ROC OIL COMPANY LIMITED
(ABN 32 075 965 856)

REPORT TO SHAREHOLDERS
Activities for the Quarter Ended 31 December 2007

CEO COMMENTS

ROC posted a very strong operating performance for 4Q 2007. Another record quarter on three key fronts: record oil production (1.08 MMBO); record realised oil prices (A$100/BBL); and record sales revenue ($88 million).

Two other important, albeit quite different, field development milestones were also reached during the Quarter.

- Firstly, the Cliff Head Oil Field paid out its gross capital investment of $327 million after producing approximately 5 MMBO, about one third of its total original 2P recoverable oil reserves, during the first 18 months of production. This development presented many challenges across many disciplines and required a high degree of lateral thinking together with a commitment to early investment, well ahead of the recent high oil price environment; therefore, it is good to see payout achieved with the majority of reserves yet to be produced.

- Secondly, at the other end of the development project time scale, CNOOC, the relevant Chinese state oil company, approved a minimum reserve base for the potential development of the Wei 6-12-S and Wei 6-12 oilfields in the Beibu Gulf, offshore China as a result of which this project is expected to move forward towards a Final Investment Decision during 1H 2008.

The commencement of the Milho-1 exploration well in November marked the start of the next phase of ROC's Angolan drilling programme which will see four wells target the hydrocarbon potential of the pre-salt section in the Cabinda South Block. This continuous drilling programme will run through into mid-2008 and at various stages will overlap with the Company's other drilling activities in China, Australia and Mauritania to provide a record level of drilling activity which will see at least 9 exploration/appraisal wells and more than a dozen development wells drilled during the next 6 months.

These CEO comments would be delinquent if they didn't also refer to events during the month immediately subsequent to Quarter-end, when a combination of global equity market adjustments, a 2.1 MMBO revision to ROC's net 2P reserves at Zhao Dong, equivalent to 7.5% of Company-wide 2P reserves, and the first well of the 2008 Beibu Gulf exploration drilling programme coming in dry, caused ROC's share price to drop to a two and a half year low. Given that when the share price was last at this level the Company produced approximately 34 BOPD and generated quarterly sales of $229,000, it is not unreasonable to suggest that there is considerable potential for the share price to rebound strongly, notwithstanding the current state of the equity markets.

KEY ACTIVITIES

1. CONSOLIDATED REVENUE & PRODUCTION

1.1 Production hit a quarterly record of 1.08 MMBOE (11,771 BOEPD) 98% oil; up 23% compared to 0.88 MMBOE (9,578 BOEPD) in the previous quarter. The increase was largely due to the first full Quarter of production from the Blane Oil Field and increased production from the C and D oil fields in Zhao Dong.

1.2 Total sales revenue also set a new quarterly record: $88 million; up 45% compared to $60.8 million in the previous quarter.

1.3 Sales volumes of 0.89 MMBOE; up 17% compared to 0.76 MMBOE in the previous quarter, due to increased production, partly offset by the timing of cargo liftings which resulted in increased inventory at the end of the Quarter.

1.4 The average realised oil price in the Quarter across all of ROC's production assets was $100.13/BBL (US$86.39/BBL), up 23% from 3Q 2007, another record.

2. PRODUCTION ASSETS

2.1 Cliff Head Oil Field, WA-31-L, Offshore Western Australia (ROC: 37.5% & Operator)

Following successful workovers in 3Q 2007, gross oil production averaged 9,460 BOPD (ROC: 3,548 BOPD); up 8% on the previous quarter. During December 2007, field production moved into its mature phase with the onset of a slow, natural decline which is scheduled to last many years, during which time the focus will be on optimizing well production performance and recovery. During November 2008, 18 months after production commenced, the Cliff Head Oil Field produced its 5 millionth barrel of oil and paid out its $327 million capital cost.

