

# ASX RELEASE

## ACTIVITIES FOR SECOND QUARTER - ENDED 30 JUNE 2012

### CEO Comments

**At the conclusion of the Quarter, ROC continues to gain traction in delivering its 2012 objectives through the awarding of new acreage in China, continued fiscal discipline and significant progress in our operational activities in Malaysia and China.**

ROC remains on target to achieve its full year forecast of 6000-7000 BOEPD. This is despite a 14% drop in production during the Quarter, largely due to operational issues at our non-operated UK-assets, and lower production for the Zhao Dong Oil Fields with a planned seven day maintenance shutdown done in May. These issues have been rectified, other than at Enoch, where remedial activities are planned in 1Q2013.

Importantly, the Company expects ongoing profitability for the first half. ROC remains in a healthy cash position, with US$35.9 million in net cash at Quarter end, despite significant pre-development and development activities.

ROC continues to deliver on our goal to build a sustainable growth profile. Key milestones during the Quarter included BC Petroleum Sdn Bhd (BCP) securing financing for the Balai Cluster project. Pre-development activities are set to ramp up, with a multi-well appraisal programme to commence shortly.

The rebalancing of our exploration portfolio continued with formal approval received from the New Zealand government for the withdrawal from exploration block PEP52181, as well as the exit from Africa nearing completion. This allows ROC to focus on other opportunities for growth, evidenced by the signing of a new petroleum contract for Block 09/05 - a 100% operated interest in Bohai Bay (offshore China).

Strong safety and environmental performances at all operated facilities meant that ROC experienced no Lost Time Injuries and no significant environmental incidents during the Quarter.

Looking forward, ROC continues to deliver against its strategic objectives and is well positioned to pursue other opportunities in the region including mature field rejuvenation as well as exploration and appraisal activities.

# Key Activities

## 1. Consolidated Revenue & Production

**1.1.** Total working interest production of 0.571 MMBOE (6,269 BOEPD); down 14% compared to 0.667 MMBOE (7,326 BOEPD) in the previous quarter.

**1.2.** Sales volumes of 0.516 MMBOE; down 19% compared to 0.636 MMBOE in the previous quarter due to lower production and inventory movements.

**1.3.** Total sales revenue of US$58.7 million; compared to US$76.7 million in the previous quarter due to lower production and oil prices.

**1.4.** Average realised oil price (excluding hedging) of US$113.80/BBL, a US$5.51/BBL premium to Brent (Brent oil price averaged US$108.29/BBL); compared to US$122.10/BBL in the previous quarter.

## 2. Production Assets

### 2.1. Zhao Dong Oil Fields, Bohai Bay, Offshore China (C & D Oil Fields ROC: 24.5% & Operator, C4 Oil Field ROC: 11.575% unitised & Operator, Zhanghai ROC: 39.2% & Operator)

Zhao Dong gross oil production averaged 17,219 BOPD (ROC: 3,972 BOPD); down 13% compared to the previous quarter due to a planned seven day maintenance shutdown in May 2012 as well as a temporary power disruption from 18 April which resulted in partial production operations until power was fully restored on 8 May. As a result of this successful shutdown in the Quarter no further material works requiring a shutdown are planned during 2012.

### 2.2. Cliff Head Oil Field, WA-31-L, Offshore Western Australia (ROC: 42.5% & Operator)

Gross oil production averaged 3,192 BOPD (ROC: 1,357 BOPD); down 3% compared to the previous quarter primarily due to natural field decline.

### 2.3. Blane Oil Field, North Sea (ROC: 12.5%)

Gross oil production averaged 5,567 BOPD (ROC: 696 BOPD); down 25% from the previous quarter due to a major upgrade to the Ula platform safety systems. This process was completed early in the third quarter as planned. During this period gas lift has been unavailable for the Blane wells.

### 2.4. Enoch Oil and Gas Field, North Sea (ROC: 12%)

There was no production in the Quarter. The Enoch Field remained shut in throughout the Quarter due to mechanical and subsea issues that occurred in 1Q2012. The necessary remedial activities required to reinstate production are planned for 1Q 2013.

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

The transaction relating to the sale by ROC of its interest in the Chinguetti field was completed in July 2012 (also refer to Section 7).

## 3. Development Assets

### 3.1. WZ 6-12 and WZ 12-8 West Oil Field Development, Beibu Gulf, Offshore China (ROC: 19.6%)

The final government approval required is sanction of the project by the National Development and Reform Commission (NDRC). The relevant documentation is progressing through the NDRC internal approval process, with final approval expected soon.

Development activity continued during the Quarter. Onshore platform jacket fabrication was completed and offshore installation is in progress. Drilling activity is expected to commence in 3Q and will include four exploration/appraisal wells (refer to section 4.2), to be followed by the development drilling programme in 4Q 2012. Facilities were 65% complete at the time of this report with the forecast cost to complete still within the planned US$300 million development budget.

