
	2012	497,232	180,868	153,844	44,751	40,984	-	917,679	24.2%
Mr A M Neilson	**2013**	**446,395**	**106,453**	**13,317**	**23,376**	**158,374**	**61,320**	**809,235**	**40.3%**
	2012	442,417	153,365	14,928	25,897	78,479	-	715,086	32.4%
Ms L E Nolan(3)	**2013**	**514,476**	**118,451**	**255,255**	**24,213**	**147,558**	**68,231**	**1,128,184**	**29.6%**
	2012	496,353	119,709	185,624	23,862	81,090	-	906,638	22.1%
Dr P Eliet(4)	**2013**	**641,308**	**92,235**	**27,960**	**-**	**102,505**	**55,743**	**919,751**	**27.2%**
	2012	221,369	25,315	20,012	-	15,609	-	282,305	14.5%
Total KMPs	**2013**	**4,099,625**	**733,459**	**1,156,214**	**71,801**	**1,016,475**	**491,826**	**7,569,400**	**29.6%**
	2012	3,579,309	792,260	992,939	94,510	610,830	139,920	6,209,768	24.8%

Notes:

1. Mr Morris works predominantly for the Zhao Dong and Beibu Joint Ventures and a large percentage of his costs are recovered from the respective joint venture partners. The amount disclosed is 100% of his salary,
2. 80% of Mr Stork's costs are charged directly to BC Petroleum Snd Bhd. The amount disclosed is 100% of his salary.
3. Included in Ms Nolan's salary is an amount of US$36,736 in 2012 as relocation allowance when she commenced her secondment in Malaysia
4. Dr Eliet commenced employment with ROC on 13 September 2012. Most of Dr Eliet's secondment costs are paid as salary not as non-monetary benefits. Included in Dr Eliet's salary in 2012 is an amount of $35,000 paid to Dr Eliet as a relocation allowance when he commenced his secondment to Malaysia.

9. Summary of Senior Executive Contractual Arrangements

The Company has employment contracts with all Senior Executives ('Service Agreements').

A number of Senior Executives have entered into Secondment Agreements in relation to secondments in Malaysia and China. The Secondment Agreements provide that the Company is responsible for certain specified costs associated with the relocation and secondment ('Secondment Agreement Costs') including:

- relocation costs;
- assignment allowances;
- housing and utilities costs;
- expatriate family medical insurance;
- cost of schooling for dependent children until completion of high school;
- agreed flights;
- local car and transport costs; and
- applicable taxes.

Unless otherwise stated, the Service Agreements do not provide for a fixed expiry date. Where Secondment Agreements are in place, the Secondment Agreement provides that the Company may terminate the secondment, leaving just the Service Agreement in place, by giving 30 days' written notice at any time. The Secondment Agreement will also terminate in the event of termination of the Service Agreement. Unless otherwise stated, the notice period for termination of all Service Agreements is three months.

Some Service Agreements include a provision that if employment of the Senior Executive terminates other than for cause within 12 months of a material diminution or the Senior Executive resigns within three months of a material diminution, the Company will pay the senior executive 12 months' base salary and statutory entitlements (inclusive of any payment in lieu of notice). Material diminution means a substantial diminution of the Senior Executive's job content, status, responsibilities and/or authority arising by either the Company being removed from the ASX or the Board directing (without the senior executive's approval) a substantial proportion of staff and consultants who report to them to no longer do so ('Material Diminution Termination Payment'). Other than in the case of Mr Linn, for all other Senior Executives, where termination occurs as a result of injury, permanent disability, retirement or redundancy, any unvested LTI Rights are forfeited on termination of employment unless the Board determines otherwise.

Alan Linn

Mr Linn was appointed as Chief Executive Officer on 23 February 2011 and an Executive Director on 27 February 2012. As part of the remuneration review that took place in 2012 and 2013, the Board entered into a new Service Agreement with Mr Linn on 9 April 2013 ('2013 CEO Service Agreement') which replaced existing Service Agreements and Secondment Agreements with Mr Linn in their entirety. The 2013 CEO Service Agreement provides for a maximum three year term from 1 January 2013 or as otherwise agreed in writing.

The 2013 CEO Service Agreement provides that a total fixed remuneration of A$740,000 (in 2013, US$716,782) is payable to Mr Linn comprising base salary and superannuation ('TFR'). The 2013 CEO Service Agreement does not provide for a review of TFR in the agreed three year term. In addition to TFR, Mr Linn is entitled to participation in the Company STI and LTI Plans. The STI payable to Mr Linn is up to a maximum 60% of TFR based on the Board's assessment of the Company's performance and Mr Linn's performance. Any award of STI is to be 50% payable in cash and the remaining 50%, subject to shareholder approval, payable in deferred equity. The maximum value of Mr Linn's annual LTI opportunity is 100% of TFR. Mr Linn is entitled to Secondment Agreement Costs as non-monetary benefits under the 2013 CEO Service Agreement. Mr Linn is not entitled to any additional payments for acting as a Director of the Company.

As a Director of the Company, any equity to be issued or Deferred STI Rights or LTIs granted to Mr Linn are subject to shareholder approval.

The termination provisions under the 2013 CEO Service Agreement provide that either party may terminate by six months' notice in writing or payment in lieu of notice at the Company's election. In the event of misconduct, termination can occur without notice or payment. In circumstances of incapacity, the Company may give three months' notice or payment in lieu. No notice of termination is required at the expiration of the term.

In addition to accrued employee entitlements, the following termination benefits are contemplated under the 2013 CEO Service Agreement:

- a Material Diminution Termination Payment is payable in applicable circumstances;
- reasonable repatriation expenses will be payable in all termination scenarios other than cause;
- where the termination date falls part way through a performance year, Mr Linn may be entitled to pro rata STI (based on performance and time served), except where termination is for cause; and
- any previously granted STI and LTI entitlements will be dealt with in accordance with the terms on which they were granted. For grants made under the 2013 CEO Service Agreement, acceleration of vesting is only intended in the event of termination for death or total and permanent disablement. In all other termination scenarios (except termination for cause), it is intended that unvested entitlements will remain on foot and vest (subject to applicable vesting conditions) in the ordinary course.

Termination benefits in all scenarios will be capped at the maximum amount that can be paid without shareholder approval under termination benefits laws.

Following termination, the 2013 CEO Service Agreement provides that Mr Linn is subject to a number of non compete obligations for six months.

Ron Morris

Mr Morris's appointment as President - Roc Oil (China) Company commenced on 1 August 2009. Other than provision for six months' salary in lieu of notice, there is no entitlement to any payment on termination. Mr Morris's Service Agreement provides a notice period of six months.

Mr Morris's Salary of US$1,147,288 per annum comprises base salary, taxes and specified Secondment Agreement Costs payable as cash. The base salary is reviewable annually without obligation. In addition, Mr Morris is entitled to participation in the Company STI and LTI. In recognition of Mr Morris's position managing the Company's China operations, Mr Morris is also entitled to Secondment Agreement Costs as non-monetary benefits.

Rolf Stork

Mr Stork's appointment as Chief Operating Officer commenced on 1 September 2011. Mr Stork's Service Agreement contemplated a secondment to Malaysia to comprise 80% of Mr Stork's employment, with the remaining 20% based in Sydney. The secondment arrangement to Malaysia is for a period up to three years. Mr Stork has a Material Diminution Termination Payment provision in his Service Agreement.

Mr Stork's Salary of US$633,376 per annum comprises base salary and some Secondment Agreement Costs payable as cash. The base salary is reviewable annually without obligation. In addition, Mr Stork is entitled to participation in the Company STI and LTI. Mr Stork is also entitled to Secondment Agreement Costs as non-monetary benefits.

Eighty percent of Mr Stork's costs are charged directly to BC Petroleum Sdn Bhd (an associate company of ROC) as a result of a back to back secondment arrangement.

Anthony Neilson

Mr Neilson's appointment as Chief Financial Officer commenced on 30 April 2007. No termination payments are applicable to Mr Neilson's Service Contract, however, a Change of Control Agreement entered in 2010 provides for the payment of 12 months' base salary in the event of a diminution of duties resulting from a change of control in the Company as outlined in that agreement.

Mr Neilson's Salary of US$446,395 per annum comprises base salary only. The base salary is reviewable annually without obligation. In addition, Mr Neilson is entitled to participation in the Company STI and LTI.

Leanne Nolan

Ms Nolan's appointment as General Counsel and Company Secretary commenced on 12 November 2010 and a Secondment Agreement entered in 2012 provides for a secondment to Malaysia for a period of up to two years with effect from 1 January 2012. Ms Nolan has a Material Diminution Termination Payment provision in her Service Agreement. In 2013, Ms Nolan took on the additional responsibility of the Company's corporate human resources manager. During 2012, the functional responsibility for contracts and procurement also became part of the legal function. Ms Nolan's Salary of US$514,476 per annum comprises base salary and some Secondment Agreement Costs payable as cash. The base salary is reviewable annually without obligation. In addition, Ms Nolan is entitled to participation in the Company STI and LTI. Ms Nolan is also entitled to Secondment Agreement Costs as non-monetary benefits.

Pierre Eliet

Dr Eliet's appointment as General Manager Exploration and New Ventures/Business Development commenced on 13 September 2012. Dr Eliet's Service Agreement contemplates a secondment arrangement to Malaysia for a period up to two years or such further period as is agreed. Other than provision for three months' salary in lieu of notice and, in the event of redundancy, a redundancy payment calculated in accordance with the minimum requirements of the *Fair Work Act* 2009 (Cth), there is no entitlement to any payment on termination of employment.

