



**REPORT TO SHAREHOLDERS**  
**Activities for the Quarter Ended 31 March 2006**

**CEO COMMENT**

**First oil from the Chinguetti Field, offshore Mauritania; significant progress at the Cliff Head Field, offshore Western Australia; encouraging initial results from the recent seismic survey in Angola; an active exploration drilling programme; and high oil prices combined to drive ROC's share price and market capitalisation to record highs.**

**KEY POINTS**

**PRODUCTION**

- ROC's first oil production and sale from Africa occurred as a result of production start-up from the Chinguetti Field (ROC: 3.25% working interest), offshore Mauritania. By Quarter-end cumulative gross production had exceeded 2 MMBO and the first cargo loading of approximately 1 MMBO was completed.

**DEVELOPMENT**

- As at midnight on 27 April 2006, final preparations were underway for the imminent production from the first well at the Cliff Head Oil Field, offshore Western Australia.

**EXPLORATION**

- Based on preliminary interpretation of ROC's 2005 seismic survey, an encouraging number of prospects and leads have been identified in the Cabinda South Block, onshore Angola.

**CORPORATE**

- A placement of 28 million fully paid ordinary shares (14.9% of the Company's then issued share capital) was made to UK-based institutional investors at a price of \$2.71/£1.15, raising \$75.9 million/£32.2 million before expenses. The funds will be used to accelerate ROC's exploration programme, onshore Angola.

**FINANCIAL**

- At Quarter-end ROC had approximately \$91.5 million in cash and no debt.
- A \$40 million/US\$30 million Bridging Loan Facility was finalised to provide flexibility of funding options during 2006, prior to an \$80 million/US\$60 million Borrowing Base Loan Facility being put in place.

**1. PRODUCTION**

OIL (BBL)	March '06 Quarter	December '05 Quarter	Change %
Mauritania – Offshore Oil (Chinguetti)*	69,319	-	N/A
UK – Onshore Oil (Keddington)	1,234	2,738	-55
Australia – Onshore Oil (Jingemia)	1,067	887	20
<b>TOTAL PRODUCTION</b>	<b>71,649</b>	<b>3,625</b>	<b>1,915</b>

\* Production quoted is ROC's working interest share of total production.

**2. SALES REVENUE**

(Unaudited)	March '06 Quarter \$'000	December '05 Quarter \$'000	Change %
Mauritania – Offshore Oil (Chinguetti)	4,952	-	N/A
UK Oil Sales	108	155	-30
Australia Oil Sales	77	69	12
<b>TOTAL SALES REVENUE</b>	<b>5,137</b>	<b>224</b>	<b>2,193</b>

**3. EXPENDITURE**

	March '06 Quarter \$'000	December '05 Quarter \$'000	Change %
<b>Exploration</b>			
Australia	3,863	4,812	-20
New Zealand*	-	63	-100
UK	1,468	1,139	29
Mauritania	1,353	2,683	-50
Angola	2,413	5,085	-53
Equatorial Guinea	10	68	-85
China	102	1,901	-95
Other	140	379	-63
<b>Total Exploration</b>	<b>9,349</b>	<b>16,130</b>	<b>-42</b>
<b>Development</b>			
Australia – Cliff Head	27,922	28,911	-3
Mauritania – Chinguetti	2,433	2,766	-12
UK/Norway – Blane & Enoch	4,311	8,595	-50
<b>Total Development</b>	<b>34,666</b>	<b>40,272</b>	<b>-14</b>
<b>TOTAL EXPLORATION &amp; DEVELOPMENT</b>	<b>44,015</b>	<b>56,402</b>	<b>-22</b>

\*ROC's working interest has been converted to 2% ORR

**4. DRILLING**

Cliff Head development drilling continues. Exploration and appraisal drilling activity for the Quarter is summarised below:

Category	Well % Interest	Location	Operator	Comment
Exploration	Zoulé-1 (5%)	PSC Area C, Block 6 Offshore Mauritania	Woodside Mauritania Pty Ltd	The well was drilled to a Total Depth of 3,730 metres without encountering significant hydrocarbons and was plugged and abandoned.
Exploration	Doré-1 (3.693%)	PSC Area B, Offshore Mauritania	Woodside Mauritania Pty Ltd	The well was plugged and abandoned at a Total Depth of 2,266 metres without encountering hydrocarbons.
Exploration	Jacala -1 (20%)	WA-351-P Australia	BHP Billiton Petroleum Pty Ltd	Subsequent to the Quarter-end the well was plugged and abandoned without encountering hydrocarbons at a Total Depth of 2,217 metres.

