



Policy on Independence of Directors

1. Introduction

ROC is committed to adopting the best practice in corporate governance. This requires that the Board be structured so that it:

- has a proper understanding of, and the competence to deal with, the current and emerging issues of the business;
- can effectively review and challenge the performance of management; and
- exercises independent judgement.

To achieve this the Board recognises the need to have independent directors and to ensure that Board members can add value to ROC's business. Therefore, the Board will also seek to ensure that there are directors who have a strong understanding of ROC's business.

This Policy is based on the criteria for independence recommended by the ASX Corporate Governance Council.

The Board will assess the independence of directors of ROC pursuant to this Policy.

2. Test of independence

The test that will be used by the Board of ROC to determine the independence of directors is:

An independent director is a non-executive director who is not a member of management and free of any business or other relationship with ROC that could materially interfere – or could reasonably be perceived to materially interfere – with the exercise of objective, unfettered and independent judgment.

3. Information collected by the Board to assess independence

In determining the independence of directors the Board will consider all relevant information, facts and circumstances.

It is not possible to provide for all circumstances that will indicate a conflict of interest or a material relationship that could, or could be perceived to, materially interfere with the exercise of objective, unfettered and independent judgment of directors. However, a director will normally be considered to be independent if he or she satisfies the criteria set out in part 4.

A director may still be considered by the Board to be independent if the director does not meet the criteria specified in paragraph 4. The Board reserves its right to make an appropriate assessment and to disclose it as described in part 6 of this Policy.



Directors will provide the Board with all information in relation to their interests or relationships relevant to determining independence and will inform the Board of any change in their position. The Board will assess the independence of directors when any new relevant interests or relationships are disclosed by a director.

4. Independence criteria and materiality thresholds

The criteria adopted by the Board which would indicate that a director is **not** independent are:

- (a) the director is an executive or member of management or an officer of ROC;
- (b) the director has been employed in an executive capacity by ROC within the last 3 years.
- (c) the director is a “substantial shareholder” of ROC or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of ROC.

*For the purpose of this policy ROC has adopted the Corporations Act 2001(Cth) definition of substantial shareholder which provides that a person is a **substantial shareholder if they hold** more than **5%** of the shares entitled to vote in an entity.*

*An **officer** is defined by the Corporations Act 2001 (Cth). It includes:*

- (i) a director or secretary of the Company;*
 - (ii) a person who makes or participates in making decisions that affect the whole or substantial part of the business of the Company or who has the capacity to affect significantly the Company's financial standing; and*
 - (iii) a liquidator, receiver and administrator of the Company;*
- (d) the director has been a principal or material employee of a material professional adviser or consultant to ROC within the last 3 years.

*A professional advisor will typically be material if the adviser's fees account for more than **2%** of ROC's consolidated gross revenue or \$250,000, or if ROC accounts for more than **5%** of the advisers consolidated gross revenue. ROC's auditor, principal financial and legal advisers are regarded as material advisers.*

- (e) the director currently receives material consulting, advisory or other fees except in the capacity as a director. This includes payments to a family member or an entity in which the director is a partner, member or officer if the entity provides legal, financial, consulting or other similar services to ROC. A director may at the request of the Board undertake and be rewarded for additional services. Any resulting fee will not be considered to affect the assessment of independence.



- (f) the director, or a direct family member, is a material supplier or customer of ROC or is an officer, substantial shareholder, or otherwise associated directly or indirectly with a material supplier or customer.

A supplier or customer will typically be material if the value of purchases or sales accounts for more than 2% of ROC's consolidated gross revenue or \$100,000, or more than 5% of the consolidated gross revenue of the customer or 5% of the consolidated gross revenue of a supplier.

- (g) the director, or a direct family member, has a material contractual relationship with ROC or is an officer, substantial shareholder or otherwise associated directly or indirectly with an entity which has a material contractual relationship with ROC.

A contractual relationship will typically be material if: the value of the contract is more than 5% of ROC's consolidated gross revenue; or, if the contract is for more than five years; or, the contract is for the supply of essential goods or services in a competitive market.

- (h) the director has had a material business relationship with ROC either directly, or as a partner, shareholder or director of an entity that has had such a relationship with a member of the ROC Group within the last 3 years.

A business relationship will typically be material if the value of the business relationship is in excess of 5% of ROC's or the director's (or related entity's, consolidated gross revenue.

- (i) the Board determines the director is not otherwise independent in character and judgement.