Dr Eliet's Salary of US$641,308 per annum comprises base salary and most Secondment Agreement Costs payable as cash. The base salary component of the fixed remuneration is reviewable annually without obligation. In addition, Dr Eliet is entitled to participate in the Company STI and LTI. During the term of the secondment arrangement in Malaysia, Dr Eliet is entitled to standard expatriate executive benefits, car and driver and expatriate medical insurance as non-monetary benefits. All other Secondment Agreement Costs are included in fixed remuneration.

10. Shareholdings of Key Management Personnel

	Opening Balance 1 January 2013	Share Options/Rights Exercised	Market Transactions	Closing Balance 31 December 2013
Mr R M Harding	-	-	30,000	30,000
Mr N R Hartley	12,500	-	-	12,500
Mr C C Hodge	100,000	-	-	100,000
Mr R C A Leon	1,510,000	-	-	1,510,000
Mr A S Linn	148,000	965,000	-	1,113,000
Mr A J Love	689,521	-	-	689,521
Mr G D Mulligan	25,000	-	-	25,000
Mr R L Morris	656,000	386,000	-	1,042,000
Mr R B Stork	-	-	-	-
Mr A M Neilson	59,500	308,800	-	368,300
Ms L E Nolan	28,000	308,800	-	336,800
Dr P Eliet	-	-	-	-
	3,228,521	**1,968,600**	**30,000**	**5,227,121**

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Auditor's Independence Declaration

TO THE DIRECTORS OF ROC OIL COMPANY LIMITED

In relation to our audit of the financial report of Roc Oil Company Limited for the financial year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Trent van Veen
Partner
26 February 2014

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 2013.

FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

The Group reported a net profit after income tax of US$45.2 million (2012: US$61.0 million). The Group's gross profit was US$96.1 million (2012: US$106.2 million).

Included in the overall result were items relating to:

- After-tax profit on sale of Juan de Nova Maritime Profond Block of US$8.0 million;
- Exploration expense of US$16.5 million; and
- Impairment of the investment in BC Petroleum Sdn Bhd ('BCP') of US$6.9 million.

Basic earnings per share for the year were US6.6 cents based on a weighted average number of fully paid ordinary shares on issue of 683,580,268 shares.

Sales and Production Growth

The Group recorded reliable performance from its producing assets, with working interest production of 2.7 MMBOE (2012: 2.4 MMBOE), up 12% compared to the prior year. Of the total working interest production, 0.2 MMBBL (7.8%) was delivered to host governments in relation to respective governments' share of profit oil under the Group's Production Sharing Contracts. ROC's closing balance economic interest 2P reserves at 31 December 2013 was 12.2 MMBOE, including reserve revisions of 0.6 MMBBL, after allowing for 2013 production.

Oil and gas sales revenue of US$251.0 million (2012: US$242.1 million) was generated from sales volumes of 2.4 MMBOE (2012: 2.1 MMBOE), which achieved an average realised oil price of US$104.61/BBL (2012: US$113.60/BBL), a discount of 4% to the Brent oil price which averaged US$108.66/BBL for 2013.

Operating costs of US$154.9 million (2012: US$135.9 million) comprised production costs of US$51.0 million (US$19.26/BOE), amortisation costs of US$70.8 million (US$26.71/BOE), and Chinese special oil income levy and royalty of US$35.1 million offset by stock movements of US$2.0 million.

Exploration Expensed

Exploration and evaluation expenditure of US$16.0 million (2012: US$29.0 million) was incurred during the period, attributable to seismic acquisition and processing costs on Block 09/05 and new venture costs. In accordance with the Company's successful efforts accounting policy, US$16.5 million (2012: US$18.1 million) in exploration costs were expensed and written-off during the period.

Income Tax

An income tax expense of US$16.5 million (2012: US$21.8 million) was incurred during the period, which included an income tax expense of US$18.7 million and current PRRT of US$11.0 million offset by a prior year overprovision of US$0.3 million and a income tax credit of US$12.9 million relating to timing differences.

The total tax paid during the year was US$30.9 million (2012: $47.0 million), relating to Zhao Dong, Beibu, UK assets and PRRT in Australia.

Hedging

At 31 December 2013, ROC has no hedging in place.

Consolidated Statement of Financial Position

During the period, total assets increased to US$416.0 million (2012: US$368.8 million) and total liabilities decreased to US$149.8 million (2012: US$150.2 million). As a result, net assets increased to US$266.3 million (2012: US$218.6 million).

Oil and gas assets decreased to US$227.2 million (2012: US$237.3 million) during the period, mainly as a result of $60.7 million development expenditure incurred offset by amortisation of US$70.8 million.

At 31 December 2013, ROC's net cash position was US$65.1 million (2012: US$56.8 million), consisting of cash assets held of US$65.1 million (2012: US$56.8 million) with no debt drawn (2012: US$Nil). At year end, the loan facility available to ROC was US$66.5 million relating to the remaining portion of the loan facility with

Commonwealth Bank of Australia, BNP Paribas (Sydney Branch) and Sumitomo Mitsui Banking Corporation, maturing in June 2015.

Consolidated Statement of Cash Flows

Net cash generated from operating activities was US$101.5 million (2012: US$126.3 million). The funds were primarily used for development expenditure of US$59.6 million (2012: US$59.4 million) and investment in associate company BCP of US$40.7 million (2012: US$17.4 million). Proceeds received from sale of Juan de Nova Maritime Profond Block were US$8.0 million.

CORPORATE ACTIVITY

Health, Safety and Environment (HSE)

ROC reported two Lost Time Injuries sustained by contractor personnel at its Zhao Dong drilling operation and subsequently a safety improvement programme was initiated. Despite this injury disappointment, ROC reduced its total number of reported injuries to its lowest level and its Total Recordable Injury rate was 60% lower than the APPEA five year average.

Implementation of our updated HSE Management Systems, additional HSE Expectations and our Asset Integrity Management system progressed as we continue to pursue HSE excellence. The Company reported no Tier 1 or Tier 2 process safety events during the year and hydrocarbon loss of containment events were reduced to their lowest recorded level.

OPERATIONAL OVERVIEW

Production and Development

The Group incurred US$51.0 million in production costs (2012: US$35.7 million) and US$60.7 million (2012: US$65.3 million) in development expenditure during 2013. Development costs primarily related to the development of Beibu and the ongoing development drilling at the Zhao Dong Fields.

Zhao Dong Oil Fields, Bohai Bay, Offshore China

ROC's working interest in oil production from the C and D Fields (24.5% and operator), the C4 unitised field (11.667% and operator) and Zhanghai Block (39.2% and operator) averaged 4,017 BOPD, down 8% compared to the previous year as a result of natural field decline.

Development expenditure of US$33.9 million (2012: US$26.7 million) was incurred. During the second half of 2013, development drilling was enhanced via the use of two drilling rigs simultaneously. A total of 18 wells were drilled during 2013 and the annual production target was achieved.

The H2 well drilled in 2012 in the Zhenghai area of Zhao Dong was completed and fracture stimulated. Results of this stimulation confirmed the reservoir to be water wet.

Electrical cable laying was completed from the shore out to the Zhao Dong platform. The cabling will be used to supply additional electricity in the future.

ROC submitted a five year Incremental Development Plan to PetroChina which included activities for 2013 to 2018 and continuous economic development activities for 2018 to 2023, which requires a PSC extension beyond 2018.

Cliff Head Oil Field, WA-31-L, Offshore Western Australia (42.5% and Operator)

ROC's working interest in oil production from the Cliff Head Field averaged 1,061 BOPD, down 19% compared to the previous year due to natural decline.

Blane Oil Field, North Sea (12.5%)

ROC's working interest in oil production from the Blane Field averaged 565 BOEPD, down 15% compared to the previous year.

The decrease in production was attributable to several planned and unplanned shutdowns on the Ula host platform between May to September, which were not related to the Blane Field. The field is now fully operational.

Enoch Oil and Gas Field, North Sea (12%)

Enoch remained shut in throughout 2013. Restoration works were carried out with new tree deployed and production testing completed in December. Production is expected to recommence in the first half of 2014.

WZ 6-12 and WZ 12-8 West Oil Field Development, Beibu Gulf, Offshore China (19.6%)

ROC's working interest in oil production from the Beibu Field averaged 1,621 BOEPD, with production commencing in March and all 15 wells on production by August.

The Beibu Gulf development project is now complete, with all activities completed on schedule and within budget.

BMG Oil and Gas Fields, VIC/L26, VIC/L27 and VIC/L28, Offshore Victoria (50% and Operator)

BMG remains in a non-production phase. The annual offshore inspection and monitoring program was completed, with no significant issues identified.

ROC's interest in BMG has increased from 37.5% to 50%, following the withdrawal of CIECO, Pertamina and Sojitz from the BMG Joint Venture in October 2013, subject to regulatory approval.

ROC continues to pursue a farm-down or divestment process for BMG, whilst evaluating options for a separate Phase-2 gas development given the improving east coast gas market pricing.

Exploration and Appraisal

The Group incurred US$16.0 million (2012: US$29.0 million) in exploration and evaluation expenditure during 2013 and US$40.7 million to BCP for pre-development work relating to the Balai Cluster.

Balai Cluster Risk Service Contract, Offshore Sarawak, Malaysia (48%)

The Balai Cluster comprises a cluster of four marginal fields: Balai, Bentara, Spaoh and West Acis, which are located offshore Sarawak in water depths of approximately 60 metres. A joint venture company, BCP was incorporated to manage the Risk Service Contract ('RSC'). The shareholders in BCP are ROC 48%, DIALOG Group 32% and PETRONAS Carigali 20%. ROC accounts for its investment in BCP under the equity method of accounting.

