

Appendix 4B (equity accounted)

Preliminary Final Report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99.

Name of Entity:

ROC OIL COMPANY LIMITED

ACN, ARBN or ARSN	Half yearly (tick)	Preliminary final (tick)	financial year ended ('current period')
075 965 856	<input type="checkbox"/>	<input checked="" type="checkbox"/>	31 December 1999

Equity accounted results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Sales (or equivalent operating) revenue (item 1.1)	16,557	
Abnormal items after tax attributable to members (item 2.5)	(1,658)	
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (item 1.26)	(5,963)	
+Operating profit (loss) after tax attributable to members (item 1.10)	(5,963)	
Extraordinary items after tax attributable to members (item 1.13)	NIL	
+Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	(5,963)	
Dividends (distributions)	Amount per security	Franked amount per security at 36% tax
Final dividend (Preliminary final report only - item 15.4) Interim dividend (Half yearly report only - item 15.6)	NIL	-¢
Previous corresponding period (Preliminary final report - item 15.5; half yearly report - item 15.7)	NIL	-¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see item 15.2)	N/A	
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:		
Directional and percentage changes have not been included as this is the Company's first report since listing on 5 August 1999.		

Consolidated profit and loss account

		Current period - \$A'000	Previous corresponding period - \$A'000
1.1	Sales (or equivalent operating) revenue	16,557	128
1.2	Share of associates' "net profit (loss) attributable to members" (equal to item 16.7)	NIL	NIL
1.3	Other revenue	3,113	980
1.4	+Operating profit (loss) before abnormal items and tax	(3,722)	(2,248)
1.5	Abnormal items before tax (detail in item 2.4)	(1,721)	(15,603)
1.6	+Operating profit (loss) before tax (items 1.4 + 1.5)	(5,443)	(17,851)
1.7	Less tax	520	NIL
1.8	+Operating profit (loss) after tax but before outside +equity interests	(5,963)	(17,851)
1.9	Less outside +equity interests	NIL	NIL
1.10	+Operating profit (loss) after tax attributable to members	(5,963)	(17,851)
1.11	Extraordinary items after tax (detail in item 2.6)	NIL	NIL
1.12	Less outside +equity interests	NIL	NIL
1.13	Extraordinary items after tax attributable to members	NIL	NIL
1.14	Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)	(5,963)	(17,851)
1.15	+Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	NIL	NIL
1.16	+Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)	(5,963)	(17,851)
1.17	Retained profits (accumulated losses) at beginning of financial period	(19,114)	(1,263)
1.18	If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)	NIL	NIL
1.19	Aggregate of amounts transferred from reserves	NIL	NIL
1.20	Total available for appropriation (<i>carried forward</i>)	(25,077)	(19,114)

+ See chapter 19 for defined terms.

Consolidated profit and loss account (continued)

1.20	Total available for appropriation (<i>brought forward</i>)	(25,077)	(19,114)
1.21	Dividends provided for or paid	NIL	NIL
1.22	Aggregate of amounts transferred to reserves	NIL	NIL
1.23	Retained profits (accumulated losses) at end of financial period	(25,077)	(19,114)

Profit restated to exclude amortisation of goodwill

		Current period \$A'000	Previous corresponding period \$A'000
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	(5,963)	(17,851)
1.25	Less (plus) outside +equity interests	NIL	NIL
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	(5,963)	(17,851)

Intangible, abnormal and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	
2.1	Amortisation of goodwill	NIL	NIL	NIL	NIL
2.2	Amortisation of other intangibles	NIL	NIL	NIL	NIL
2.3	Total amortisation of intangibles	NIL	NIL	NIL	NIL
2.4	Abnormal item – (Net foreign currency losses)	1,721	(63)	NIL	1,658
2.5	Total abnormal items	1,721	(63)	NIL	1,658
2.6	Extraordinary items	NIL	NIL	NIL	NIL
2.7	Total extraordinary items	NIL	NIL	NIL	NIL

Comparison of half year profits

(Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the 1 st half year (item 1.10 in the half yearly report)	N/A	N/A
3.2	Consolidated +operating profit (loss) after tax attributable to members for the 2 nd half year	N/A	N/A

+ See chapter 19 for defined terms.