2.2 Zhao Dong C & D Oil Fields, Bohai Bay, Offshore China (ROC: 24.5% & Operator)

Improved production performance was achieved at Zhao Dong during the Quarter. Gross oil production averaged 19,447 BOPD (ROC: 4,765 BOPD), 12% higher than the previous quarter. This increase reflects the positive contribution from the four development wells drilled during the Quarter together with a number of successful initiatives implemented to improve well and field performance including geotechnical and engineering support to augment drilling operations.

2.3 Enoch Oil and Gas Field, North Sea (ROC: 12.0%)

Gross production averaged 7,760 BOPD and 6.6 MMSCFD (ROC: 931 BOPD and 0.8 MMSCFD); down 8% compared to the previous quarter. Because the production data quoted is based on the Forties Pipeline reporting system Enoch production volumes have not yet been finalised and, as reported in 3Q 2007, may be subject to revision.

2.4 Blane Oil Field, North Sea (ROC: 12.5%)

The Quarter marked the first full quarter of production for the Blane Oil Field. Gross oil production averaged 15,320 BOPD (ROC: 1,915 BOPD). The gas compression upgrade project which will provide a dedicated gas supply for gas lift for Blane's producing wells commenced. Drilling of the planned water injection well is scheduled to commence in February 2008.

2.5 Chinguetti Oil and Gas Field, PSC Area B, Offshore Mauritania (ROC: 3.25%)

Gross oil production averaged 12,312 BOPD (ROC: 400 BOPD); down 8% on the previous quarter due to continuing natural field decline. A programme of two infill wells and three well interventions is planned to commence in 2Q 2008 and this is expected to increase production levels, enhance the current gas-lift capability and shut-off water producing zones.

3. DEVELOPMENT ASSETS

3.1 Zhao Dong C & D Oil Fields, Bohai Bay, Offshore China (ROC: 24.5% & Operator)

The 2007 development drilling programme was successfully completed in early December 2007. Drilling activities have been temporarily suspended for the winter and will recommence in March 2008. Upgrade work on the offshore drilling and production platforms as part of the Incremental Development Plan continued. During the Quarter, work commenced on the rig upgrade, including the installation of a new mud tank, together with new pipe work. A workover was also successfully completed on one of the development wells and a new electrical submersible pump installed.

3.2 Zhao Dong C4 Oil Field, Bohai Bay, Offshore China (ROC: 11.575% unitised & Operator)

Development of the C4 Oil Field progressed with first oil scheduled for 4Q 2008. A major milestone for the development was achieved on 30 November 2007, when installation of the piling for the conductor template was completed.

4. EXPLORATION AND APPRAISAL ASSETS

4.1 WA-286-P, Perth Basin, Offshore Western Australia (ROC: 37.5% & Operator)

Planning progressed for the 515 km2 Diana 3D seismic survey to be acquired in 1Q 2008. The survey will further define the recent Frankland and Dunsborough discoveries and nearby prospects and leads. The Premium "*Wilcraft*" jack-up rig was contracted for an exploration and appraisal drilling programme comprising two wells, Lilac-1 and Frankland-2, to be drilled in February-March 2008 (*see section 7 - Post Quarter Events*).

4.2 WA-351-P, Carnarvon Basin, Offshore Western Australia (ROC: 20%)

The Operator, BHP Billiton Petroleum Pty Ltd, continued to review options for acquiring a 3D seismic programme in 2008, which will focus on Triassic gas potential.

4.3 Block 22/12, Beibu Gulf, Offshore China (ROC: 40% & Operator - Subject to Government participation in developments for up to 51%)

During the Quarter, a reserves report defining a minimum commercial reserves base for the Wei 6-12 South and Wei 6-12 oil fields was submitted to and approved by CNOOC, the relevant Chinese state oil company. Work on the feasibility study and the Development Plan continues with a Final Investment Decision targeted for mid-2008. Pre-drill preparations were also underway for a three well exploration/appraisal programme starting in early 2008. At the end of the Quarter, the Premium "*Murmanskaya*" jack-up rig was on location preparing to drill the first exploration well (*see section 7 - Post Quarter Events*).

