



REPORT TO SHAREHOLDERS
Activities for the Quarter Ended 30 September 2006

CEO COMMENTS

During the Quarter, ROC became a different company. Daily net oil production averaged slightly in excess of 11,000¹ BOPD, compared to virtually no production at the beginning of the year. Gross sales revenue increased to \$63.4 million compared to \$5.1 million in 1Q 2006.

With a significant amount of this new production and revenue coming from two ROC-operated fields in China and with the successful appraisal during the Quarter of a potentially commercial, ROC-operated, oil discovery in another part of that country, ROC's profile in China has increased significantly.

ROC's profile in Angola is also about to change. The Company negotiated a two-year drilling rig contract which was signed post-Quarter. As a result, ROC can move forward to deliver on its commitment to start a ground-breaking exploration drilling campaign onshore Angola in 1H 2007, the first in more than 30 years.

In Australia, the reservoir performance at the ROC-operated Cliff Head Oil Field performed at the higher end of expectations, thereby providing a valuable underpinning of the Company's overall revenue stream.

As ROC emerges from a very eventful Quarter, the Company finds itself with an array of portfolio activities that is unique among western, publicly listed, oil companies – and one that sets the scene for sustained growth in the near, medium and long term future.

KEY ACTIVITIES

1. PRODUCTION

- Total production of 825,039 BBLs (8,968 BOPD²): up 230% compared to 250,107 BBLs (2,748 BOPD) in the previous Quarter.
- Total sales revenue of \$63.4 million; up 279% compared to \$16.8 million in the previous Quarter.
- Total sales volume of 788,749 BBLs; up 316% compared to 189,554 BBLs in the previous Quarter.

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

Development drilling operations were completed on 16 July. Hookup and commissioning of the remaining two designated oil producers were completed on 23 July. Gross oil production rates generally ranged between 8,000 BOPD and 12,500 BOPD reflecting intermittent downstream constraints. Production for the Quarter averaged approximately 9,325 BOPD. *See Section 6: Post Quarter Events.*

¹ Includes production from Zhao Dong C & D Fields from 1 July 2006

² Production from Zhao Dong C & D Fields for August and September only. This is because, despite ROC acquiring the asset effective 1 July 2006, and having economic ownership from that date, the acquisition was not completed until early August.

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

Gross oil production from the Zhao Dong C & D Fields averaged 27,449 BOPD³ for the Quarter. Production was temporarily pared back from about 30,000 BOPD to 22,000 BOPD effective 29 September, due to a Government requirement that the production rate adhere to the approved Development Plan.

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

Gross oil production averaged approximately 31,000 BOPD for the Quarter.

2. DEVELOPMENT

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

Development drilling continued during the Quarter with the first of two development wells completed on 26 September. By Quarter-end the second development well had been drilled and was in the process of being completed and preparations were underway to commence pipelay works for the flow line to the Ula platform. First oil production is expected 2Q 2007.

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

The drilling of the single development well and pipelay works for the flow line to the Brae platform were completed by Quarter-end. First oil production is expected 1Q 2007. See *Section 6: Post Quarter Events*.

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

In-fill drilling continued during the Quarter with five wells being completed. Three of these wells were designated oil producers while the other two wells were intended to be water injectors. Both designated water injection wells encountered oil, not water, in the targeted water zone which resulted in a lowering of the respective oil-water contacts; one was completed as a water injection well while the other was completed as an oil producer. These latest wells bring the total number of production wells to 31 and water injection wells to 20.

3. EXPLORATION AND APPRAISAL

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

On 31 July, the Moondah-1 exploration well in TP/15 was plugged and abandoned without encountering significant hydrocarbons. Due to adverse weather conditions it was not possible to commence drilling the next scheduled well, Frankland-1 in WA-286-P, prior to the expiry of the drilling rig contract. As a result the *ENSCO 67* rig was released on 11 August and the 2005 Perth Basin Offshore Drilling Programme concluded. The remaining wells in the 2006 programme, Frankland-1 and Perserverance-1 in WA-325-P, have been deferred to 2007, subject to securing a suitable rig.

3.2 Wei 6-12 South Oil Field, Block 22/12, Beibu Gulf, Offshore China (ROC: 40% & Operator)

Appraisal of the Wei 6-12S-1 oil discovery continued during the Quarter with the drilling of two side-track wells:

- the first sidetrack well, Wei 6-12S-1Sa, reached a Total Depth of 2,530 mBRT on 4 July with initial analysis indicating that the five cores (78 metres) cut displayed similar reservoir quality to the discovery well;
- the second sidetrack well, Wei 6-12S-1Sb, reached a Total Depth of 2,950 mBRT on 26 July. The well was designed to intersect all the reservoir intervals in the upper part of the discovery well in the oil zone, downdip from that well. Preliminary appraisal results are encouraging, confirming oil in the expected target horizons.

³ Production from Zhao Dong C & D Fields is reported for August and September only. This is because, despite ROC acquiring the asset effective 1 July 2006, and having economic ownership from that date, the acquisition was not completed until early August.

On 22 September, government authorities in China extended the term of the Production Sharing Contract for Block 22/12, for a further two years with a two well drilling commitment to 30 September 2008.