These criteria are guidelines for the Board to use in determining the independence of directors. The test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the director having regard to these guidelines. Materiality will be considered from the perspective of both ROC and the director and will be determined on a case by case basis.

5. Access to information and independent professional advice

Subject to obligations of confidentiality and protection of privacy all directors have unrestricted access to company records and information. Management prepare and present detailed financial and operating reports to directors on a regular basis. Directors may request other reports from management at any time.

Each director has the right to seek advice and clarification from ROC's auditors, financial and legal advisers on any matter relating to the Company or Board performance at the ROC's expense.

It is also important that directors can obtain independent advice. Directors have the right to seek independent professional advice, if necessary, at ROC's expense. Before this expense can be incurred on behalf of ROC, the



approval of the Chairman is necessary or in the absence of that approval, Board approval.

6. Disclosure

The Board will make appropriate disclosure to shareholders in ROC's Annual Report including:

- identifying the skills, experience and relevant expertise of each director;
- identifying the independence and non-independence of directors and the basis of the assessment of independence;
- explaining the assessment of independence for any director who does not meet the independence criteria;
- setting out material relationships, associates and other relevant business relationships of each director and the period of office held by each director including details of any relationships or circumstances which the Board believes do not affect independence but which could be perceived as influencing the director's judgment, objectivity or ability to act in the best interests of ROC;
- explaining any departure from the best practice recommendations set out in the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations;
- setting out the procedure agreed by the Board to enable directors to obtain independent professional advice at the expense of the Company; and
- the process of developing and reviewing the materiality thresholds that ROC adopts to help assess and determine independence.

This policy will be posted on ROC's website.

7. Further information and queries

If you have any queries or would like further information relating to this policy and the independence of directors, please contact the Company Secretary.

Adopted by the Board on 16 October 2007.



Assessment of Independence of ROC Directors as at 31 October 2007

1. Introduction

In 2004 ROC adopted a policy for assessment of the independence of each director. This policy was revised in October 2007. The Board has adopted the relevant criteria for making this assessment.

The Policy established guidelines for use by the Board in determining the independence of directors. The Policy was based on the criteria for independence recommended by the ASX Corporate Governance Council. The test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the director having regard to these guidelines. Materiality will be considered from the perspective of both ROC and the director and will be determined on a case by case basis.

2. Assessing independence of individual directors

Andrew Love (Chairman)

- (a) Mr Love is not an executive of ROC.
- (b) Mr Love has not within the last three years been employed by a member of the ROC Group.
- (c) Mr Love and his associated entities hold 692,717 shares, 0.23% of issued share capital. He is therefore not a substantial shareholder.
- (d) Mr Love has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) Mr Love and his associated entities do not currently receive any material consulting, advisory or other fees, except in his capacity as director.
- (f) Mr Love is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.
- (g) Mr Love and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (h) Mr Love and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.



- (i) The Board has determined that Mr Love is in all other respects independent in character and judgment.

Assessment of Independence

Based on the criteria set out and the information provided by Mr Love the Board has formed the view that Mr Love is independent in accordance with ROC's Policy on Independence of Directors.

Will Jephcott

- (a) Mr Jephcott is not an executive of ROC.
- (b) Mr Jephcott has not within the last three years been employed by a member of the ROC Group.
- (c) Mr Jephcott and his associated entities hold 1,117,300 shares, 0.37% of issued share capital. He is therefore not a substantial shareholder.
- (d) Mr Jephcott has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) Mr Jephcott and his associated entities do not currently receive any material consulting, advisory or other fees, except in his capacity as director.
- (f) Mr Jephcott is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.
- (g) Mr Jephcott and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (h) Mr Jephcott and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.
- (i) The Board has determined that Mr Jephcott is in all other respects independent in character and judgment.

Assessment of Independence

Based on the criteria set out and the information provided by Mr Jephcott the Board has formed the view that Mr Jephcott is independent in accordance with ROC's Policy on Independence of Directors.

Ross Dobinson

- (a) Mr Dobinson is not an executive of ROC.
- (b) Mr Dobinson has not within the last three years been employed by a member of the ROC Group.



- (c) Mr Dobinson and his associated entities hold 1,452,337 shares, 0.48% of issued share capital. He is therefore not a substantial shareholder.
- (d) Mr Dobinson has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) Mr Dobinson and his associated entities do not currently receive any material consulting, advisory or other fees, except in his capacity as director.
- (f) Mr Dobinson is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.
- (g) Mr Dobinson and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (h) Mr Dobinson and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.
- (i) The Board has determined that Mr Dobinson is in all other respects independent in character and judgment.