Balai Cluster RSC pre-development activities continued during 2013, with the drilling of three appraisal wells. All the wells were cased and completed in preparation for Extended Well Test ('EWT') which commenced in November with the Early Production Vessel ('EPV'), Balai Mutiara.

EWT on the Balai-2 well commenced on 6 November and flowed for an initial period for approximately 24 hours before shutting in to obtain reservoir pressure data. The initial average production rate from two perforated intervals in the Balai Z-5 upper reservoir sands (1,895 – 1,901metres Measured Depth Rotary Table ('MDRT') and 1,906 –1,912metres MDRT) was in the range of 4,000 to 4,200 BOPD and the oil gravity was measured at 39 degrees API. EWT was then conducted for approximately two weeks, during which time well performance was recorded through three flow periods and three shut-in periods. The test met the defined objectives and good volumes and quality of pressure and production data collected to enable further studies.

A Field Development Plan ('FDP') for the Bentara Field, within the Balai Cluster RSC, was submitted to PETRONAS in December. This FDP proposes the development of the Bentara Field. At this stage, approval is being sought to deliver early production utilising the existing wells and facilities established during the pre-development phase, including Bentara-2 and Bentara-3 wells, Bentara well head platform and the EPV.

On approval of the FDP by PETRONAS, the project will progress to the development phase. The cost of pre development work undertaken by BCP in accordance with the agreed scope of work is reimbursable up to an agreed amount.

During 2013, ROC directly contributed funds of US$40.7 million to BCP for pre-development phase activities relating to the Balai Cluster RSC.

Block 09/05, Bohai Bay (100% and Operator)

Consistent with ROC's growth strategy to significantly increase the Company's long term reserve and resource base, ROC was awarded a prospective 335 square kilometres exploration Block 09/05 with CNOOC for a 100% operated interest in Bohai Bay in May 2012. The block is close to the existing ROC operated Zhao Dong infrastructure. ROC has 100% equity in the block and CNOOC has the right to back into the block for up to 50% following a commercial discovery.

ROC views the block as having significant exploration potential and the 3D seismic programme was recently completed with the aim of maturing exploration prospects on trend with Bohai Bay producing fields.

The 162.5k square kilometres ocean bottom cable 3D seismic acquisition programme commenced in July and was completed in September ahead of schedule, within budget and without incident. Seismic processing of the 3D data was completed in January 2014; data quality is good and planning for exploration drilling in 2H14 is in progress as planned.

In October, ROC signed a farmout option agreement with Horizon Oil Limited ('HZN') on the Block 09/05 licence. Under the terms of the agreement, HZN will pay 40% of all petroleum exploration costs incurred until the exercise or lapse of the option, which entitles HZN a right to farm in to a 40% working interest in Block 09/05. The right to acquire a 40% interest in Block 09/05 is exercised in advance of spudding the first exploration well through payment of a 2 for 1 promote on two exploration wells. The transfer of interest to HZN will be subject to CNOOC's approval.

This agreement helps underpin confidence in the prospectivity within the block and ensures a risk managed approach to our current exploration portfolio in China.

WZ 12-8 East, Beibu Gulf, Offshore China (40% and Operator)

Work continues on the WZ12-8 East project feasibility study report, with an Overall Development Plan under preparation.

Myanmar

ROC pre-qualified for the Myanmar offshore licensing round and submitted bids for two offshore shallow water blocks in the 2013 offshore licensing round. ROC continues to actively pursue attractive farm-in opportunities for onshore acreage near to existing infrastructure. Entry into Myanmar remains aligned with ROC's wider strategic objective to identify and secure material exploration, appraisal and field redevelopment opportunities in South East Asia.

Divestments and Withdrawals

During 2013, ROC divested or withdrew from the following assets:

Juan de Nova Maritime Profond Block, Offshore French Territory, Mozambique Channel

The sale of ROC's interest in the Juan de Nova Maritime Profond Block to South Atlantic Petroleum JDN SAS ('SAPETRO') has been successfully completed following the approval by the French Government of the transfer to SAPETRO on 14 November.

Block H, Offshore Equatorial Guinea (20%)

The Minister of Mines, Industry and Energy of Equatorial Guinea has advised the Block H Joint Ventures, that it has decided not to grant a further extension to the permit. Accordingly, the PSC expired on 2 February 2014.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2013

	Note	2013 US$'000	2012 US$'000
Sales revenue	*4*	**250,995**	**242,067**
Operating costs	*5*	(154,889)	(135,917)
Gross profit		**96,106**	**106,150**
Other income	*6*	189	3,967
Gain on sale of exploration and development assets		8,000	10,315
Net derivative losses		-	(878)
Exploration expensed and written off	*7*	(16,537)	(18,081)
Provision for restoration		-	(3,379)
Impairment of investment in associate company	*29*	(6,900)	-
Foreign currency translation reserve gain on liquidation of subsidiary		36	4,649
Other costs	*8*	(15,346)	(13,413)
Finance costs	*9*	(3,839)	(6,595)
Profit before income tax		**61,709**	**82,735**
Income tax expense	*10*	(16,520)	(21,781)
Net profit		**45,189**	**60,954**
Other comprehensive loss			
Foreign currency translation reserve gain on liquidation of subsidiary		(36)	(4,649)
Other comprehensive loss net of tax		**(36)**	**(4,649)**
Total comprehensive profit		**45,153**	**56,305**
Basic earnings per share – cents	*24*	6.6	8.9
Diluted earnings per share – cents	*24*	6.5	8.8

Consolidated Statement of Financial Position

As at 31 December 2013

	Note	2013 US$'000	2012 US$'000
Current assets			
Cash assets	*11*	65,140	56,783
Trade and other receivables	*12*	32,361	25,474
Inventories	*14*	2,133	658
Total current assets		**99,634**	**82,915**
Non-current assets			
Oil and gas assets	*15*	227,158	237,292
Exploration and evaluation expenditure	*16*	587	1,094
Property, plant and equipment	*17*	858	1,080
Deferred tax assets	*10*	20,594	13,021
Investments in associate companies	*29*	67,203	33,422
Total non-current assets		**316,400**	**285,909**
Total assets		**416,034**	**368,824**
Current liabilities			
Trade and other payables	*20*	42,247	36,088
Current tax liabilities	*10*	8,258	9,944
Provisions	*21*	14,235	10,868
Total current liabilities		**64,740**	**56,900**
Non-current liabilities			
Deferred tax liabilities	*10*	21,078	26,406
Provisions	*21*	63,961	66,869
Total non-current liabilities		**85,039**	**93,275**
Total liabilities		**149,779**	**150,175**
Net assets		**266,255**	**218,649**
Equity			
Share capital	*22*	734,150	734,150
Accumulated losses		(488,833)	(534,022)
Other reserves		20,938	18,521
Total equity		**266,255**	**218,649**

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2013

	Note	Inflow/ (Outflow) 2013 US$'000	Inflow/ (Outflow) 2012 US$'000
Cash flows from operating activities			
Cash generated from operations	*11*	154,341	190,336
Derivatives received/(paid)		68	(676)
Payments for exploration and evaluation expenses		(16,470)	(5,449)
Interest received		189	3,965
Finance costs paid		(1,579)	(2,866)
Payments made for abandonment costs		(2,299)	-
Payments for non-production phase for BMG		(1,837)	(12,099)
Income taxes and PRRT paid		(30,878)	(46,950)
Net cash generated from operating activities		**101,535**	**126,261**
Cash flows from investing activities			
Payments for plant and equipment		(184)	(104)
Payments for development expenditure		(59,561)	(59,401)
Payments for exploration and evaluation expenditure initially capitalised		-	(19,404)
Proceeds from sale of exploration and development assets		7,985	1,779
Payments for acquisition of additional 5% interest in Cliff Head		-	551
Investment in associate company	*29*	(40,680)	(17,423)
Net cash used in investing activities		**(92,440)**	**(94,002)**
Cash flows from financing activities			
Bank loan repayments		-	(15,000)
Net cash used in financing activities		**-**	**(15,000)**
Net increase in cash held		**9,095**	**17,259**
Cash at beginning of financial year		56,783	39,624
Effect of exchange rate changes on the balance of cash held in foreign currencies		(738)	(100)
Cash at end of financial year	*11*	**65,140**	**56,783**

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2013

	Share Capital US$'000	Accumulated Losses US$'000	Share Equity Reserve US$'000	Foreign Currency Translation Reserve US$'000	Total US$'000
Balance at 1 January 2012	**734,150**	**(594,976)**	**11,725**	**10,710**	**161,609**
Total comprehensive profit/(loss) net of tax	-	60,954	-	(4,649)	56,305
Share-based payments	-	-	735	-	735
Balance at 31 December 2012	**734,150**	**(534,022)**	**12,460**	**6,061**	**218,649**
Total comprehensive profit/(loss) net of tax	-	45,189	-	(36)	45,153
Share-based payments	-	-	2,453	-	2,453
Balance at 31 December 2013	**734,150**	**(488,833)**	**14,913**	**6,025**	**266,255**

Notes to the Consolidated Financial Statements

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 USD. All values are rounded to the nearest thousand dollars (US$'000) unless otherwise stated under the option available to the Company under the ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

The financial statements were authorised for issue on 26 February 2014 by the Board.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards. The financial report, comprising the consolidated financial statements and notes thereto, also complies with International Financial Reporting Standards.