## 5. SEISMIC

No seismic activities were conducted during the Quarter.

## 6. PRODUCTION

### WEST AFRICA

#### Offshore Mauritania – Chinguetti Oil Field (ROC: 3.25%)

Construction, hook-up and commissioning work on the project proceeded with production commencing on 24 February 2006 (GMT) representing ROC's first oil production in Africa. Subsea flowlines and risers were successfully installed and commissioning of the *Berge Helene* FPSO and production wells was completed. At Quarter-end cumulative gross production was 2,132,880 BBLs (ROC net: 69,319 BBLs) with a gross average production rate of almost 60,000 barrels of oil per producing day. The first cargo loading of approximately 1 million barrels of crude oil (ca 62,000 BBLs net to ROC) was completed on 22 March 2006, representing a temporary overlift to ROC.

## 7. DEVELOPMENT

### 7.1 AUSTRALIA

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

The Cliff Head Development Project achieved a number of milestones including:

- The topside for Cliff Head "A" platform was installed in February 2006.
- The Ensco-67 drilling rig continued batch development drilling of the five new production and two water injection wells. Drilling and completion activity is expected to be completed during June 2006.
- Construction of the onshore Arrowsmith Production Facility was completed and commissioning work at the plant and on the offshore platform commenced.
- Hydrotesting of the two pipelines and testing of the umbilical and power cable connecting the plant to the platform were successfully completed.

*Please refer to Section 10: Post Quarter Events*

### 7.2 NORTH SEA

#### Enoch Oil and Gas Field (ROC: 12.0%)

Development activities continued through the Quarter with first oil production remaining on schedule for late 4Q 2006 and development drilling expected to commence July 2006.

#### Blane Oil Field (ROC: 12.5%)

Development activities continued through the Quarter with the target first oil date moving from 4Q 2006 to 2Q 2007 due to a delay with the arrival of the contracted pipelay vessel. Development drilling is expected to commence in May 2006.

### 7.3 CHINA

#### Wei 12-8 West Oil Field, Beibu Gulf, Block 22/12 (ROC: 40% & Operator)

Discussions with the Chinese government continued with no further progress made on the project.

## 8. EXPLORATION AND APPRAISAL

### 8.1 AUSTRALIA

#### Perth Basin, Offshore Western Australia (ROC: 7.5 - 50% & Generally Operator)

The number of exploration wells to be drilled in the 2006 offshore Perth Basin programme will be dependent on the release of the drilling rig from Cliff Head. At this stage it is anticipated that up to two of the proposed five wells will be drilled.

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

The BHP Billiton-operated Jacala-1 wildcat exploration well commenced drilling on 23 March 2006. *Please refer to Section 10: Post Quarter Events*

### 8.2 WEST AFRICA

#### Mauritania (ROC: 2.0 – 5.0%)

The 2005 exploration drilling programme was completed with the Zoulé-1 and Doré-1 exploration wells plugged and abandoned as dry holes. During the Quarter the Operator continued geological and engineering evaluation work on the Tiof Oil Field and is expected to provide a proposal during 2Q 2006 regarding potential development concepts.

**Equatorial Guinea (ROC: 18.75% & Technical Manager)**

The drilling of the Aleta prospect, offshore Equatorial Guinea, continues to be subject to securing a suitable rig contract with the anticipated timing being late 2006/2007.

**Angola (ROC: 60% & Operator)**

Preliminary interpretation of the seismic acquired by ROC in 2005 has identified an encouraging number of prospects and leads representing a variety of play types incorporating multiple reservoir objectives.

In March 2006, a high resolution aeromagnetic survey, covering the entire Cabinda South Block, was acquired.

A seismic contract was executed with the Geophysical Institute of Israel (GII) to acquire a firm 250 sq km 3D and a contingent 200 km 2D seismic programme in the Cabinda South Block. *Please refer to Section 10: Post Quarter Events*

At Quarter-end ROC was in discussions with a number of rig contractors for a multi-well exploration drilling programme in the Cabinda South Block. The stretch target for the commencement of drilling is late 2006 subject to rig availability.

