



REPORT TO SHAREHOLDERS
Activities for the Quarter Ended 30 June 2007

CEO COMMENTS

This Quarter delivered a combination of established production, new field production, exploration success, continuing aggressive exploration drilling and acreage acquisition.

Enoch, a new oil and gas field in the North Sea, started production and achieved target rates soon afterwards. A three well exploration drilling programme in the offshore Perth Basin resulted in three discoveries, two of which may prove to be commercial, subject to further evaluation. A high profile, multi-well, exploration drilling programme commenced onshore Angola. ROC entered East Africa for the first time when the Government of The Republic of Madagascar, awarded the Company a 13,700 sq km deep-water area in the Mozambique Channel.

The high activity level referred to above was underpinned by total sales revenue of \$60 million, up more than 50% compared to the previous quarter. As a result, ROC's 1H 2007 sales revenue is just shy of \$100 million. The quarter-on-quarter increase in revenue reflects strong oil prices and the timing of cargo liftings since quarter-on-quarter production remained essentially flat. Based on year-to-date results, production for the full financial year 2007 is expected to be at the low end of the 10,000 to 12,000 BOPD guidance range previously provided by the Company.

KEY ACTIVITIES

1. REVENUE & PRODUCTION

- Total sales revenue of \$60.4 million; up 55% compared to \$38.9 million in the previous quarter, reflecting strong increases in global and regional crude oil sales prices and timing of cargo liftings. The average realised oil price across all of ROC's production assets was \$78.98 (US\$ 65.48), up 17% from 1Q 2007.
- Total working interest production of 789,543 BOE (8,676 BOEPD); up 1% compared to 782,544 BOE (8,695 BOEPD) in the previous quarter.
- Total sales volume of 769,789 BOE; up 34% compared to 574,409 BOE in the previous quarter due to timing of cargoes.

See Section 5: Financial.

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

Gross oil production of approximately 8,475 BOPD (ROC: 3,178 BOPD), up by 8% on the previous quarter due to a successful work over program undertaken on the CH-13 and CH-7 wells during April 2007. Although reservoir production capacity is approximately 12,000 BOPD, currently production is approximately 9,000 to 10,000 BOPD due to an electric submersible pump failure in relation to CH-7 well which is being addressed.

In May 2007, oil production from the field achieved its production target of 3.0 MMBO in the first year of production.

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

Gross oil production averaged 18,770 BOPD (ROC: 4,600 BOPD), down 11% on the previous quarter largely as a result of natural decline of existing wells, delay in commencement of drilling new development wells, minor operational interruptions and higher than anticipated gas production which has effectively constrained oil production.

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

Enoch Oil and Gas Field started production on 31 May 2007 and is currently on production target with rates of approximately 12,000 BOPD and 20 MMSCFD of gas (ROC:1,440 BOPD and 2.4 MMSCFD), following some initial commissioning and start up constraints. Gross June production averaged approximately 7,900 BOPD and 10 MMSCFD.

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

Gross oil production averaged approximately 15,600 BOPD (ROC: 507 BOPD); down 15% on the previous quarter of 18,300 BOPD (ROC: 596 BOPD).The most recent development well, CH-18, an important contributor to overall field production, delivered a stable performance.

2. DEVELOPMENT

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

Development drilling activities at Zhao Dong, which commenced in early April, represents the first stage of the Incremental Development Plan for the C & D Oil Fields. The development drilling activities planned for 2007 include the drilling of an additional 9 producers and 6 water injectors, aimed at increasing field wide production. Front End Engineering Design ("FEED") is in progress for the planned expansion of the existing platform and production facilities.

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

FEED work has commenced and orders have been placed for piling and structural steel.

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

The Blane Oil Field remains on track for first production in 3Q 2007. The Ula topside modifications, the installation of the Blane module and the tie in of all pipelines and flow lines to the Blane field sub-sea wells are now complete.

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

Development was completed during the Quarter and the field was successfully commissioned with production start up on the 31 May 2007.

3. EXPLORATION AND APPRAISAL

3.1 Perth Basin, Offshore Western Australia (ROC: 20% - 37.5% & Generally Operator)

During the Quarter, there was a high level of exploration drilling activity in the offshore Perth Basin with three wells being drilled: Dunsborough-1 and Frankland-1 (in WA-286-P) and Perseverance-1 (in WA-325-P) all of which were classified as new field discoveries.

Although neither is large, both the Frankland-1 gas discovery and the Dunsborough-1 light oil and gas discovery may prove to be commercial, subject to further evaluation. Perseverance-1 is a small gas discovery with significant carbon dioxide content which is considered to be sub commercial. *See also Section 4: Corporate and Section 6: Post Quarter Events.*

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

During the Quarter work has progressed on the development plan for the Wei 6-12 South and Wei 6-12 oil fields. Planning is also in progress for a minimum four well exploration program scheduled to commence in 4Q 2007.

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

On 9 June 2007, the ROC owned *Explorer* rig commenced drilling Massambala-1, a directional well located on the coastal plain south of Cabinda City. At Quarter end, the well was at 1,360 mMDRT. It is anticipated that Massambala-1 will reach a prognosed Total Depth of 2,185 metres by early August, 2007.