The Group has adopted the following standards now effective, AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interests in Other Entities. The Group has performed an assessment of the impact of these standards and notes that they do not have a material impact on the financial report.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the reporting period ended 31 December 2013 and are not expected to have a material impact.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the 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 Group 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. An area of interest refers to an individual geological area which is considered to constitute a favourable environment for the presence of an oil or gas field, usually represented by an individual oil or gas field.

The successful efforts method requires all exploration and evaluation expenditure in relation to an area of interest 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 the rights to the tenure of the area of interest are current and the expenditure either:

- is expected to be recovered through sale or successful development and exploitation of the area of interest; or
- relates to an exploration discovery for which at balance date a reasonable assessment of the existence or otherwise of economically recoverable reserves is not yet complete, or additional appraisal work is underway or planned.

Pending assessment of the results of a well, the costs are initially capitalised then expensed or remain capitalised, depending on a review of the results in accordance with successful efforts accounting criteria.

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

(f) 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 Group. The following estimated useful lives are used in the calculation of depreciation in the current and prior year:

- 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 Group 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 Group.

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

(g) Oil and gas stock and materials inventories

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 the 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) Under/overlift

Lifting or offtake arrangements for oil produced in jointly-owned operations are such that it is not practicable for each participant to receive or sell its precise share of the overall production during the period. At each reporting date, the extent of underlift is recognised as an asset at the lower of cost and net realisable value. Overlift is recognised as a liability at the current market price of oil. The net movement in underlift and overlift is recognised in the Consolidated Statement of Comprehensive Income in operating costs.

(i) Available-for-sale securities

Available-for-sale securities are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. After initial recognition, available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Consolidated Statement of Comprehensive Income.

(j) Investments

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

(k) 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. Where no restoration asset exists, the corresponding adjustment is recognised in the Consolidated Statement of Comprehensive Income. 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.

(l) Cash and cash equivalents

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

(m) Investments in associate companies

The Group's investments in its associate companies are accounted for under the equity method of accounting in the consolidated financial statements. An associate company 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 associate companies are used by the Group to apply the equity method. The reporting dates of the associate companies and the Group are identical and both use consistent accounting policies.

The investments in the associate companies are carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate companies, less any impairment in value. The Consolidated Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate companies.

(n) Trade receivables

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

(o) 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 Consolidated Statement of Comprehensive Income 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 Consolidated Statement of Comprehensive Income, net of any amortisation that would have been charged since the impairment.

(p) Provisions

Provisions are recognised when the Group 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.

(q) 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 GST 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 Group 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.

(r) Finance costs

Finance costs are recognised as an expense when incurred and are calculated using the effective interest rate method. This method amortises the transaction costs over the term of the borrowing.

(s) Share-based payment transactions

Share-based compensation benefits are provided to employees via the Long Term Incentive Plan, the Short Term Incentive Plan, the Employee Share Option Plan and the Executive Share Option Plan. Both share option plans have now been discontinued and no new issues under either of these plans will occur.

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 the 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').

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 and share rights is reflected as additional share dilution in the computation of earnings per share.

(t) 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. 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 date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A 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 and associate companies and interests in joint operations, 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 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 date.

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

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 consolidated group under Australian taxation law. ROC is the head entity in the tax consolidated group.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated 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 consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated 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 consolidated group in accordance with the arrangement.

Petroleum Resource Rent Tax

Petroleum Resource Rent Tax ('PRRT') is accounted for as income tax.

(u) Goods and services tax

Revenue, expenses and assets are recognised net of amounts of 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 Consolidated Statement of Cash Flows 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.

(v) Derivative financial instruments

Derivative contracts are entered into to limit the financial exposure of the Group 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 is 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 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, no longer qualifies for hedge accounting or is redesignated to discontinue 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 the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

(w) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in United States dollars, which is ROC's functional currency.

ROC has identified USD as its functional and presentation currency for the following reasons:

- a significant portion of ROC's activity is denominated in US$;
- a significant portion of ROC's assets and liabilities is denominated in US$; and
- USD is primarily the global currency used in the oil industry.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

Group companies

The results and financial position of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to equity. When a foreign operation is sold, a proportionate share of such exchange differences is recognised in the Consolidated Statement of Comprehensive Income, as part of the gain or loss on sale.

(x) 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 Group in respect of services provided by employees up to the reporting date.

(y) Interests in joint arrangements

Interests in joint operations, where there is joint control, have been reported in the financial statements by including the Group's share of assets and liabilities of the joint operation and its share of any income and expenses incurred.

(z) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not subsequently reversed.

Note 2. Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

Further details of these assumptions and conditions may be found in the relevant notes to the financial statements.

(a) Significant accounting judgements

Exploration and evaluation

The Group's accounting policy for exploration and evaluation assets is set out at Note 1(e). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Consolidated Statement of Comprehensive Income.

(b) Significant accounting estimates and assumptions

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows. For oil and gas properties, expected future cash flow estimation is based on reserves, future production profiles, commodity prices and costs.

Restoration obligations

The Group estimates the future removal costs of on and offshore oil and gas platforms, production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal data, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. For more details regarding the policy in respect of the provision for restoration, refer to Note 1(k).

Reserve estimates

Estimates of recoverable quantities of proved and probable reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of amortisation charged to the Consolidated Statement of Comprehensive Income. Reserve estimates are prepared in accordance with guidelines prepared by the Society of Petroleum Engineers.

Note 3. Financial Risk Management Objectives and Policies

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group 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 Group's policies approved by the Board, which provide written principles on the use of financial derivatives.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk and commodity price risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign exchange and interest rate risk and assessments of market forecasts for foreign exchange rates, interest rates and commodity prices. Monitoring of specific debtor balances is undertaken to manage credit risk and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative instruments.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group 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 carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The Group does not hold any credit derivatives to offset its credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are assessed for each individual customer and are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis, with the result being that the Group's exposure to bad debts is not significant. Currently, there are no material receivables that are in arrears.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at 31 December 2013

Consolidated (US$'000)	6 months or less	6 months – 1 year	1 – 4 year(s)	Total
Trade and other payables	42,247	-	-	42,247
Total	**42,247**	**-**	**-**	**42,247**
As at 31 December 2012				
Trade and other payables	36,088	-	-	36,088
Total	**36,088**	**-**	**-**	**36,088**

Ultimate responsibility for liquidity risk management rests with the Board, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking and borrowing facilities and through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

Market risk

AASB 13 *Fair Value Measurement* requires disclosures that categorise assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets, Level 2 inputs are observable inputs other than quoted prices, and Level 3 inputs are unobservable inputs for the asset or liability.

The fair value hierarchy for the financial assets and liabilities accounted for as at 31 December 2013 consisted of the oil price derivatives which have been classified as Level 2. There were no Level 1 or Level 3 financial assets or liabilities as at 31 December 2013, and there were no movements between any of the levels during the period.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee.

Foreign currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities.

The majority of the Group's cash flows are denominated in US$; however, the Group is exposed to certain non-US$ cash balances. As at 31 December 2013, the non-US$ cash balances amounted to US$4.8 million (2012: US$26.6 million). The impact on the profit for the year assuming a +10% or -10% change in the foreign exchange rate would be US$0.2 million (2012: US$2.7 million).

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash assets (refer to Note 11) and long term debt obligations and the level of debt (refer to Note 18).

A change of 100 basis points per annum in interest rates at the reporting date would have increased or decreased profit for the year by US$0.1 million (2012: US$0.1 million). This analysis assumes that all other variables remain constant. As a result, the Group's exposure to interest rate risk is minimal.

Commodity price risk

The Group is exposed to the movement in commodity prices, primarily the movement in oil price. In order to manage this exposure and its effect on sales revenue, the Group enters into certain derivative instruments, in relation to the commodity price of a proportion of its forecast production from time to time in accordance with the Board approved hedging policy. At 31 December 2013, the Group had no derivatives (2012: Nil).

Fair value of financial instruments

The Directors consider that the carrying amounts of the financial assets and liabilities recorded in the financial statements approximate their fair values unless otherwise stated.

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.

Capital management

The Group's objective when managing capital is to maintain an efficient capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders. Capital requirements are determined based on rolling forecasts of operating and capital expenditure cash flows which are based on assumptions on oil prices, production and exploration and development capital costs. The Group manages its capital (debt plus equity) by maintaining adequate banking facilities and other funding and adjusting discretionary capital expenditure as appropriate.