First oil production from the Beibu Gulf project is targeted to be around the end of 2012. The ramp-up to full-field peak production is anticipated during 2013.

### 3.2. Zhao Dong Oil Fields, Bohai Bay, Offshore China

The development drilling programme continued, with a total of 20 development wells (16 producers and four injectors) planned to be drilled during 2012. During the Quarter development drilling continued on C&D and C4 oil fields.

Technical work on the Zhanghai and Chenghai blocks continued during the Quarter. A second appraisal well is planned to be drilled in Zhanghai block during 4Q 2012.

### 3.3. Basker-Manta-Gummy Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 30% & Operator)

Activities to enter the field into the Non-Production Phase ("NPP") were completed during the Quarter, on budget and without experiencing an LTI or significant loss of containment incident. The NPP Environmental Plan was accepted by the Regulator in June.

## 4. Exploration and Appraisal Assets

### 4.1. Balai Cluster Risk Service Contract, offshore Sarawak, Malaysia (ROC: 48%)

The pre-development phase of the Balai Cluster RSC continues to gain momentum, with work undertaken during the Quarter including: the fabrication of four wellhead platforms with installation of the platforms at the Bentara and Balai fields currently underway; the mobilisation of the drilling rig Ensco 53 with drilling expected to commence shortly; and the conversion of a purchased vessel to an Early Production Vessel (EPV) continues.

The pre-development phase is expected to be completed by Q1 2013. On successful completion of pre-development and decision as to economic viability, the project will progress to the development phase. The cost of pre development work undertaken by BCP in accordance with the agreed scope of work and subject to the RSC, is reimbursable.

During the Quarter, ROC directly contributed funds of US$3.0 million to BCP for pre-development phase activities relating to the Balai Cluster RSC. Project financing to assist in funding of the pre-development phase was secured in May 2012, with a debt facility for US$162 million. This facility will be utilised to fund additional expenditure in BCP with no further significant contribution of funds from ROC expected during 2012.

### 4.2. WZ 6-12 and WZ 12-8 West Oil Field Development, Beibu Gulf, Offshore China (ROC: 40% & Operator)

Planning continues for the drilling of four near-field exploration/appraisal wells during 2012. Several wells are planned to be drilled from the WZ 6-12 wellhead platform following its scheduled installation in 3Q 2012. If successful and commercial, these wells could be completed and included as additional production wells for the Beibu Gulf project.

### 4.3. Block 09/05, Bohai Bay, Offshore China (ROC: 100% & Operator)

ROC entered a Petroleum Contract with CNOOC for a 100% operated interest in the 335km$^2$ exploration block 09/05, offshore Bohai, in May 2012. The block is located approximately 15km north of ROC's existing Zhao Dong production and appraisal blocks in water depths of four to 10 metres. Work commitment for the first three-year exploration period includes the acquisition of 150km$^2$ 3D seismic and the drilling of two exploration wells.

Formal approval of the contract by the Ministry of Commerce was received on 20 July.

### 4.4. Australasia

**PEP52181, Offshore Taranaki, New Zealand (ROC: 50% & Operator)**:

The New Zealand government formally approved the withdrawal of ROC from the permit on 15 June. The continuing parties agreed to the appointment of NZOG Energy Limited as the operator.

### 4.5. Africa

Progress continues to complete the transactions relating to the sale by ROC of its offshore Mauritania and Mozambique Channels interests.

**Block H, Offshore Equatorial Guinea (ROC: 20%)**: Preparations continue for the drilling of an exploration well, through which ROC has a free carry. An option is in place for White Rose Energy Ventures (Equatorial Guinea) Limited to acquire ROC's remaining interest in Block H for US$16.1 million prior to the spud of any exploration well.

## 5. Financial

### 5.1. Overview

At Quarter-end ROC had net cash of US$35.9 million: US$49.3 million of cash offset by debt of US$13.4 million.

### 5.2. Production (Working Interest)

| Oil Production (BBL) | 2Q 2012 | 1Q 2012 | YTD | % Change (2Q12 to 1Q12) |
|---|---|---|---|---|
| Zhao Dong Oil Fields | 361,458 | 427,516 | 788,974 | (15) |
| Cliff Head | 123,458 | 127,219 | 250,677 | (3) |
| Blane | 63,329 | 84,468 | 147,797 | (25) |
| Chinguetti | 20,920 | 13,260 | 34,180 | 58 |
| Enoch | 96 | 9,029 | 9,125 | (99) |
| Other | 45 | 48 | 93 | (6) |
| **Total Oil Production** | **569,306** | **661,540** | **1,230,846** | **(14)** |
| Blane (NGL Production) | 1,195 | 5,149 | 6,344 | (77) |
| **Total Production (BOE)** | **570,501** | **666,689** | **1,237,190** | **(14)** |
| **Average Rate (BOEPD)** | **6,269** | **7,326** | **6,798** | **(14)** |