Consolidated balance sheet (See note 5)		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	25,863	22,666	N/A
4.2	Receivables	7,860	4,230	N/A
4.3	Investments	15	-	N/A
4.4	Inventories	1,677	53	N/A
4.5	Other – Prepayments	727	180	N/A
4.6	Total current assets	36,142	27,129	N/A
Non-current assets				
4.7	Receivables	1,800	81	N/A
4.8	Investments in associates	-	-	N/A
4.9	Other investments	-	-	N/A
4.10	Inventories	2,329	753	N/A
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	34,955	8,580	N/A
4.12	Development properties (+mining entities)	190,870	-	N/A
4.13	Other property, plant and equipment (net)	13,505	874	N/A
4.14	Intangibles (net)	-	-	N/A
4.15	Other – Future Income Tax Benefit	1,230	-	N/A
4.16	Total non-current assets	244,689	10,288	N/A
4.17	Total assets	280,831	37,417	N/A
Current liabilities				
4.18	Accounts payable	14,733	4,789	N/A
4.19	Borrowings	8,861	-	N/A
4.20	Provisions	246	106	N/A
4.21	Other (provide details if material)	-	-	N/A
4.22	Total current liabilities	23,840	4,895	N/A
Non-current liabilities				
4.23	Accounts payable	-	-	N/A
4.24	Borrowings	61,690	-	N/A
4.25	Provisions	10,819	37	N/A
4.26	Other – Deferred purchase consideration	13,246	-	N/A
4.27	Total non-current liabilities	85,755	37	N/A
4.28	Total liabilities	109,595	4,932	N/A
4.29	Net assets	171,236	32,485	N/A

+ See chapter 19 for defined terms.

Consolidated balance sheet (continued)

Equity				
4.30	Capital	197,597	51,599	N/A
4.31	Reserves	(1,284)	-	N/A
4.32	Retained profits (accumulated losses)	(25,077)	(19,114)	N/A
4.33	Equity attributable to members of the parent entity	171,236	32,485	N/A
4.34	Outside +equity interests in controlled entities	-	-	N/A
4.35	Total equity	171,236	32,485	N/A
4.36	Preference capital included as part of 4.33	N/A	N/A	N/A

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000	
5.1	Opening balance	8,580	5,120
5.2	Expenditure incurred during current period	14,668	23,512
5.3	Expenditure written off during current period	(5,089)	(16,829)
5.4	Acquisitions, disposals, revaluation increments, etc.	16,796	(3,223)
5.5	Expenditure transferred to Development Properties	-	-
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	34,955	8,580

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period \$A'000	
6.1	Opening balance	-	-
6.2	Expenditure incurred during current period	18,302	-
6.3	Expenditure transferred from exploration and evaluation	-	-
6.4	Expenditure written off during current period	-	-
6.5	Acquisitions, disposals, revaluation increments, etc.	172,568	-
6.6	Expenditure transferred to mine properties	-	-
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	190,870	-

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

(See note 6)

		Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	17,668	128
7.2	Payments to suppliers and employees	(21,431)	(2,043)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	1,580	979
7.6	Interest and other costs of finance paid	(2,219)	-
7.7	Income taxes paid	-	-
7.8	Other	1,447	(39)
7.9	Net operating cash flows	(2,955)	(975)
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(1,450)	(466)
7.11	Proceeds from sale of property, plant and equipment	1	2
7.12	Payment for purchases of equity investments	(104,395)	(4,864)
7.13	Proceeds from sale of equity investments	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other -	(33,363)	(14,030)
		<u>1999</u>	<u>1998</u>
	Payment for exploration expenditure	(15,557)	(13,657)
	Payment for development expenditure	(20,091)	-
	Recoupment of exploration expenditure	2,249	1,390
	Payments for operated joint venture exploration expenditure	(785)	(6,309)
	Payment for development studies	(97)	(484)
	Reimbursement from operated joint venture operations	1,636	5,324
	Payment for materials inventory/security deposits	(718)	(294)
	Total	(33,363)	(14,030)
7.17	Net investing cash flows	(139,207)	(19,358)

+ See chapter 19 for defined terms.