Note 4. Sales Revenue

	2013 US$'000	2012 US$'000
Oil	250,995	240,786
NGL	-	1,281
	250,995	**242,067**

Note 5. Operating Costs

Production costs	51,044	35,710
Amortisation	70,816	70,871
Movement in stock and overlift	(2,026)	(2,536)
Royalty and other levies	35,055	31,872
	154,889	**135,917**

Note 6. Other Income

Interest income – external	189	3,967
	189	**3,967**

Note 7. Exploration Expensed and Written-Off

Africa	667	(298)
China	7,283	12,105
Other	8,587	6,274
	16,537	**18,081**

Note 8. Other Costs

Operating lease expenses	959	950
Depreciation	400	810
General and administration costs	11,027	10,310
Share-based payments	2,453	735
Net foreign currency loss	507	608
	15,346	**13,413**

Note 9. Finance Costs

	2013 US$'000	2012 US$'000
Interest expensed on bank loans	106	607
Unwinding of discount – restoration provision	1,700	3,684
Other finance costs	2,033	2,304
	3,839	**6,595**

Note 10. Income Tax

(a) Composition of income tax

Income tax charge – current period	(18,661)	(33,457)
Income tax credit – prior period	288	15,688
PRRT – current period	(11,048)	(17,289)
Deferred income tax – current period	10,283	11,259
Deferred income tax – PRRT	2,618	2,018
Income tax expense	**(16,520)**	**(21,781)**

(b) Recognised tax liabilities and assets

	2013 Current Tax Liabilities US$'000	2013 Deferred Income Tax Liabilities US$'000	2012 Current Tax Liabilities US$'000	2012 Deferred Income Tax Liabilities US$'000
Opening balance	(9,944)	(13,385)	(21,195)	(26,662)
(Charged)/credited	(29,421)	12,901	(35,059)	13,277
Cash payments	30,878	-	46,950	-
Asset sold	-	-	(403)	-
Translation gain/(loss)	229	-	(237)	-
	(8,258)	**(484)**	**(9,944)**	**(13,385)**

Deferred income tax at 31 December relates to the following:

	Consolidated Statement of Financial Position	
	2013 US$'000	2012 US$'000
(i) Deferred tax assets		
Asset timing differences	17,133	8,980
Provisions	3,461	4,041
Net deferred tax assets	**20,594**	**13,021**
(ii) Deferred tax liabilities		
Asset timing differences	(17,618)	(20,261)
Provisions	3,794	3,726
PRRT	(7,254)	(9,871)
Net deferred tax liabilities	**(21,078)**	**(26,406)**
Total net deferred tax liabilities	**(484)**	**(13,385)**

(c) Tax losses

Tax losses not recognised – revenue	**67,095**	**68,944**

(d) Income tax reconciliation

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

	2013 US$'000	2012 US$'000
Profit before income tax	61,709	82,735
Prima facie income tax expense calculated as 30% of profit before income tax	(18,512)	(24,821)
Tax effect of adjustments		
Non-deductible expenses	(472)	(1,497)
Non-assessable income	2,400	4,489
Overseas tax rate differential	(236)	(1,198)
Prior year over provision	288	15,688
Deferred tax asset not previously recognised	7,636	-
Tax losses not brought into account	(3,032)	(2,257)
PRRT	(8,430)	(15,270)
Other	3,838	3,085
Income tax expense	**(16,520)**	**(21,781)**

(e) Tax consolidation

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

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated 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 consolidated group are recognised by the Company (as head entity in the tax consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated 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 consolidated group in accordance with the arrangement.

Note 11. Cash Assets

	2013 US$'000	2012 US$'000
Cash and cash equivalents	65,140	56,783
	65,140	**56,783**

Reconciliation of net profit before tax to cash generated from operations		
Net profit before tax	61,709	82,735
Add/(less) non-cash items		
Amortisation	70,816	70,871
Provision for restoration	-	3,379
Depreciation	400	810
Other provisioning	273	146
Net foreign currency loss	507	608
Gain on sale of oil and gas exploration and development assets	(8,000)	(10,315)
Foreign currency translation reserve gain on liquidation of subsidiary	(36)	(4,649)
Share-based payments	2,453	735
Add/(less) non-operating items		
Net derivative losses	-	878
Interest income	(189)	(3,967)
Finance costs	3,839	6,595
Exploration expensed and Written Off	16,537	18,081
Impairment in investment in associate company	6,900	-
Changes in net assets and liabilities		
(Increase)/decrease in current trade and other receivables	(6,887)	43,204
(Increase)/decrease in inventories	(1,475)	1,647
Increase/(decrease) in trade and other payables	7,494	(20,422)
Cash generated from operations	**154,341**	**190,336**

Note 12. Trade and Other Receivables

Trade receivables	26,710	16,991
Other receivables	5,651	8,483
	32,361	**25,474**

Note 13. Information Relating to Roc Oil Company Limited ('parent entity')

	2013 US$'000	2012 US$'000
Current assets	185,503	185,538
Total assets	224,557	224,048
Current liabilities	2,805	3,324
Total liabilities	3,988	4,552
Net assets	**220,569**	**219,496**
Share capital	734,150	734,150
Accumulated losses	(598,077)	(596,697)
Share equity reserve	14,912	12,459
Foreign currency translation reserve	69,584	69,584
Total equity	**220,569**	**219,496**
Net (loss)/profit of the parent entity	(1,380)	116,163
Total comprehensive (loss)/profit of the parent entity	(1,380)	116,163

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 when they become due.

The Company has guaranteed the performance of Roc Oil (Finance) Pty Limited and other ROC subsidiaries in relation to finance obligations under the loan facility referred to in Note 18. The Company has provided a parent company guarantee to Petroliam Nasional Berhad ('PETRONAS') guaranteeing the performance of the obligation of its 48% interest in Balai Cluster RSC.

Note 14. Inventories

Oil and gas stock	2,133	658
	2,133	**658**

Note 15. Oil and Gas Assets

	Producing Assets US$'000	Assets under Development US$'000	Total US$'000
Costs			
Balance at 1 January 2012	986,395	19,871	1,006,266
Development expenditure incurred	26,667	38,609	65,276
Increase in restoration asset	8,542	6,056	14,598
Transfer from exploration and evaluation expenditure	-	10,973	10,973
Asset disposal	(46,575)	-	(46,575)
Costs at 31 December 2012	**975,029**	**75,509**	**1,050,538**
Development expenditure incurred	60,682	-	60,682
Transfer of assets under development to producing assets	75,509	(75,509)	-
Costs at 31 December 2013	**1,111,220**	**-**	**1,111,220**
Accumulated amortisation			
Balance at 1 January 2012	(787,924)	-	(787,924)
Charge	(70,871)	-	(70,871)
Asset disposal	45,549	-	45,549
Accumulated amortisation at 31 December 2012	**(813,246)**	**-**	**(813,246)**
Charge	(70,816)	-	(70,816)
Accumulated amortisation at 31 December 2013	**(884,062)**	**-**	**(884,062)**
Net book value at 31 December 2013	**227,158**	**-**	**227,158**
Net book value at 31 December 2012	161,783	75,509	237,292

Note 16. Exploration and Evaluation Expenditure

	2013 US$'000	2012 US$'000
Opening balance	1,094	1,169
Expenditure incurred	16,030	28,979
Expenditure transferred to assets under development	-	(10,973)
Amounts expensed and written-off	(16,537)	(18,081)
	587	**1,094**

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

Note 17. Plant and Equipment

Costs		
Opening balance	7,971	7,759
Expenditure incurred	178	212
Costs at 31 December	**8,149**	**7,971**
Accumulated depreciation		
Opening balance	(6,891)	(6,081)
Charge	(400)	(810)
Accumulated depreciation at 31 December	**(7,291)**	**(6,891)**
Net book value	**858**	**1,080**

Note 18. Bank Loan

(a) Secured bank loan – maturing June 2015	-	-

(b) Terms and conditions

Secured bank loan

The amortising facility, maturing in June 2015, has been provided by Commonwealth Bank of Australia, BNP Paribas (Sydney Branch) and Sumitomo Mitsui Banking Corporation.

The annual interest rate is USD LIBOR plus a fixed margin. The effective interest rate is 3.7% per annum.

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Total loan facilities	66,510	91,000
Facilities used at reporting date	-	-
Facilities unused at reporting date	66,510	91,000

(d) Assets mortgaged as security

Secured bank loan

The Company has guaranteed the performance of Roc Oil (Finance) Pty Limited and other ROC subsidiaries (which have also given guarantees) and related hedging agreements in relation to the loan facility from Commonwealth Bank of Australia, BNP Paribas (Sydney Branch) and Sumitomo Mitsui Banking Corporation. Roc Oil (Finance) Pty Limited has granted a first registered fixed and floating charge over all its assets and undertakings and the Company has granted a first registered featherweight floating charge over all its assets and undertakings in favour of CBA Corporate Services (NSW) Pty Limited as security trustee. In addition, the shares of the following ROC subsidiaries have been mortgaged to CBA Corporate Services (NSW) Pty Limited: Roc Oil (WA) Pty Limited, Roc Oil (Bohai) Company, Roc Oil (China) Company and Roc Oil (GB) Limited. Roc Oil (GB) Limited has also granted a charge over its proceeds account to CBA Corporate Services (NSW) Pty Limited as security trustee. The net book value of Roc Oil (Finance) Pty Limited and the entities in which shares have been mortgaged is US$228.7 million.

(e) Foreign exchange, interest rate and liquidity risks

Information regarding foreign exchange, interest rate and liquidity risks of the bank loan is set out in Note 3.