### 5.3. Oil Sales

| | 2Q 2012 | | 1Q 2012 | | YTD | |
|---|---|---|---|---|---|---|
| | BBL | US$'000 | BBL | US$'000 | BBL | US$'000 |
| Zhao Dong Oil Fields | 327,370 | 38,501 | 393,183 | 47,917 | 720,553 | 86,418 |
| Cliff Head | 122,516 | 13,504 | 130,661 | 15,882 | 253,177 | 29,386 |
| Blane | 39,154 | 4,097 | 55,231 | 7,271 | 94,385 | 11,368 |
| Enoch | - | - | 21,178 | 2,494 | 21,178 | 2,494 |
| Chinguetti | 25,841 | 2,491 | 19,013 | 2,047 | 44,854 | 4,538 |
| Other | 45 | 5 | 48 | 6 | 93 | 11 |
| **Total Oil Sales** | **514,926** | **58,598** | **619,314** | **75,617** | **1,134,240** | **134,215** |
| Blane (NGL's) | 598 | 59 | 16,195 | 1,041 | 16,793 | 1,100 |
| **Total Sales (BOE)** | **515,524** | **58,657** | **635,509** | **76,658** | **1,151,033** | **135,315** |

### 5.4. Exploration and Development Expenditure Incurred

| | 2Q 2012 US$'000 | 1Q 2012 US$'000 | YTD US$'000 |
|---|---|---|---|
| **Exploration** | | | |
| Africa | (369) | 63 | (306) |
| China | 190 | 236 | 426 |
| Other (includes New Ventures) | 1,644 | 1,266 | 2,910 |
| **Total Exploration** | **1,465** | **1,565** | **3,030** |
| | | | |
| **Development** | | | |
| Zhao Dong Oil Fields | 4,849 | 3,990 | 8,839 |
| Beibu Gulf Project | 6,507 | 7,048 | 13,555 |
| **Total Development** | **11,356** | **11,038** | **22,394** |
| **Total Exploration & Development** | **12,821** | **12,603** | **25,424** |

### 5.5. Hedging

Remaining hedge positions from 1 July 2012 to 31 December 2012 are 75,000 Brent oil price swaps, at a weighted average Brent price of US$114.59/BBL. Hedge book mark-to-market valuation at 30 June 2012 was an asset of US$1.3 million.

## 6. Corporate

### 6.1. Health, Safety, Environment and Community ("HSEC") Issues

During the Quarter there were no LTIs, zero significant loss of containment incidents and no significant environmental incidents reported from any of ROC's operations.

### 6.2. Changes to Board of Directors

Mr Michael Harding and Mr Nigel Hartley were appointed as Directors of the Board. Mr Harding and Mr Hartley bring a wealth of experience to the Board in the next phase of growth for ROC. Director Sid Jansma Jr resigned from the Board after 15 years of dedicated service.

The ROC Board now comprises eight Directors (one Executive Director and seven Non-Executive Directors).

### 6.3. AGM

The 2012 Annual General Meeting took place on Thursday 17 May 2012. All resolutions were carried including the re-election of Mr Andrew Love and Mr Robert Leon as directors. The resolution regarding the adoption of a new Constitution was not put to the meeting.

## 7. Post Quarter events

The transactions relating to the sale by ROC of its offshore Mauritania interests, excluding Block C6, were completed in July 2012. Progress continues for the transaction relating to the sale of Block C6.

## 8. Further Information

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*The reserve and resource information contained in this report is based on information compiled by Bill Billingsley (Chief Reservoir Engineer). Mr Billingsley BSc (Chem) MSc (Petroleum Engineering) DIC (Imperial College), who is a member of the Society of Petroleum Engineers, has more than 16 years relevant experience within the industry and consents to the information in the form and context in which it appears.*

## Definitions

| | |
|---|---|
| BBL(S) | barrel(s) |
| BMG | Basker-Manta-Gummy Oil and Gas Fields, Bass Strait, Australia |
| BOE | barrels of oil equivalent (6 MSCF = 1 BOE) |
| BOPD | barrels of oil per day |
| BOEPD | barrels of oil equivalent per day |
| CNOOC | China National Offshore Oil Company Limited |
| LTI | Lost time injury |
| NPP | Non-Production Phase |
| Quarter | the period 1 April 2012 to 30 June 2012 |
| ROC | Roc Oil Company Limited and includes, where the context requires, its subsidiaries |
| RSC | Risk Service Contract |
| YTD | Year to date |