4.4 Cabinda South Block, Onshore Angola (ROC: 60% Working Interest & 75% Contributing Interest & Operator)

Evaluation of the Massambala-1 heavy oil discovery continued during the Quarter.

During the Quarter, ROC's second and third exploration wells in the Block, Cevada-1 and Soja-1 were drilled. Although both wells had good hydrocarbon shows neither was judged to be commercial.

The Simmons 80 Rig commenced drilling ROC's fourth exploration well, Milho-1, on 24 November 2007. This is the first well in the programme that will specifically target the hydrocarbon potential of the pre-salt section. As of end January 2008, the well was yet to drill the prognosed reservoir section and it is now expected to reach Total Depth by late February 2008.

ROC and its co-venturers agreed to drill three further exploration wells back-to-back after Milho-1, all of which will target pre-salt prospects.

4.5 Offshore Mauritania (ROC: 2 – 5.49%)

Interpretation of the Tiof high resolution 3D seismic survey in PSC Area B continued during the Quarter. Planning continued for the Atwood "*Hunter*" to drill the large, high risk, Khop-1 exploration well which is scheduled to commence in February 2008. The well will test a dominant structural feature in PSC Area C Block 6. Following the drilling of this prospect, a Banda NW appraisal well is planned to be drilled in PSC Area B.

4.6 Block Belo Profond, Offshore Madagascar (ROC: 75% & Operator)

Planning continued for an aeromagnetic survey and a geological review is also progressing. In parallel with this work an Environmental Impact Study is underway.

4.7 Blocks H15 & H16 Equatorial Guinea (ROC: 18.75% & Technical Manager)

The arbitration between Pioneer Natural Resources (Equatorial Guinea) Limited and the other joint venturers, including ROC, continued.

5. CORPORATE

Mr Ross Dobinson resigned as a Director of ROC's Board, effective 31 December 2007.

On 17 December 2007, ROC received Government approval of its farmin to exploration permits WA-381-P and WA-382-P in the Vlaming Sub-Basin, offshore Perth.

Block 30/22b in the UK North Sea, operated by Maersk Oil (UK) Limited, was relinquished effective 21 December 2007.

Redistribution of equity effective 23 December 2007, resulted in ROC's participating interest in PSC Area C, Block 2 offshore Mauritania, increasing from 3.2% to 5.49%.

On 24 December 2007, the Company was advised by Sonangol E.P., the national concessionaire that it had successfully pre-qualified as an operator in the current 2007/08 Angolan Licensing Round.

6. FINANCIAL

At Quarter-end ROC had approximately $47 million (US$41.4) in cash and debt of $151.2 million (US$133.3 million).

6.1 Change in Reporting Currency

The Company has undertaken a review of the appropriate currency for preparation of its accounts and the provision of financial reports to the market. This review considered, amongst other things, the international nature of ROC's assets, that the majority of its revenue, expenditures, assets and liabilities are incurred in US dollars and the Company's listing on AIM in the United Kingdom where entities commonly report in US dollars. As a result of the review, going forward the Company's financial information, including the 2007 Financial Statements scheduled to be released on 28 February 2008, will be presented in US dollars. For ease of reference, in this Quarterly Report, the Company has provided year-to-date revenue and expenditure in Australian dollars and US dollars

6.2 Production

	4Q 2007	3Q 2007	YTD	% Change (4Q07 to 3Q07)
Oil Production (BBLS)				
Cliff Head	326,383	303,130	1,184,104	8
Zhao Dong C&D Fields	438,340	390,455	1,710,206	12
Chinguetti	36,814	39,803	175,839	(8)
Blane	176,183	35,717	211,900	393
Enoch	85,679	93,002	201,070	(8)
Other	340	347	1,836	(2)
Total Oil Production	**1,063,739**	**862,454**	**3,484,955**	**23**
Gas Production (MSCF)				
Enoch	73,655	102,149	212,429	(28)
NGL Production (BOE)				
Blane	6,890	1,730	8,620	298
Total BOE	**1,082,905**	**881,209**	**3,528,980**	**23**
BOEPD	**11,771**	**9,578**	**9,668**	**23**

Note: Production quoted is ROC's working interest share of total production. ROC's net entitlement production for the period was 1,015,719 (3Q 2007: 821,753; YTD: 3,334,594) after taking out governments' share of profit oil.