Note 19. Controlled Entities

	Country of Incorporation	Ownership and Voting Interest 2013 %	Ownership and Voting Interest 2012 %
Name of entity			
Parent entity			
Roc Oil Company Limited	Australia		
Controlled entities			
Roc Oil (WA) Pty Limited	Australia	100	100
Roc Oil (Madagascar) Pty Limited	Australia	-[1]	100
Roc Oil Australia Holdings Pty Ltd	Australia	100	100
Roc Oil International Holdings Pty Ltd	Australia	100	100
Roc Oil (Finance) Pty Limited	Australia	100	100
Anzon Energy Pty Limited	Australia	100	100
Roc Oil (VIC) Pty Limited	Australia	100	100
Roc Oil (Exploration No. 1) Pty Limited	Australia	100	100
Roc Oil (Ventures) Pty Limited	Australia	100	100
Roc Oil (Taranaki) Pty Limited	Australia	-[1]	100
Roc Oil (Tasman) Pty Limited	Australia	100	100
Roc Oil (Malaysia) Pty Limited	Australia	100	100
Roc Oil Malaysia (Holdings) Sdn Bhd	Malaysia	100	100
Anzon Energy Mauritius	Mauritius	-[1]	100
Anzon Investments Limited	Mauritius	-[1]	100
Anzon Africa Limited	Mauritius	-[1]	100
PT Anzon Energy Indonesia	Indonesia	-[1]	100
Anzon Energy Nigeria Limited	Nigeria	-[1]	100
Roc Oil Holdings (Cayman Islands) Company	Cayman Islands	100	100
Roc Oil (Bohai) 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 (Equatorial Guinea) Company	Cayman Islands	100	100
Roc Oil (Angola) Limited	Cayman Islands	100	100
Lacula Oil Company Ltd	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 (North Sea) Limited	United Kingdom	100	100
Roc Oil (Chinguetti) B.V.	Netherlands	100	100

1. Note: Liquidated/deregistered during the period.

Note 20. Trade and Other Payables

	2013 US$'000	2012 US$'000
Trade and other payables	18,832	21,369
Accrued liabilities	22,373	13,126
Stock overlift	1,042	1,593
	42,247	**36,088**

Note 21. Provisions

	Employee Benefits US$'000	Restoration US$'000	Total US$'000
Balance at 1 January 2013	2,860	74,877	77,737
Additions	1,267	-	1,267
Unwinding of discount	-	1,700	1,700
Utilised	(993)	(1,168)	(2,161)
Translation adjustments	(347)	-	(347)
Balance at 31 December 2013	**2,787**	**75,409**	**78,196**
Current – 2013	1,605	12,630	14,235
Non-current – 2013	1,182	62,779	63,961
Total 2013	**2,787**	**75,409**	**78,196**
Current – 2012	1,632	9,236	10,868
Non-current – 2012	1,228	65,641	66,869
Total 2012	**2,860**	**74,877**	**77,737**

The employee benefits provisions relate 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. The utilised amount of US$1.2 million relates to costs incurred to suspend the BMG project and the cash payments required in China which requires the provision for abandonment to be paid over the remaining life of the field.

Note 22. Share Capital

	2013 Number of Shares	2012 Number of Shares	2013 US$'000	2012 US$'000
Balance at beginning of financial year	683,235,552	682,506,352	734,150	734,150
Issue of shares pursuant to the exercise of rights under the Long Term Incentive Plan	3,226,188	729,200	-	-
Balance at end of financial year	**686,461,740**	**683,235,552**	**734,150**	**734,150**

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

Note 23. Employee Benefits

(a) Long Term Incentive Plan

The ROC Long Term Incentive ('LTI') Plan is an "at risk" equity-based incentive plan designed to generate performance-based awards of share rights that may be converted into fully paid ordinary shares in the Company on satisfaction of performance conditions and Board approval.

Features of the LTI Plan include:

- there is a grant of rights to acquire fully paid ordinary shares in the Company, at no cost to a participant;
- the number of rights granted is based on an employee's level in the Company and individual and/or Company performance;
- the rights will only become exercisable if certain performance conditions are met within defined periods;
- different performance conditions apply to different rights. Rights issued up to May 2013 have three tiers of rights with performance conditions based on the total shareholder return ('TSR') growth of ROC, TSR of ROC relative to a comparator group of companies growth and a third tier based on continuous employment. From May 2013, rights granted have two tiers which have performance conditions tested against TSR relative to two different comparator groups of companies;
- there is no retesting of performance conditions;
- the rights lapse when a participant ceases to be employed by ROC other than in certain circumstances relating to death, injury, permanent disability, redundancy, retirement or sale of business; and
- the Board also has an overriding discretion to determine that any unvested rights will lapse if the Board is not satisfied with certain performance related matters.

A summary of the LTI Rights granted is as follows:

Grant Date	Vesting Date	Opening Balance 1 Jan 2013	Granted	Exercised	Lapsed/ Cancelled	Closing Balance 31 Dec 2013	ROC Share Price at Date of Issue A$
12/11/2010	12/11/2013	4,179,000	-	(3,226,188)	(952,812)	-	0.43
07/03/2011	07/03/2014	1,500,000	-	-	-	1,500,000	0.39
16/12/2011	16/12/2014	4,540,000	-	-	(130,000)	4,410,000	0.27
29/02/2012	01/03/2015	500,000	-	-	(300,000)	200,000	0.41
13/09/2012	13/09/2015	500,000	-	-	-	500,000	0.38
01/03/2013	01/03/2016	-	5,950,000	-	(330,000)	5,620,000	0.54
15/05/2013	01/03/2016	-	977,358	-	-	977,358	0.44
31/05/2013	25/05/2016	-	150,000	-	-	150,000	0.48
06/09/2013	06/09/2016	-	150,000	-	-	150,000	0.54
		11,219,000	**7,227,358**	**(3,226,188)**	**(1,712,812)**	**13,507,358**	

The fair value of the rights has been calculated at the grant date and allocated to each reporting period from grant date to vesting date. The rights outstanding at 31 December 2013 have a fair value in the range of A$0.20 to A$0.40, and a weighted average remaining contractual life of 1.5 years.

The fair value of the rights has been calculated using the Monte Carlo simulation technique with the following assumptions for each grant date:

	06/09/2013	31/05/2013	15/05/2013	01/03/2013
Share price	A$0.54	A$0.44	A$0.48	A$0.54
Share price volatility	55%	60%	60%	60%
Risk free rate per annum	2.92%	2.61%	2.61%	2.73%
Dividend yield per annum	0%	0%	0%	0%
Share price correlation between companies	49%	50%	50%	35%

The rights granted during the year are subject to non-market performance conditions. Non-market performance conditions are not taken into account in the grant date fair value measurement.

Note 23. Employee Benefits continued

(b) Short Term Incentive Plan

The ROC Short Term Incentive ('STI') plan is a variable performance-based cash and deferred equity incentive plan designed to reward Senior Executives and eligible employees for performance, following the end of the financial year. The deferred equity component of the STI is awarded in the form of share rights that may be converted into fully paid ordinary shares in the Company on satisfaction of performance conditions and Board approval ('Deferred STI Rights'). The features of the Deferred STI rights are the same as for the LTI Rights except for the performance conditions. Ordinarily, the only performance condition on an STI Deferred Right is that the participant remains continuously employed by ROC up to the end of the defined deferral period which ranges from one to three years.

A summary of the Deferred STI rights granted is as follows:

Grant Date	Opening Balance 1 Jan 2013	Granted	Exercised	Lapsed/ Cancelled	Closing Balance 31 Dec 2013	ROC Share Price at Date of Issue A$
15/05/2013	-	355,400	-	(71,040)	284,360	0.48
29/01/2014[(1)]	-	2,095,985	-	-	2,095,985	0.46
	-	**2,451,385**	**-**	**(71,040)**	**2,380,345**	

1. Issued post year end relating to 2013 bonus accrual.

The fair value of the STI Rights has been calculated using share price at the date of issue. The rights outstanding at 31 December 2013 have a fair value in the range of A$0.46 to A$0.48 and a weighted average remaining contractual life of 1.3 years.

(c) 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. These plans were replaced in 2010 by the LTI Plan and no new issues under either option plans will occur. The details of the option plans are set out below:

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.

All outstanding options issued under the Employee Share Option Plan lapsed in December 2013 and no further options will be granted under this plan.

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

	2013		2012	
	Number of Options	Weighted Average Exercise Price A$	Number of Options	Weighted Average Exercise Price A$
Balance at beginning of financial year	1,878,000	0.85	2,670,000	0.79
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(352,000)	2.17	(792,000)	0.66
Lapsed	(1,526,000)	0.54	-	-
Balance at end of financial year	**-**	**-**	**1,878,000**	**0.85**
Exercisable	**-**	**-**	**1,878,000**	**0.85**

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 which require share price performance measures to be met.

The exercise price of performance options is calculated as the volume weighted average price for sale of ROC 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.

	2013		2012	
	Number of Options	Weighted Average Exercise Price A$	Number of Options	Weighted Average Exercise Price A$
Balance at beginning of financial year	1,500,000	2.36	4,126,000	2.99
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(20,000)	2.28	(590,000)	3.05
Lapsed	(500,000)	3.45	(2,036,000)	3.43
Balance at end of financial year	**980,000**	**1.80**	**1,500,000**	**2.36**
Exercisable	**490,000**	**1.80**	**750,000**	**2.36**

The range of exercise prices at the end of the financial year is between A$0.65 and A$2.65 per share, with a weighted average remaining contractual life of seven months.

(d) Superannuation plans

The Company makes contributions to complying accumulation type superannuation plans nominated by individual employees. The contribution made by the Company is at least the amount required under the Superannuation Guarantee Law. The amount recognised as an expense was US$680,080 for the financial year ended 31 December 2013 (2012: US$783,474).

(e) Employee benefits expensed

	2013 US$'000	2012 US$'000
Salaries and wages	14,631	13,392
Share-based payments	2,453	735
Other associated personnel costs	1,758	2,442
	18,842	**16,569**

Salaries and wages and other associated personnel costs are allocated to various Consolidated Statement of Comprehensive Income categories based on the nature of the expenditure.

Note 24. Earnings per Share

Basic earnings per share amounts are calculated by dividing the net profit 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 for the year by the weighted average number of ordinary shares outstanding during the year, adjusted by the effects of dilutive share options and rights.

The following table reflects the share data used in the basic and diluted earnings per share computations:

	2013 Number of Shares	2012 Number of Shares
Weighted average number of ordinary shares for basic earnings per share	683,580,268	682,992,485
Effect of dilution		
Rights	16,470,834	12,788,981
Adjusted weighted average number of ordinary shares for diluted earnings per share	700,051,102	695,781,466
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in the calculation of diluted earnings per share	583,131	1,550,778
Weighted average number of shares that were not included in the calculation of earnings per share as they are anti-dilutive	-	-

Note 25. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

The operating segments identified by management are based on each individual oil and gas field. Discrete pre-tax financial information about each of these fields is reported to the Chief Executive Officer on a monthly basis.