Consolidated Statement of Cash Flows (continued)

Cash flows related to financing activities			
7.18	Proceeds from issues of +securities (shares, options, etc.)	156,674	39,278
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividends paid	-	-
7.22	Other – Share issue costs / Other	(9,934)	-
7.23	Net financing cash flows	146,740	39,278
7.24	Net increase (decrease) in cash held	4,578	18,945
7.25	Cash at beginning of period (see <i>Reconciliation of cash</i>)	22,666	3,228
7.26	Exchange rate adjustments to item 7.25.	(1,381)	493
7.27	Cash at end of period (see <i>Reconciliation of cash</i>)	25,863	22,666

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

(i)	During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of \$46,910 (1998: \$Nil) by means of finance leases.
(ii)	Exploration Expenditure During the year ended 31 December 1998, the Company acquired exploration expenditure with a fair value of \$4,356,436 from Clyde Petroleum plc through the issue of 120,000 Roc Oil Company Limited fully paid ordinary shares. This acquisition was not reflected in the statement of cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current period \$A'000	Previous corresponding period \$A'000
8.1	Cash on hand and at bank	2,768	727
8.2	Deposits at call	23,095	21,939
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period (item 7.26)	25,863	22,666

+ See chapter 19 for defined terms.

Ratios	Current period	Previous corresponding period
9.1 Profit before abnormals and tax / sales Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	(22.5%)	N/A
9.2 Profit after tax / +equity interests Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	(3.5%)	(55%)

Earnings per security (EPS)	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: Earnings per Share (a) Basic EPS	(10.0 ¢)	N/A
(b) Diluted EPS (if materially different from (a))	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	59,806,988	N/A

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	N/A	N/A

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Interest revenue included in determining item 1.4	1,593	978
12.2 Interest revenue included in item 12.1 but not yet received (if material)	13	1
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	1,886	-
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	151	-
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	4,585	177

+ See chapter 19 for defined terms.

Control gained over entities having material effect

(See note 8)

13.1	Name of entity (or group of entities)	Morrison Middlefield Resources Limited – including Roc Oil (Europe) Limited and its controlled entities.
13.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$1,368,169
13.3	Date from which such profit has been calculated	29 July 1999
13.4	+Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$ NIL

Loss of control of entities having material effect

(See note 8)

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$ N/A
14.3	Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$ N/A
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$ N/A

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

+ See chapter 19 for defined terms.

Segments

Operating Revenue
Sales to customers outside the economic entity
Inter-segment sales
Unallocated revenue

**REFER
ATTACHMENT A**

Total revenue (consolidated total equal to item 1.3)
Segment result (including abnormal items where relevant)
Unallocated expenses

Consolidated +operating profit before tax (before equity accounting) (equal to item 1.6)

Segment assets)	<i>Comparative data for segment assets should be as at the end of the previous corresponding period</i>
Unallocated assets)	
Total assets (equal to item 4.16))	

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	N/A
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	N/A
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

Amount per security

		Amount per security	Franked amount per security at 36% tax	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	NIL	-¢	-¢
15.5	Previous year	NIL	-¢	-¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	N/A	-¢	-¢
15.7	Previous year	N/A	-¢	-¢

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

		Current year	Previous year
15.8	+Ordinary securities	NIL	-¢
15.9	Preference +securities	N/A	N/A

+ See chapter 19 for defined terms.

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report - final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period \$A'000
15.10 +Ordinary securities	-	-
15.11 Preference +securities	N/A	N/A
15.12 Total	-	-

The +dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions)

N/A

Details of aggregate share of profits (losses) of associates

Entity's share of associates	Current period \$A'000	Previous corresponding period \$A'000
16.1 Operating profit (loss) before income tax	-	-
16.2 Income tax expense	-	-
16.3 Operating profit (loss) after income tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	-	-
16.6 Outside equity interests	-	-
16.7 Net profit (loss) attributable to members	-	-

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to +operating profit (loss) and extraordinary items after tax (item 1.14)	
	Current period	Previous corresponding period	Current period -\$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates				
Croft (UK) Limited and its controlled entities (acquired 29 July 1999)	50%	N/A	NIL	N/A
17.2 Total	50%	N/A	NIL	N/A
17.3 Other Material interests	N/A	N/A	NIL	N/A
17.4 Total	50%	N/A	NIL	N/A

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 15) (cents)	Amount paid up per security (see note 15) (cents)
18.1 Preference +securities (description)	-	-	-	-
18.2 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks, redemptions				
18.3 +Ordinary securities	105,994,060	105,994,060	N/A	N/A
18.4 Changes during current period				
(a) Increases through issues	(1) 20,000	20,000	\$34.89	\$34.89
	(1) 65,217	65,217	\$36.48	\$36.48
	(1) 1,332	1,332	\$34.82	\$34.82
NOTE:				
(1) shares issued prior to 10 for 1 split on 02/06/99	(1) 48,444	48,444	\$0.01	\$0.01
	(1) 15,000	15,000	\$34.37	\$34.37
*23,058,639 issued to reflect 10 for 1 split approved by shareholders on 02/06/99	*23,058,639	23,058,639	NIL	NIL
	670,000	670,000	\$3.34	\$3.34
	13,650	13,650	\$3.49	\$3.49
	4,689,700	4,689,700	\$0.001	\$0.001
	75,000,000	75,000,000	\$2.00	\$2.00
(b) Decreases through returns of capital, buybacks	-	-	-	-
18.5 +Convertible debt securities (description and conversion factor)	-	-	-	-
18.6 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