**8.3 ONSHORE UK – Willows-1 PEDL030 (ROC: 100% & Operator)**

The *ROC Explorer* drilling rig was erected on site and preparations were underway for the drilling of the well. *Please refer to Section 10: Post Quarter Events*

**8.4 CHINA - Beibu Gulf Block 22/12 - (ROC: 40% & Operator)**

In February 2006, Roc Oil (China) Company on behalf of the Block 22/12 Joint Venture contracted from China Offshore Services Limited ("COSL") the *COSL 931* jack-up drilling rig for the Wei 6-12-S-1 exploration well. *Please refer to Section 10: Post Quarter Events*

**9. CORPORATE****9.1 Share Placement**

In January 2006, ROC placed 28 million fully paid ordinary shares (14.9% of the Company's then issued share capital) via the Alternative Investment Market ("AIM") in London. The placement, priced at \$2.71/£1.15 per share, raised \$75.9 million/£32.2 million before expenses. The funds will be used to accelerate ROC's exploration programme, onshore Angola.

**9.2 US\$30 Million Bridging Loan Facility**

A \$40 million/US\$30 million Bridging Loan Facility was finalised to provide flexibility of funding options during 2006, prior to the \$80 million/US\$60 million Borrowing Base Loan Facility being put in place during 2Q 2006. As at 28 April 2006, the Facility remained undrawn.

**9.3 Resolution Of Mauritanian Dispute**

In March 2006, Woodside Petroleum Ltd ("Woodside") announced it reached an agreement in principle to settle a dispute with the Mauritanian Government which had arisen at the beginning of the year, without the need for formal arbitration. The dispute related to supplementary agreements to offshore PSCs for Area A, Area B, Area C Block 2 and Area C Block 6, operated by Woodside's wholly owned subsidiary Woodside Mauritania Pty Ltd. The basis for the resolution is an agreement in-principle to amend the PSCs. The details of these amendments, which are still to be negotiated, do not affect the exploration periods in the current PSCs.

**9.4 UK North Sea**

ROC has negotiated a 1% overriding royalty with regard to future gross production from the exploration areas surrounding the Ardmore Oil Field in the UK North Sea, specifically P1036, P1037, P1038 and P1126 (covering Blocks 30/24d,30/24c,30/24a and 30/29b respectively).

**9.5 New Zealand Divestment**

In order to maintain its executive and financial focus on areas within ROC's portfolio with greatest perceived value, ROC has divested its interest to TAG Oil (NZ) Ltd retaining a 2% overriding royalty interest in PEP38767, onshore Taranaki Basin.

## 10. POST QUARTER EVENTS

- As at midnight on 27 April 2006, final preparations were underway for the imminent production from the first well at the Cliff Head Oil Field, offshore Western Australia.
- The Jacala-1 exploration well (ROC: 20%), offshore Western Australia, reached a Total Depth of 2,217 metres and was plugged and abandoned as a dry hole.
- The Willows-1 exploration well (ROC: 100% & Operator), onshore UK, commenced drilling 18 April 2006, with a proposed Total Depth of 2,500 metres. As at 27 April, 10 ¾ inch casing had been set to 787 metres and preparations were being made to drill ahead.
- The Wei 6-12-S-1 exploration well (ROC: 40% & Operator), offshore China, commenced drilling on 25 April 2006. The proposed Total Depth is 2,530 metres and as at 28 April the well had been drilled to 837 metres.
- Line clearing for the 250 sq km 3D seismic programme in the Cabinda South Block, onshore Angola commenced on 17 April 2006.

### FURTHER INFORMATION

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#### DEFINITIONS

IFRS	means International Finance Reporting Standards
BBLS	means barrels
BCF	means billion cubic feet
BOE	means barrels of oil equivalent
BOPD	means barrels of oil per day
BOEPD	means barrels of oil equivalent per day
BCPD	means barrels of condensate per day
BPD	means barrels per day
GMT	means Greenwich Mean Time
GWC	means gas-water contact
MCF	means thousand cubic feet
m brt	means metres below rotary table
mTVDSS	means metres true vertical depth below sea level
MMSCF	means million standard cubic feet
MMSCF/D	means million standard cubic feet per day
MMBO	means million barrels of oil
MMBOE	means million barrels of oil equivalent
NGL	means natural gas liquids
ORR	Means overriding royalty
OWC	means oil-water contact
PEDL	means Petroleum Exploration Development Licence (Onshore United Kingdom)
PSC	means Production Sharing Contract
Quarter	means the period 1 January 2006 to 31 March 2006
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
WST	Means Western Standard Time