For the financial year ended 31 December 2013

US$'000	BMG Australia	Cliff Head Australia	Blane UK	Enoch UK	Zhao Dong China	Beibu China	Other	Total
Sales revenue	-	41,104	18,052	-	134,662	57,177	**-**	**250,995**
Production costs	-	13,537	3,571	7,147	20,323	6,460	6	**51,044**
Amortisation	-	6,060	4,292	-	48,804	11,660	-	**70,816**
Segment results[1]	-	21,561	8,989	(7,160)	43,732	28,989	(5)	**96,106**
Exploration and development expenditure incurred	-	-	-	-	33,913	26,929	15,870	**76,712**
Segment assets	2,482	36,767	24,398	7,839	87,513	99,893	177	**259,069**
Current restoration provision	3,230	-	-	-	6,000	3,400	-	**12,630**
Non-current restoration provision	29,432	15,070	4,964	2,624	7,944	2,745	-	**62,779**

For the financial year ended 31 December 2012

US$'000	BMG Australia	Cliff Head	Blane UK	Enoch UK	Chinguetti Africa[2]	Zhao Dong China	Beibu China	Other	Total
Sales revenue	-	54,011	23,630	2,494	4,538	157,376	-	18	**242,067**
Production costs	-	12,557	3,900	2,633	1,744	14,860	-	16	**35,710**
Amortisation	-	8,068	5,137	243	432	56,988	-	3	**70,871**
Segment results[1]	-	33,323	15,016	(1,488)	1,814	57,483	-	2	**106,150**
Exploration and development expenditure incurred	-	-	-	-	-	36,919	51,359	5,977	**94,255**
Segment assets	1,058	44,018	25,264	7,915	-	110,739	79,792	1,133	**269,919**
Current restoration provision	2,887	-	-	-	-	5,372	977	-	**9,236**
Non-current restoration provision	27,728	14,588	4,875	2,577	-	10,794	5,079	-	**65,641**

Notes:

1. Total segment results ('gross profit') is reconciled to profit before income tax in the Consolidated Statement of Comprehensive Income.
2. Sold during the financial year ended 31 December 2012.

In assessing the segment performance on a monthly basis, the Executive Committee analyses the segment results as described above and their relation to segment assets. Segment assets are those operating assets of the Groups that the Executive Committee views as directly attributable to the performance of the segment. These assets include cash, trade receivables, inventories and oil and gas assets.

During the financial year ended 31 December 2013, all oil and gas sales have been made to various international oil companies. For each segment, sales have been made to individual customers.

Reconciliation of segment assets to total assets

	2013 US$'000	2012 US$'000
Segment assets	259,069	269,919
Cash assets	64,050	45,539
Receivables	24,854	18,864
Plant and equipment	858	1,080
Investments in associate companies	67,203	33,422
Total assets per the Consolidated Statement of Financial Position	**416,034**	**368,824**

Note 26. 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.

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

- Note 19 as to investments in controlled entities;
- Note 29 as to investments in associate companies; and
- transactions with key management personnel ('KMPs').

The aggregate of compensation of the KMPs of the Group is set out below:

	2013 US$	2012 US$
Short term employee benefits	6,611,608	5,934,255
Post-employment benefits	115,990	135,298
Share-based payments	1,508,301	750,750
	8,235,899	**6,820,303**

Loans and other transactions

No loans have been made to the KMP other than advances made for the purpose of meeting business expenses incurred in performing their duties. No interest is being charged on these amounts.

Remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 5.4 to Aus 29.9.3 are disclosed in the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

Note 27. Commitments for Expenditure

(a) Capital commitments

	2013 US$'000	2012 US$'000
Not longer than one year		
Joint operations	21,065	28,824
Longer than one year but not longer than five years		
Joint operations	14,736	11,000
	35,801	**39,824**

(b) Operating lease expenditure commitments

Not longer than one year	2,331	4,781
Longer than one year but not longer than five years	4,589	5,178
Longer than five years	-	93
	6,920	**10,052**

Note 28. Joint Operations

The Group has an interest (rounded to two decimal places) in the following joint operations as at 31 December 2013:

Country	Block	Principal Activities	Interest 2013 %	Interest 2012 %
Australia	WA-31-L (Cliff Head)	Oil production	42.50	42.50
	L14 (Jingemia)	Oil production	0.25	0.25
	VIC/L26, VIC/L27 and VIC/L28 (BMG)	Oil production	50.00[(1)]	37.50
China	Beibu Gulf Development Areas (formerly Block 22/12)	Oil and gas development	40.00/19.60[(2)]	40.00/19.60[(2)]
	Zhao Dong Block (C and D Fields/C4 Field)	Oil development/production	24.50/11.67[(3)]	24.50/11.58[(3)]
	Chenghai and Zhanghai Blocks	Oil appraisal/development/ production	80.00/39.20[(4)]	80.00/39.20[(4)]
	Block 09/05 (Bohai Bay)	Oil and gas exploration	100.00	100.00
UK North Sea	P111 (Block 30/3a Upper) (Blane)	Oil and gas production	15.24/12.50[(5)]	15.24/12.50[(5)]
	P219 (Block 16/13a and 16/13e) (Enoch)	Oil and gas production	15.00/12.00[(5)]	15.00/12.00[(5)]
Equatorial Guinea	Block H	Oil and gas exploration	20.00[(6)]	20.00
Mozambique Channel	Juan de Nova Maritime Profond (France)	Oil and gas exploration	-	75.00

Notes:

1. The withdrawal by Pertamina Hulu Energi Australia Pty Limited and Sojitz Energy Australia Pty Ltd from the BMG Joint Venture, effective 27 October 2013, has been finalised amongst the joint operations parties and will result in a pro rata distribution amongst the remaining joint venture parties. Subject to regulatory approval, ROC will hold 50.00% interest in the BMG licence.
2. Interest in field development post-government back-in.
3. Unitised interest in the C4 Field. Final redetermination occurred in 2013, resulting in a small increase in interest to 11.667%.
4. Interest in development/production following government back-in.
5. Unitised interest in producing Blane and Enoch Fields.
6. PSC expired on 2 February 2014.

The Group's share of working interest production from the above joint operations during the financial year was 2.7 MMBOE (2012: 2.4 MMBOE).

The following amounts represent the Group's interest in assets and liabilities in the above joint operations. The amounts are included in the financial statements as follows:

	2013 US$'000	2012 US$'000
Current assets	2,482	10,014
Non-current assets	227,745	238,386
Total assets	**230,227**	**248,400**
Current liabilities	25,949	10,116
Non-current liabilities	62,779	65,641
Total liabilities	**88,728**	**75,757**

Exploration expenditure commitments and contingent liabilities in respect of joint operations are detailed in Note 27 and Note 31 respectively.

Note 29. Associate Companies

Details of investments in associate companies are as follows:

Name of Associate Company	Country of Incorporation	Principal Activity	Balance Date	Beneficial Interest in Ordinary Shares at 31 December		Book Value Shares at 31 December		Contribution to Consolidated Profit	
				2013 %	2012 %	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Croft Exploration Limited	UK	Dormant	31 December	50	50	-	-	-	-
BC Petroleum Sdn Bhd	Malaysia	Development/ appraisal	31 December	48	48	25,933	32,833	(6,900)	-

The Group holds a 48% interest in BC Petroleum Sdn Bhd ('BCP'), the entity is involved in oil and gas appraisal in Malaysia. BCP is a private entity and is not listed on any public exchange.

A Field Development Plan ('FDP') for the Bentara Field, within the Balai Cluster RSC, was submitted to PETRONAS in December. This FDP proposes the development of the Bentara Field. At this stage, approval is being sought to deliver early production utilising the existing wells and facilities established during the pre-development phase, including Bentara-2 and Bentara-3 wells, Bentara well head platform and the EPV.

On approval of the FDP by PETRONAS, the project will progress to the development phase. The cost of pre development work undertaken by BCP in accordance with the agreed scope of work is reimbursable up to an agreed amount.

During the period, ROC recorded an impairment of $6.9 million for its share of costs relating to non-recoverable expenditure in BCP, mainly interest on BCP bank loans which would not be reimbursable from PETRONAS. The asset valuations were based on discounted cash flows.

The following table illustrates summarised financial information of the Group's investment in BCP:

	2013 US$'000	2012 US$'000
Assets and liabilities		
Current assets	321,942	240,496
Current liabilities	(253,539)	(58,658)
Non-current liabilities	-	(113,435)
Equity	**68,403**	**68,403**
Proportion of Group's ownership	48%	48%
Carrying amount of the investment:		
Equity	32,833	32,833
Impairment of investment	(6,900)	-
Net book value of investment	25,933	32,833
Loan to associate company	41,270	589
	67,203	**33,422**
Share of the associate's revenue and profit:		
Revenue	-	-
Profit	-	-

Cash contributions to BCP are initially made as a loan and subsequently converted to equity following shareholder approval. Cash contributions during the period were $40.7 million.

Note 30. Remuneration of Auditors

	2013 US$	2012 US$
Amounts due to and recoverable by the auditor of the parent entity for:		
Audit and review of the financial report	266,490	365,538
Tax compliance and accounting advice	174,494	336,598
	440,984	**702,136**

Ernst & Young, Australia was the auditor for the Company in 2013.