Assessment of Independence

Based on the criteria set out and the information provided by Mr Dobinson the Board has formed the view that Mr Dobinson is independent in accordance with ROC's Policy on Independence of Directors.

Sidney Jansma, Jr.

- (a) Mr Jansma Jr is not an executive of ROC.
- (b) Mr Jansma, Jr. has not within the last three years been employed by a member of the ROC Group.
- (c) Mr Jansma, Jr. and his associated entities hold 844,641 shares, 0.28% of issued share capital. He is therefore not a substantial shareholder.
- (d) Mr Jansma, Jr. has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) Mr Jansma, Jr. and his associated entities do not currently receive any material consulting, advisory or other such fees, other than in his capacity as director.
- (f) Mr Jansma, Jr. is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.



- (g) Mr Jansma, Jr. and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (h) Mr Jansma, Jr. and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.
- (i) The Board has determined that Mr Jansma, Jr. is in all other respects independent in character and judgment.

Assessment of Independence

Based on the criteria set out and the information provided by Mr Jansma, Jr the Board has formed the view that Mr Jansma, Jr. is independent in accordance with ROC's Policy on Independence of Directors.

Adam Jolliffe

- (a) Mr Jolliffe is not an executive of ROC.
- (b) Mr Jolliffe has not within the last three years been employed by a member of the ROC Group.
- (c) Mr Jolliffe and his associated entities hold 140,373 shares, 0.04% of issued share capital. He is therefore not a substantial shareholder.
- (d) Mr Jolliffe has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) During 2006-2007 Mr Jolliffe received fees of approximately \$15,000 for consultancy services provided in relation to the Company's oil price hedging activities. These fees are not considered by the Board to be construed to materially interfere with his ability to act in the best interests of ROC.
- (f) Mr Jolliffe and his associated entities do not currently receive any material consulting, advisory or other fees, except in his capacity as director.
- (g) Mr Jolliffe is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.
- (h) Mr Jolliffe and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (i) Mr Jolliffe and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.
- (j) The Board has determined that Mr Jolliffe is in all other respects independent in character and judgment.



Assessment of Independence

Based on the criteria set out and the information provided by Mr Jolliffe the Board has formed the view that Mr Jolliffe is independent in accordance with ROC's Policy on Independence of Directors.

Dr. John Doran (Chief Executive Officer)

- (a) Dr. Doran is Chief Executive Officer of ROC and therefore is an executive of the Company.
- (b) Dr. Doran and his associated entities hold 4,470,719 shares, 1.5% of the issued share capital and 300,000 options over ordinary shares.

Dr Doran does not have any other relevant relationship with the Company.

Assessment of Independence

Based on the criteria Dr. Doran, as an executive of the Company, is not independent in accordance with ROC's Policy on Independence of Directors.

Dennis Paterson (President – Roc Oil (China) Company)

- (a) Mr Paterson is President of Roc Oil (China) Company and therefore is an executive of the Company.
- (b) Mr Paterson and his associated entities hold no shares in the Company and 450,000 options over ordinary shares.

Mr Paterson does not have any other relevant relationship with the Company.

Assessment of Independence

Based on the criteria Mr Paterson, as an executive of the Company, is not considered independent in accordance with ROC's Policy on Independence of Directors.

Bruce Clement (Chief Operating Officer)

- (a) Mr Clement is Chief Operating Officer of ROC and therefore is an executive of the Company.
- (b) Mr Clement and his associated entities hold 80,000 shares and 680,000 options over ordinary shares.

Mr Clement does not have any other relevant relationship with the Company.

Assessment of Independence

Based on the criteria Mr Clement, as an executive of the Company, is not independent in accordance with ROC's Policy on Independence of Directors.

Dr Douglas Schwebel

- (a) Dr Schwebel is not an executive of ROC.



- (b) Dr Schwebel has not within the last three years been employed by a member of the ROC Group.
- (c) Dr Schwebel and his associated entities hold 30,000 shares. He is therefore not a substantial shareholder.
- (d) Dr Schwebel has not been a principal or material employee of any professional adviser or consultant to members of the ROC Group within the last three years.
- (e) Dr Schwebel and his associated entities do not currently receive any material consulting, advisory or other such fees, other than in his capacity as director.
- (f) Dr Schwebel is not a material supplier or customer of ROC or an officer or substantial shareholder or otherwise associated with a material supplier or customer.
- (g) Dr Schwebel and his associated entities do not have any material contractual relationship with a member of the ROC Group other than as a director of ROC.
- (h) Dr Schwebel and his associated entities have not had a material business relationship with ROC, either directly or indirectly, within the last three years.
- (i) The Board has determined that Dr Schwebel is in all other respects independent in character and judgment.