The *Simmons* 80 rig, which was upgraded in the United Arab Emirates, left Dubai on 21 June 2007. The two rigs strategy allows concurrent drilling in the Block.

Surveying, line clearing and shot hole drilling operations for the 2007 200 sq km 3D seismic survey commenced in May 2007.

3.4 Chinguetti Oil Field, PSC Area B, Offshore Mauritania (ROC 3.25%)

In PSC Area B, Offshore Mauritania, the Tiof high resolution 3D survey has been completed and work is on-going with regard to processing and interpreting.

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

Activity associated with the planned drilling of the Aleta-1 well has been put on hold pending the outcome of arbitration hearings with Pioneer Natural Resources (Equatorial Guinea) Limited ("Pioneer"). The arbitration process was initiated in late June 2007 and concerns Pioneer's farm in obligations and participation in the drilling of the Aleta-1 well previously planned for 2H 2007.

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

ROC purchased 1,000 sq km of 2D seismic and data on six offshore wells in order to further assess the potentially high impact exploration acreage.

4. CORPORATE

Mr Bruce Clement, the Company's Chief Operating Officer, was appointed as an Executive Director of the Company on 1 July 2007.

During the six months to 30 June 2007, ROC's exploration expenditure was approximately \$52 million. In accordance with ROC's "Successful Efforts" accounting policy the majority of this expenditure will be expensed, including the three Perth Basin exploration wells which at this time do not satisfy the policy requirement that there is a high degree of probability that a development will go ahead.

ROC is awaiting final publication of the Government of The Republic of Madagascar's Presidential Decree and related Mining Title in the Official Journal for Block Belo Profond PSC, offshore Madagascar. This should take place during 3Q 2007.

During the Quarter, work progressed on the refinancing of ROC's US\$137.5 million Bridge Loan Facility which is planned to be completed in 3Q 2007.

5. FINANCIAL

At Quarter-end ROC had approximately \$35.1 million in cash and debt of \$162.7 million.

5.1 Production

	2Q 2007	1Q 2007	% change
Oil Production (BBLs)			
Cliff Head	289,233	265,358	9
Zhao Dong C&D Fields	418,497	462,914	(10)
Chinguetti	45,599	53,623	(15)
Enoch	29,610	-	N/A
Other	500	649	(23)
Total Oil Production	783,439	782,544	0
Gas Production (MSCF)			
Enoch	36,625	-	N/A
Total Gas (MSCF)	36,625	-	N/A
Total BOE	789,543	782,544	1
BOEPD	8,676	8,695	0

Note: Production quoted is ROC's working interest share of total production. ROC's net entitlement production for the period was 756,434 (1Q 2007: 747,938).

5.2 Sales

	2Q 2007		1Q 2007	
	BBLs	\$'000	BBLs	\$'000
Oil Sales (BBLs)				
Cliff Head	296,192	24,322	259,517	19,124
Zhao Dong C&D Fields	406,224	31,222	314,242	19,722
Chinguetti	60,769	4,731	-	-
Enoch	-	-	-	-
Other	500	43	649	47
Total Oil Sales	763,685	60,317	574,408	38,893
Gas Sales (MSCF)				
Enoch	36,625	126	-	-
Total Gas Sales (MSCF)	36,625	126	-	-
Total Sales (BOE)	769,789	60,443	574,408	38,893

Note: ROC's net entitlement crude stock position decreased by 13,943 BBLs during the period and at the end of the 2Q 2007 ROC was in a underlift position of 59,987 compared to a 73,930 BBLs underlift in the previous quarter.

5.3 Expenditure Incurred

	2Q 2007 \$'000	1Q 2007 \$'000
Exploration		
Angola	18,474	7,578
China	320	614
Mauritania	460	145
Australia	21,149	130
UK	68	105
Equatorial Guinea	192	102
Madagascar	2,161	-
Other	562	251
Total Exploration	43,386	8,925
Development		
Zhao Dong C & D Fields	6,379	1,201
Blane	5,608	11,048
Enoch	3,726	5,883
Chinguetti	701	2,462
Total Development	16,414	20,594
TOTAL EXPLORATION & DEVELOPMENT	59,800	29,519

5.4 Hedging

At 30 June 2007, the company's hedge position for the period through to December 2011 can be summarised as follows:

	BRENT OIL PRICE SWAPS		BRENT OIL PRICE PUTS	
	Volume	Weighted Average Brent Price USD/BBL	Volume	Weighted Average Brent Price USD/BBL
2007	745,980	67.85	165,000	50.00
2008	1,177,987	71.40	-	-
2009	851,998	70.01	-	-
2010	686,994	68.46	-	-
2011	455,997	66.31	-	-
	3,918,956	69.31	165,000	50.00

6. POST QUARTER EVENTS

- 6.1 The WA-325-P and WA-327-P Joint Ventures gave the WA Government formal notification of surrender of these permits effective 23 July 2007.
- 6.2 The Simmons 80 Rig arrived in Angola in late July and is expected to commence drilling by the end of August 2007. Also, in Cabinda, 3D seismic data recording started on 10 July 2007.

7. 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:

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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
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
MSCF	means thousand standard cubic feet
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
OWC	means oil-water contact
PSC	means Production Sharing Contract
Quarter	means the period 1 April 2007 to 30 June 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