6.3 Sales

	4Q 2007		3Q 2007		YTD		
Oil Sales (BBLS)	**BOE**	**A$'000**	**BBLS**	**A$'000**	**BOE**	**A$'000**	**US$'000**
Cliff Head	327,776	33,413	302,181	26,356	1,185,666	103,215	86,556
Zhao Dong C&D Fields	306,054	28,078	299,951	21,543	1,326,471	100,565	84,334
Chinguetti	27,356	2,791	32,394	2,835	120,519	10,357	8,685
Enoch	89,182	9,403	104,932	9,459	194,114	18,862	15,818
Blane	125,122	13,971	-	-	125,122	13,971	11,716
Other	340	42	347	21	1836	153	128
Total Oil Sales	**875,830**	**87,698**	**739,805**	**60,214**	**2,953,728**	**247,123**	**207,237**
Gas Sales (MSCF)							
Enoch	73,655	282	102,149	566	212,429	974	817
Total Sales (BOE)	**888,106**	**87,980**	**756,830**	**60,780**	**2,989,133**	**248,097**	208,054

Note: ROC's net entitlement crude stock position increased by 127,612 BBLS during the period so that at the end of 4Q 2007 ROC was in an underlift position of 243,571 BBLS compared to a 115,959 BBLS underlift position at the end of the previous quarter.

6.4 Expenditure Incurred

	4Q 2007 A$'000	3Q 2007 A$'000	YTD A$'000	YTD US$'000
Exploration				
Angola	23,045	31,795	80,892	67,836
China	4,318	1,283	6,535	5,480
Mauritania	301	86	992	832
Australia	(1,725)	389	19,943	16,724
UK	(93)	56	136	114
Equatorial Guinea	59	5	358	300
Madagascar	204	441	2,806	2,353
Other	296	198	1,307	1,096
Total Exploration	**26,405**	**34,253**	**112,969**	**94,735**
Development				
Zhao Dong C&D Fields	9,550	8,746	25,727	21,575
Zhao Dong C4	2,120	1,900	4,169	3,496
Blane	2,029	5,051	23,736	19,905
Enoch	364	1,103	11,076	9,288
Chinguetti	191	412	3,766	3,158
Total Development	**14,254**	**17,212**	**68,474**	**57,422**
TOTAL EXPLORATION & DEVELOPMENT	**40,659**	**51,465**	**181,443**	**152,157**

6.5 Hedging

The Company's hedge position for the period from 31 December 2007 to December 2011 is summarised below. This hedge is equivalent to 15% of ROC's Company-wide 2P reserves.

BRENT OIL PRICE SWAPS

	Volume	**Weighted Average Brent Price USD/BBL**
2008	1,177,987	71.40
2009	851,998	70.01
2010	686,994	68.46
2011	455,997	66.31
	3,172,976	**69.66**

During 2007 1.6 MMBO of oil price derivative contracts were settled resulting in a cash flow loss of $4.7 million (US$ 3.9 million).

As advised during the year, because of the volatility in the differential between the Brent oil price and the underlying realised price of ROC's crude oil sales during 2007, it became inappropriate for ROC to hedge account the majority of the Company's oil price derivative contracts under the technical requirements of the Australian accounting standards.

Therefore, ROC has decided to value all its oil price swap hedge book using the mark-to-market value and to report the movement in this value in its income statement rather than using hedge accounting to report the movement in value for parts of the hedge book as changes to equity. As a result, ROC will report a net derivative loss of $82 million (US$68.8 million) in its 2007 income statement, including a non cash component of $77.3 million (US$64.9 million) primarily because of the movement in the mark-to-market value of these contracts caused by the high oil price environment prevailing at year end.