Note 31. Contingent Liabilities

In accordance with normal oil and gas industry practice, the Group has entered into joint operations and farm-in agreements with other parties for the purpose of exploring and developing its licence interests. If a party to a joint operation defaults and does not contribute its share of joint operation obligations, then the other joint operations parties 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.

Note 32. Subsequent Events

No events have arisen since the end of the financial year that have 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 future financial years.

Note 33. Additional Company Information

The Company is a public company listed in Australia on the ASX and incorporated in Australia and operates in Australia and overseas.

The registered office and principal place of business are:

Level 18, 321 Kent Street
Sydney NSW 2000
Australia.

Telephone number: +61 2 8023 2000

ABN: 32 075 965 856

ASX code: ROC

Directors' Declaration

The Directors declare that:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b);

(c) 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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2013.

On behalf of the Directors:

Mr R M Harding
Chairman

Mr A S Linn
Director and Chief Executive Officer

Sydney, 26 February 2014

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Sydney NSW 2000 Australia
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Independent Auditor's Report

TO THE MEMBERS OF ROC OIL COMPANY LIMITED

Report on the financial report

We have audited the accompanying financial report of Roc Oil Company Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

(a) the financial report of Roc Oil Company Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Roc Oil Company Limited for the year ended 31 December 2013, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Trent van Veen

Partner
26 February 2014

Additional Information

ROC Reserves and Resources Statement (Unaudited)
As at 31 December 2013

Reconciliation of Economic Interest Reserves

	1P Developed and Undeveloped			2P Developed and Undeveloped		
	Oil (MMBBL)	Gas (BCF)	BOE (MMBOE)	Oil (MMBBL)	Gas (BCF)	BOE (MMBOE)
Opening Balance Working Interest (WI%)	11.1	1.1	**11.3**	14.7	1.6	**15.0**
Reserve revisions (WI%)(1)	1.0	0.1	**1.0**	0.6	0.0	**0.6**
Production (WI%)	(2.6)	(0.4)	**(2.7)**	(2.6)	(0.4)	**(2.7)**
Economic Interest Adjustment(2)	(0.5)	-	**(0.5)**	(0.6)	(0.2)	**(0.7)**
Closing Balance 31 Dec 2013 (Economic Interest)	**9.0**	**0.8**	**9.1**	**12.1**	**1.0**	**12.2**

Economic Interest Reserves by Asset

	1P Dev Oil (MMBBL)	1P Undev Oil (MMBBL)	1P Dev Gas (BCF)	1P Undev Gas (BCF)	1P Total BOE (MMBOE)	2P Dev Oil (MMBBL)	2P Undev Oil (MMBBL)	2P Dev Gas (BCF)	2P Undev Gas (BCF)	2P Total BOE (MMBOE)
Zhao Dong	2.2	0.6	0.5	0.2	2.9	2.4	1.2	0.6	0.3	3.7
Beibu	3.9	0.0	0.0	0.0	3.9	4.7	0.0	0.0	0.0	4.7
Cliff Head	1.4	0.0	0.0	0.0	1.4	2.2	0.0	0.0	0.0	2.2
Blane	0.7	0.0	0.1	0.0	0.7	1.3	0.0	0.1	0.0	1.3
Enoch	0.2	0.0	0.0	0.0	0.2	0.3	0.0	0.0	0.0	0.3
Closing Balance 31/12/13	**8.4**	**0.6**	**0.6**	**0.2**	**9.1**	**10.9**	**1.2**	**0.7**	**0.3**	**12.2**

Economic Interest Reserves and Resources by Region

	2P	2C			Best Estimate Prospective Risked Resource		
	MMBOE	Oil MMBBL	Gas BCF	MMBOE	Oil MMBBL	Gas BCF	MMBOE
China	8.4	4.8	1.0	4.9	30.9	1.3	31.1
Australia	2.2	6.4	63.0	16.9	1.3	32.9	6.7
UK	1.6	0.9	5.6	1.8	0.0	0.0	0.0

Reconciliation of Economic Interest Resources

	2C BOE (MMBOE)	Best Estimate Prospective Risked Resource (3) (MMBOE)
Opening Balance	**22.9**	43.6
Resource Revisions	**1.4**	2.0
Resources Disposed	**-**	(3.1)
Economic Interest Adjustment(2)	**(0.7)**	(4.7)
Closing Balance 31/12/13	**23.6**	37.8

Notes:

1. Reserve revisions relate to +0.3MMBBL (WI%) for Zhao Dong Fields and +0.3MMBBL (WI%) for Blane Field.
2. Economic Interest adjustment relates to China production delivered to the host government.
3. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation are required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves and Resources Methodology

The deterministic method has been used to compile Reserve and Contingent Resource estimates and the probabilistic method has been used to compile Prospective Resource estimates. The aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation. Prospective Resources have been adjusted for risk using the chance of discovery.

The estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Reserves and Resources Governance

ROC has put in place an Estimation and Reporting of Reserves and Resources Guideline which sets out the governance arrangements and internal controls regarding the reported estimates of petroleum reserves and resources and the estimation process to apply at ROC. The guideline provides for an annual review of all reserves and resources by the ROC Chief Reservoir Engineer ('CRE') and for an annual audit covering all material assets over a rolling three year period.

All audits are undertaken by independent third party resource evaluators and are overseen by the CRE who is a petroleum reserves and resources evaluator qualified in accordance with ASX Listing Rule requirements. No public reporting of any reserves or resources estimate is permitted without the sign off of the Chairman of the Audit and Risk Committee and the approval of the Chief Executive Officer. All public reporting of the reserves or resources estimates is in accordance with the requirements set out in Chapter 5 of the ASX Listing Rules and the ROC Continuous Disclosure Policy.

The reserves and resources reported in the Annual Report were estimated, reviewed and audited in accordance with this guideline.

CRE Sign Off

This statement has been compiled by Mr Bill Billingsley, ROC's CRE, who is a full time employee of the Company. Mr Billingsley's qualifications include a Master of Science (Petroleum Engineering) from Imperial College, London, England and more than 18 years of relevant experience. Mr Billingsley has consented to the inclusion of this information in this report.

ROC Licences at 31 December 2013 (Unaudited)

Country	Block	Field/Discovery	ROC Interest %	Operator
Australia	WA-31-L	Cliff Head	42.50	Roc Oil (WA) Pty Limited
	L14	Jingemia	0.25	Origin Energy Developments Pty Ltd
	VIC/L26, VIC/L27 and VIC/L28	BMG	50.00(1)	Roc Oil (VIC) Pty Limited
China	Beibu Gulf Development Areas	WZ 6-12, WZ 12-8	40.00/19.60(2)	Roc Oil (China) Company/ CNOOC
	Zhao Dong Block	C and D Fields, C4 Field	24.50/11.67(2) (3)	Roc Oil (Bohai) Company
	Chenghai and Zhanghai Blocks	H1	80.00/39.20(2) (3)	Roc Oil (Bohai) Company
	Block 09/05		100.00	Roc Oil (Bohai) Company
Equatorial Guinea	Block H		20.00(4)	White Rose Energy Ventures (EG) Limited (Technical Manager)
UK North Sea	P111 (Block 30/3a Upper)	Blane	15.24/12.50(3)	Talisman Sinopec Energy (UK) Limited
	P219 (Block 16/13a and 16/13e)	Enoch, J1	15.00/12.00(3)	Talisman Sinopec North Sea Limited

Notes:

1. The withdrawal by Pertamina Hulu Energi Australia Pty Limited and Sojitz Energy Australia Pty Ltd from the BMG Joint Venture, effective 27 October 2013, has been finalised amongst the joint venture parties and will result in a pro rata distribution amongst the remaining joint venture parties. Subject to regulatory approval, ROC will hold 50.00% interest in the BMG Joint Venture.
2. Interest in field development post-government back-in.
3. Unitised interest in producing fields.
4. PSC expired on 2 February 2014.

Glossary and Definitions

API	The American Petroleum Institute unit of measurement that denotes how heavy or light (the gravity) a petroleum liquid is compared to water – the lower the API number, the heavier the oil
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD/A$ or cents	Australian currency
BBL(s)	Barrel(s), an oil barrel is equivalent to 0.159 cubic metres
BCF	One billion cubic feet of natural gas
BCP	BC Petroleum Sdn Bhd
BMG	Basker-Manta-Gummy
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
Contingent resources	Quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies
Developed reserves	Are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered "developed" only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Developed Reserves may be further classified as Producing or Non-Producing
Economic interest	The working interest share of production which is adjusted for production that is delivered to host governments under the petroleum contracts
Group	Parent entity and its subsidiaries
GST	Goods and services tax
HSE	Health, Safety & Environment
IFRS	International Financial Reporting Standards
MMBBL	One million barrels of oil
MMBOE	One million barrels of oil equivalent
MMSCFD	One million standard cubic feet of natural gas per day
NGL	Natural gas liquid
OGP	International Association of Oil & Gas Producers
Possible reserves	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate
Probable reserves	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate
Proved reserves	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as "Proven"
PRRT	Petroleum Resource Rent Tax
PSC	Production Sharing Contract
Reserves	Are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial and remaining (as of a given date) based on the development project(s) applied
ROC	Roc Oil Company Limited
RSC	Risk Service Contract
SPE	Society of Petroleum Engineers
UK	United Kingdom
Undeveloped reserves	Are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects
USD/US$ or cents	United States currency
WI%	Working Interest Percentage
1P	Proven reserves
2C	Denotes best estimate scenario of Contingent Resources
2P	Proved and probable reserves
3D	Three dimensional
3P	Proved and probable and possible