Assessment of Independence

Based on the criteria set out and the information provided by Dr Schwebel the Board has formed the view that Dr Schwebel is independent in accordance with ROC's Policy on Independence of Directors.

Assessment of Independence of Directors as at 31 October 2007.



Remuneration & Nomination Committee Charter

1. Introduction

The Board has established a Remuneration & Nomination Committee.

1.1 Organisation

This Charter governs the operations of the Remuneration & Nomination Committee.

1.2 Membership

The Committee will consist of members of the Board and will comprise at least three directors. A majority of members of the Committee must be independent directors. In addition, the Committee chairman will be an independent director.

The Board appoints the chairman.

1.3 Operations

The Committee will meet at least two times a year. Additional meetings may occur as the Committee or its chair determine.

The Committee will keep minutes of all of its proceedings and will report its actions to the next meeting of the Board. Committee members will be provided with copies of the minutes at each meeting and any action taken by unanimous consent.

2. Nomination Charter

2.1 Purpose

Shareholders of ROC have the ultimate responsibility to determine who should represent them on the Board of the Company. However, it is recognised that the Board has an important role in assisting this process. The Board is also responsible for reviewing the performance of Boards and that of directors. The Remuneration and Nomination Committee assists the Board in this role.

2.2 Duties and Responsibilities

The principal nomination responsibilities of the Remuneration & Nomination Committee are to:

- (a) undertake regular reviews of the structure and size of the Board and to make any consequential recommendations to the Board;
- (b) identify individuals qualified to become directors for and to make recommendation to the Board about potential nominees;
- (c) assess the suitability of individuals in accordance with the director selection criteria identified by the Committee and attached to this Charter;



- (d) conduct appropriate inquiries into the backgrounds and qualifications of director nominees. The Committee will determine each proposed nominee's appropriateness for service on the Board;
- (e) assist in the evaluation of the performance and effectiveness of the Board and each director before recommending to the Board his or her nomination for an additional term as director;
- (f) at the request of the Board review the composition of each committee and to present recommendations for committee memberships to the Board;
- (g) gather and review information for its annual evaluation of the Chief Executive Officer, to be presented by the Committee to the Board for its discussion and review;
- (h) consider issues involving possible conflicts of interest of directors and provide recommendations to the Board;
- (i) review and discuss with the Board and senior executives, plans for professional development and corporate succession plans;
- (j) periodically review and reassess the adequacy of this Charter and to recommend any proposed changes to the Board for approval; and
- (k) any other duties and responsibilities referred to it by the Board.

3. Remuneration Charter

3.1 Purpose

In fulfilling its obligations in relation to remuneration, the Remuneration & Nomination Committee assists the Board in discharging its responsibilities relating to compensation of the ROC's officers. The Committee has overall responsibility for evaluating and recommending to the Board remuneration practice, in accordance with the ROC's remuneration policy.

3.2 Duties and Responsibilities

The principal responsibilities of the Remuneration & Nomination Committee in relation to remuneration are to:

- (a) review the competitiveness of ROC's executive compensation programs to ensure:
 - that ROC is able to attract and retain suitably qualified executives;
 - that executives are motivated to achieve ROC's business objectives; and
 - that the interests of key employees are aligned with the long-term interests of the shareholders;



- (b) review trends in compensation, oversee the development of new compensation plans and, when necessary, approve the revision of existing plans;
- (c) assist with the Chief Executive Officer in the review of the performance and remuneration of executive management team. In determining this role, the Committee will consider:
 - the Company's performance and relative shareholder return;
 - the compensation of chief executive officers at comparable companies;
 - the rewards given to the Chief Executive Officer in past years; and
 - other factors as the Committee considers relevant.
- (d) review and recommend to the Board compensation of all elected corporate officers at appropriate time periods. The Committee will make recommendations to the Board as to incentive compensation plans and equity-based plans.
- (e) review and recommend to the Board employment agreements, severance arrangements, retirement arrangements, and any special or supplemental benefits for each officer of the Company;
- (f) review and make recommendations as to long-term incentive compensation plans – including the use of share options and other equity-based plans.;
- (g) have the authority to retain and terminate any compensation consultant to be used to help evaluate the compensation of directors, Chief Executive Officer and senior executives. The Committee will also have authority to obtain advice and assistance from internal or external legal, accounting or other advisers.
- (h) periodically review and reassess the adequacy of this Charter and the Company's remuneration policy and to recommend any proposed changes to the Board for approval;
- (i) any other duties and responsibilities referred by the Board.