7. POST QUARTER EVENTS

On 1 January 2008, ROC commenced a three-well exploration and appraisal programme in Block 22/12, Beibu Gulf, Offshore China. The first exploration well, Wei 6-12W-1 reached a Total Depth of 2,333 mBRT without finding hydrocarbons and was plugged and abandoned on 28 January 2008. The Premium "*Murmanskaya*" jack-up rig is currently preparing to jack down and move off the Wei 6-12W -1 location.

The result for the Wei 6-12W-1 well does not have any adverse impact on the potential development of the Wei 6-12S and Wei 6-12 oil fields.

On 15 January 2008, ROC commenced the 515km^2 Diana 3D seismic survey in the offshore north Perth Basin. As at the end of January, 345 km^2 of seismic had been acquired.

On 25 January 2008, RISC Pty Ltd completed its independent audit of ROC's reserves excluding the Chinguetti Oil Field offshore Mauritania. When combined with ROC's internal reserves review and as set out in ROC's Stock Exchange release dated 25 January 2008, the status of ROC's reserves can be summarised as follows:

- ROC's remaining company wide proved and probable (2P) reserves at 31 December 2007 are 21.4 MMBOE, all of which are being produced or developed;
- There has been a reduction of 2.1 MMBOE relating to ROC's 2P net reserves in the C and D Oil Fields, in the Zhao Dong Block, offshore China, before any adjustment for 2007 production. Compared to ROC's 2P reserves at 31 December 2006, this change in Zhao Dong reserves represents a reduction of approximately 7.5% of ROC's company-wide 2P Reserves;
- The change in Zhao Dong 2P reserves will have an impact on ROC's 2007 financial results through an increase in the non-cash amortisation expense. ROC's preliminary assessment, subject to audit, indicates that the reserves change, together with estimated future costs to develop the 2P reserves at Zhao Dong, will result in an increase in the amortisation expense for Zhao Dong of approximately A$12/BBL, totalling approximately A$21 million for the year ending 31 December 2007;
- There are no other material revisions to ROC's 2P reserves; and
- This review does not take account of discovered resources of the Company not yet in production or subject to development.

8. FURTHER INFORMATION

For further information please contact ROC's Chief Executive Officer, John Doran, Chief Operating Officer, Bruce Clement, or General Manager, External Affairs & Investor Relations, Damian Fisher, on:

Phone: (02) 8356 2000 Email: jdoran@rocoil.com.au
Facsimile: (02) 9380 2066 Web Site: www.rocoil.com.au
Address: Level 14, 1 Market Street, Sydney, NSW 2000, Australia

DEFINITIONS

BBL(S)	means barrel(s)
BCF	means billion cubic feet
BOE	means barrels of oil equivalent (6 MSCF = 1 BOE)
BOPD	means barrels of oil per day
BOEPD	means barrels of oil equivalent per day
BCPD	means barrels of condensate per day
MCF	means thousand cubic feet
mBRT	means metres below rotary table
mTVDSS	means metres true vertical depth below sea level
MSCF	means thousand standard cubic feet
MMSCF	means million standard cubic feet
MMSCFD	means million standard cubic feet per day
MMBO	means million barrels of oil
MMBOE	means million barrels of oil equivalent
OWC	means oil-water contact
PSC	means Production Sharing Contract
Quarter	means the period 1 October 2007 to 31 December 2007
ROC	means Roc Oil Company Limited and includes, where the context requires, its subsidiaries
SCF	means standard cubic feet
TCF	means trillion cubic feet
US$	means US dollars
$	means Australian dollars

In accordance with ASX and AIM Rules, the information in this Release has been reviewed and approved by Dr John Doran, Chief Executive Officer, Roc Oil Company Limited, BSc (Hons) Geology, MSc and PhD. Dr Doran, who is a member of the Society of Petroleum Engineers, has more than 30 years of relevant experience within the industry and consents to the information in the form and context in which it appears.