18.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	Employee Share Options	525,000	NIL	\$1.85	17/03/03
	Employee Share Options	465,000	NIL	\$3.33	10/06/03
	Employee Share Options	110,000	NIL	\$3.33	02/09/03
	Employee Share Options	16,740	NIL	\$3.33	15/01/04
	Employee Share Options	5,320	NIL	\$3.48	15/01/04
	Employee Share Options	82,850	NIL	\$3.48	29/07/04
	Employee Share Options	60,000	NIL	\$2.00	15/07/04
	Employee Share Options	1,785,000	NIL	\$2.00	19/07/04
	Unlisted Options over Ordinary Shares	7,698,830	NIL	\$2.30	05/08/04
18.8	Issued during current period				
	Employee Share Options	16,740	NIL	\$3.33	15/01/04
	Employee Share Options	5,320	NIL	\$3.48	15/01/04
	Employee Share Options	82,850	NIL	\$3.48	29/07/04
	Employee Share Options	60,000	NIL	\$2.00	15/07/04
	Employee Share Options	1,785,000	NIL	\$2.00	19/07/04
	Unlisted Options over Ordinary Shares	7,698,830	NIL	\$2.30	05/08/04
18.9	Exercised during current period	-	-	-	-
18.10	Expired during current period	-	-	-	-
18.11	Debentures (totals only)	-	-		
18.12	Unsecured notes (totals only)	-	-		

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

The Company's business activities changed substantially during the financial year following the acquisition of the petroleum assets in the UK on 29 July 1999. These assets included oil and gas development and production assets both onshore and offshore UK.

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

Total UK gross sales revenue for the period was constrained by a 2,000 barrels of oil per day hedging arrangement at a Brent oil price of US\$13.00 barrel, which terminated on 31 December 1999.

The Australian dollar strengthened against the United States dollar from \$1:US\$0.6135 at 31 December 1998 to \$1:US\$0.6537 at 31 December 1999.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

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

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

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

NIL

Changes in accounting policies since the last annual report are disclosed as follows.
(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

As this is the first report as a listed entity the Summary of Accounting Policies is detailed in Attachment C.

Additional disclosure for trusts

19.1 Number of units held by the management company or responsible entity or their related parties.

N/A

19.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Museum of Sydney

Date

4 May 2000

Time

11am

Approximate date the annual report will be available

30 March 2000

Compliance statement

- 1 This report has been prepared under accounting policies which comply with Accounting Standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used

- 2 This report, and the financial statements prepared under the Corporations Law (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed (see note 2).
- 4 This report is based on financial statements to which one of the following applies.

(Tick one)

The financial statements have been audited.

The financial statements have been subject to review.

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available. *(delete one) (Half yearly report only- the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law)*
- 6 The entity has a formally constituted Audit Committee.

Sign here: _____
(Director)

Date: 14 March 2000

Print name: _____
Dr R J P Doran

Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.
 - Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.
 - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
 - Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 9.1 - 9.4 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.

+ See chapter 19 for defined terms.

6. **Statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated +operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.
10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating “Operating profit (loss) after tax attributable to members” (item 1.10) and “Investments in associates” (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the “For announcement to the market” section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors’ report and statement, if lodged with the +ASIC, must be given to ASX.
13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.

+ See chapter 19 for defined terms.