4. Committee performance

The Board will from time to time evaluate the performance of the Remuneration and Nomination Committee to determine whether it is functioning effectively by reference to current best practice.

Approved by the Board on 31 March 2004.



Annexure to Remuneration & Nomination Policy

Procedure and Criteria for Selection of Directors

Shareholders have the ultimate ability to determine who should be directors of ROC. Directors may be nominated by the Board or by shareholders. The Remuneration & Nomination Committee will review all nominees for the Board in accordance with its Charter. The assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's industry, and any other factors as the Committee concludes are relevant in light of the Board's current needs.

The Board believes that its membership should reflect a diversity of experience, gender, race, ethnicity and age.

The Committee will select qualified nominees and review its recommendations with the Board. The Board will decide whether to invite the nominee to join the Board, in the case of a casual vacancy, or to nominate for a position at the annual general meeting.

The Committee will assess nominees for the following competencies.

1. Competences - Criteria

The Board will consider relevant competencies of nominees considering the competency needs of the Board at the relevant time. The following broad categories have been identified:

- General competence in business including recognised business and entrepreneurial skills;
- Industry knowledge and experience;
- Strategic skills that will add value to the Board;
- Analytical competence in relation to the business and financial information;
- Personal and business integrity;
- Communication skills; and
- Corporate, business, financial, legal knowledge and skills.

A relevant factor criteria is the independence of the potential director which will be determined in accordance with ROC's Policy on Independence of Directors.

2. Meeting with Prospective Candidates and Provision of Information to Candidates

The Board believes that all prospective candidates should understand the role of a director on the Board, the criteria for selection, or recommendations, of a director. Prospective candidates should have the ability to meet, ask questions and discuss their competencies with the Remuneration & Nomination Committee.



Every nominee (with the exception of sitting Board members) will be invited to discuss these matters with the Remuneration & Nomination Committee.

3. Independence and term of office

Directors are elected for a term of three years. The Board believes that it should not establish strict limits on the number of terms a director may serve. Term limits may cause the loss of experience and expertise important to the optimal operation of the Board. However, the Company's Policy on Independence of Directors indicates that length of services may in some cases be an indication that the director is no longer independent.

4. Evaluation

To ensure that the Board remains composed of high functioning members able to keep their commitments to Board service, the Remuneration & Nomination Committee will review and evaluate the qualifications and performance of each director before recommending they be nominated for an additional term.

Adopted by the Board 31 March 2004



Criteria for Selection of Director – Competencies

General

- has the required time and commitment
- ability to make informed business decisions
- entrepreneurial
- can see wider picture and perspective
- integrity in personal and business dealings
- ability to work with other directors

Strategic

- can see strengths and weaknesses of companies and businesses - and how decisions will impact them
- ability to recognise strengths, weaknesses, opportunities and threats
- ability to recognise wider business and societal changes, particularly in the context of relevant global markets
- understanding of compatibility required between budgets and business plans and vision and strategy and have the ability to effectively monitor these budgets, plans and strategies
- aware of change and the need for change
- understanding the difference between governance and management issues

Analytical

- can read and interpret financial reports
- ability to think critically and to challenge proposals
- understanding issues from different perspectives
- asks for and uses information to make informed judgements and assessments
- ability to think "outside of the square"

Business and Industry

- has relevant business competencies
- understands the industry in which the company is active
- has business and industry skills, background and knowledge consistent with the needs of the board

Character

- ethical acts on morals and values
- is willing to act on, and remain accountable for, Board decisions
- courage to pursue personal convictions
- can be objective at all times about what is best for the Company

Communication

- can articulate thoughts, opinions, rationales, and points in a clear, concise and logical manner



- is flexible and willing to change stances when necessary and appropriate
- has the ability to listen, process and understand key points
- can interact with other Board members in a group setting, both contributing to, and valuing the contributions of all members
- ability to work with and coach members of staff
- ability to deal with the media – comfortable on public platforms
- recognises the motivations of investors, analysts, competitors, employees, regulators and other groups - and communicates with them accordingly

Knowledge

- understands responsibilities as a director
- is aware of latest business and management practices
- understands the roles, processes and relationships of the Board and its members
- knows the key performance indicators of the Company and its senior management
- understands legal, accounting, and regulatory requirements affecting the Company