3.3 Mauritania (ROC: 2.0 – 5.0%)

The 2006 Mauritanian Offshore Drilling Programme commenced on 21 July with the *Atwood Hunter* rig drilling the Woodside-operated Colin-1 exploration well in PSC Area A. The well was plugged and abandoned without encountering any significant hydrocarbons. On 13 August, the rig commenced drilling the Dana-operated exploration well, Flamant-1 in Block 8 which was also plugged and abandoned without encountering any significant hydrocarbons. See Section 6: Post Quarter Events

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

The drilling of the Aleta prospect in Blocks H15 & H16, offshore Rio Muni Basin continues to be dependent on contracting a suitable rig. Discussions with the potential rig contractor suggest that the well may be drilled in 1H 2007.

3.5 Angola (ROC: 60% & Operator)

The 2006 2D and 3D seismic programme commenced on 2 July in the onshore Cabinda South Block. The 254 sq km 3D component was completed on 20 September. At Quarter-end approximately 24% of the 217 km 2D component was completed. See Section 6: Post Quarter Events

On 7 September, a Letter of Intent was signed with regard to a rig contract for the multi-well exploration drilling programme expected to commence between March and May 2007. See Section 6: Post Quarter Events

4. CORPORATE

On 8 August, ROC completed its acquisition of a 24.5% operated interest in the Zhao Dong Block, Bohai Bay, offshore China for US\$260 million/\$354 million plus working capital.

On 27 September, ROC paid CAD\$1.8 million to terminate a 3% Net Profit Interest applicable to production from the Blane Oil Field and Enoch Oil and Gas Field.\

On 27 September, ROC exercised its option to acquire an additional 3% from Dana Petroleum (E&P) Limited in Block 8, offshore Mauritania. The acquisition of the 3% interest which would take ROC's total equity in Block 8 to 5%, is subject to normal government and joint venture approvals.

5. FINANCIAL

At Quarter-end ROC had approximately \$49.3 million in cash and debt of \$387.7 million.

To fund the Zhao Dong purchase, the Company established a 12-month loan facility for US\$275 million and a working capital facility for US\$30 million with the Commonwealth Bank of Australia. At Quarter-end US\$18 million was undrawn on the working capital facility.

5.1 Production

	3Q 2006 BBLs	2Q 2006 BBLs	Change %
Australia – Cliff Head	321,721	126,409	155
China – Zhao Dong C & D Fields	410,225	-	N/A
Mauritania – Chinguetti	92,687	123,055	(25)
Other	406	643	(37)
TOTAL PRODUCTION	825,039	250,107	230

Notes: 1. Production for Zhao Dong C & D Fields is reported for August and September only. This is because, despite ROC acquiring the asset effective 1 July 2006, and having economic ownership from that date, the acquisition was not completed until early August.

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

5.2 Sales

	3Q 2006		2Q 2006	
	BBLs	\$'000	BBLs	\$'000
Australia – Cliff Head	320,604	28,789	126,409	11,397
China – Zhao Dong C & D Fields	405,036	29,334	-	-
Mauritania – Chinguetti	62,740	5,268	62,093	5,261
Other	369	34	1,052	94
TOTAL SALES	788,749	63,425	189,554	16,752

5.3 Expenditure

	3Q 2006 \$'000	2Q 2006 \$'000
Exploration		
Angola	14,882	7,056
China	4,306	9,543
Mauritania	4,643	485
Australia	1,863	4,201
UK	694	4,284
Equatorial Guinea	51	124
Other	558	763
Total Exploration	26,997	26,456
Development		
Cliff Head	9,926	17,173
Zhao Dong C & D Fields	4,155	-
Blane	13,723	12,689
Enoch	5,239	1,939
Chinguetti	545	(312)
Total Development	33,588	31,489
TOTAL EXPLORATION & DEVELOPMENT	60,585	57,945

5.4 Hedging

In conjunction with closing the Zhao Dong acquisition and in addition to previous oil price hedging at 30 June, further Brent oil price swaps of 2.327 MMBO were executed for the period 1 July 2008 to 30 June 2011 at a weighted average Brent oil price of US\$72.80/BBL. At Quarter-end, ROC's hedging exposure for the period through to 30 June 2011 was:

	BBLs	Weighted Average Brent Price USD/BBL	BBLs	Weighted Average Brent Price USD/BBL	TOTAL BBLs
Oil Price Swaps					
October 2006 – June 2011	576,000	49.58	3,226,956	72.47	3,802,956
Oil Price Puts					
October 2006 – December 2007	420,000	50.00	240,000	67.00	660,000

6. POST QUARTER EVENTS

- 6.1** On 10 October, ROC reported that recent gross oil production rates from the Cliff Head Oil Field, Perth Basin, offshore Western Australia (ROC: 37.5% & Operator) ranged between 11,000 BOPD and 12,500 BOPD with a high of 15,800 BOPD. This variability reflects intermittent downstream constraints relating to trucking capacity which have been addressed. On 15 October, production was temporarily shut-in due to electrical problems at the offshore platform. Production resumed on 21 October.
- 6.2** Production testing of the single development well at the Enoch Oil and Gas Field, North Sea (ROC: 12.0%) was in progress as of 18 October. The well recorded several flow rates on various choke sizes and results appear to be generally in line with expectations.