14. **Corporations Law accounts** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

ATTACHMENT A

ROC OIL COMPANY LIMITED
Financial Year Ended 31 December 1999

Reports for Industry and Geographical segments

	United Kingdom	Australia	Middle East & other (b)	Falkland Islands	Africa (c)	Mongolia (a)	Total
1999	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating Revenue:							
- Sales to customers outside economic entity	15,236	-	-	-	-	1,321	16,557
- Intersegment Sales	-	-	-	-	-	-	-
- Other Revenue	1,246	1,565	-	-	-	302	3,113
Total revenue (consolidated total equal to items 1.1 plus 1.3)	16,482	1,565	-	-	-	1,623	19,670
Consolidated operating profit (loss) before tax (equal to item 1.6)	1,888	(3,596)	(1,758)	(127)	(160)	(1,690)	(5,443)
Segment Result (equal to item 1.10)	1,368	(3,596)	(1,758)	(127)	(160)	(1,690)	(5,963)
Segment Assets (equal to item, 4.16)	238,459	25,630	-	-	3,132	13,610	280,831
1998							
Operating Revenue:							
- Sales to customers outside economic entity	-	-	-	-	-	128	128
- Intersegment Sales	-	-	-	-	-	-	-
- Other Revenue	-	963	-	-	-	17	980
Total revenue (consolidated total equal to item 1.1 plus 1.3)	-	963	-	-	-	145	1,108
Consolidated operating profit (loss) before tax (equal to item 1.6)	-	(1,022)	(658)	(10,410)	(411)	(5,350)	(17,851)
Segment Result (equal to item 1.10)	-	(1,022)	(658)	(10,410)	(411)	(5,350)	(17,851)
Segment Assets (equal to item, 4.16)	-	24,407	320	-	3,098	9,592	37,417

- (a) Revenue from sale of test production from wells in Mongolia pending a development decision has been credited to sales revenue, but an amount based on such revenue has been charged to cost of sales and credited against exploration expensed, so as to record a zero net margin on such production.
- (b) Middle East & Other comprises Malta, Yemen and Iran.
- (c) Africa comprises areas of interest in Morocco and Senegal.

ATTACHMENT B

ROC OIL COMPANY LIMITED
Financial Year Ended 31 December 1999

Reconciliation of Prima Facie Tax Expense with the Operating Loss Before Tax

	1999 \$'000	1998 \$'000
The prima facie tax expense on the operating loss differs from the income tax provided in the accounts and is reconciled as follows:		
Operating loss before tax	<u>(5,443)</u>	<u>(17,851)</u>
The prima facie tax at 36%	(1,960)	(6,427)
Tax effect of permanent and other differences which Increase/(decrease income tax expense):		
Non-deductible expenses	206	1,704
Non-deductible amortisation	246	-
Overseas tax rate differential	(72)	-
Quarantined expenditure	784	4,464
Timing differences and tax losses not brought to account as future income tax benefit	<u>1,316</u>	<u>259</u>
Income tax expense attributable to operating loss	<u>520</u>	-

+ See chapter 19 for defined terms.

ATTACHMENT C

ROC OIL COMPANY LIMITED Financial Year ended 31 December 1999

1. SUMMARY OF ACCOUNTING POLICIES

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

(a) Historical cost

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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

(b) Consolidation

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

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

(c) Sales

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

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

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

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

+ See chapter 19 for defined terms.

Summary of Accounting Policies (continued)

(d) Income tax

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

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

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

(e) Foreign currencies

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

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

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

(f) Acquisitions

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

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

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

(g) Petroleum exploration and development expenditure

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

Summary of Accounting Policies (continued)

- (i) the carrying amount is expected to be recouped through the successful development and exploitation of the area or by farming out or selling all or part of the consolidated entity's interest; or
- (ii) at balance date, exploration and evaluation activities in, or in relation to, the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant exploration activity for the area is continuing.

In these cases, the expenditure is capitalised.

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

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

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

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

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

(h) Property, plant and equipment

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

Summary of Accounting Policies (continued)

+ See chapter 19 for defined terms.

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

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

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

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

(i) Oil stock and materials

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

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

(j) Investments

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

(k) Recoverable amount of non-current assets

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

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

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

In accordance with AASB1010 'Accounting for the Revaluation of Non-Current Assets', the carrying value of each asset in each of the non-current classes of assets, except for exploration

Summary of Accounting Policies (continued)

+ See chapter 19 for defined terms.

expenditure, is reviewed by the Directors every six months to determine whether it is in excess of its recoverable amount. Where the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The net cash inflows from the continued use and subsequent disposal of each such asset have been used in determining the recoverable amount of each non-current asset. The relevant cash flows have not been discounted to their present values.

(l) Employee entitlements

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

(m) Provision for abandonment and restoration

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

(n) Joint ventures

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

(o) Financial instruments included in assets

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

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

(p) Financial instruments included in liabilities

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

Summary of Accounting Policies (continued)

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

+ See chapter 19 for defined terms.

(q) Financial instruments included in equity

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

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

(r) Statements of cash flows

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

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