SUMMARY

The key words for the Quarter are: offshore Mauritania and Perth Basin, offshore Western Australia.

Not only did ROC experience a spate of good drilling results offshore Mauritania but it was also able to increase its equity, on favourable commercial terms, in several of its licensed areas in that country. With successful new exploration discoveries at Tiof and Tiof West, the Miocene channel sand play offshore Mauritania has maintained its 100% record with four out of four exploration wells drilled during the last three years being successful, the other two successes being at Chinguetti and Banda. Further drilling success in Mauritania also saw a new play open up 150 km north of the Chinguetti Oil Field when the rank exploration wildcat well, Pelican-1 encountered a number of gas bearing sands intermittently developed through a 300 metre gross section.

This little surge of good exploration and appraisal drilling news was underpinned by progress on two potential development fronts. The Chinguetti 4-5 combined appraisal development well flowed at maximum stabilised oil flow of 15,680 BOPD. Largely as a result of this well, which was completed as a future oil producer, the Joint Venture declared the Chinguetti Oil Field commercial in-principle in January 2004. In the offshore Perth Basin, the ROC-operated Cliff Head Oil Field was also declared commercial in-principle during the Quarter. Because of these positive developments offshore West Africa and offshore Western Australia, both of ROC’s pre-development projects, the Chinguetti and Cliff Head oil fields, have taken significant steps towards commercial production. Coincidentally, in both cases first oil is expected to be achieved around end-2005, subject to final investment decisions which, again in both cases, are expected in 2Q04.

As ROC’s potential field developments offshore Mauritania and Western Australia moved to occupy a more important position within ROC’s portfolio, the Company’s sole significant producing asset, the Saltfleetby Gas Field, continued to perform satisfactorily with an average of ca 4,500 BOEPD produced during the Quarter, essentially unchanged from the previous quarter. UK gas prices were strong in Sterling terms, up 54% on the previous quarter and 28% on the corresponding quarter last year. As a result, A$15 million revenue was generated during the Quarter, up 45% on the previous quarter and down 16% on the corresponding quarter for the previous year in Australian dollar terms, partly due to adverse foreign exchange movements.
**HIGHLIGHTS**

**Revenue up**
Gross sales revenue of A$15 million; up 45% on preceding quarter, down 16% on the corresponding quarter last year partly due to natural field decline and partly due to adverse foreign exchange movements.

**Production unchanged**
Production of 4,535 BOEPD; essentially unchanged on the previous quarter, down 19% on the corresponding quarter last year. Year on year field production decline from 2002 to 2003 is running at 5%.

**Strong UK gas prices**
The average gas price for the Quarter was 24.4 pence per therm (A$6.4 MCF) up 54% on the average price received during the previous quarter and up 28% on the average price received during the corresponding quarter last year.

**Another Miocene channel sand discovery, offshore Mauritania**
The Chinguetti 4-6 (Tiof) exploration well discovered a new oil and gas field in Block 4, offshore Mauritania, when it drilled a 49.5m gross gas column and a 38.5m gross oil column in good quality Miocene channel sands, approximately 25 km north of the Chinguetti Oil Field.

**Successful appraisal, offshore Mauritania**
The Chinguetti 4-7 (Tiof West) step out exploration well, 8 km west of the Chinguetti 4-6 (Tiof) discovery well also in Block 4, successfully appraised part of the western portion of the Tiof Field when it drilled a gross gas column of 4 metres over-lying a gross oil column of 120 metres which, pressure data suggest, is in direct reservoir communication with the oil column intersected in the discovery well, Chinguetti 4-6 (Tiof).

**Discovery confirms new play 150 km north of Chinguetti**
The Pelican-1 rank wildcat exploration well in Block 7, approximately 150 km north of the Chinguetti Oil Field was plugged and suspended as a new gas discovery after drilling a number of gas bearing sands within a 300 metre gross interval, thereby opening up a new play in this large, previously undrilled, Block.

**Big flow from Chinguetti Oil Field**
The Chinguetti 4-5 combined appraisal development well within the Chinguetti Oil Field, offshore Mauritania, flowed at a maximum stabilised rate of 15,680 BOPD and 6.6 MMSCF/D as part of a six day production test which produced 77,000 barrels of oil.

**Cretaceous target at Pouné – dry**
The Chinguetti 5-1 (Pouné) exploration well in Block 5, approximately 48km north of the Chinguetti Oil Field, was plugged and abandoned as a dry hole after failing to encounter significant
ROC increased its interest in Chinguetti. ROC, together with its co-venturers, agreed to pre-empt, on a pro-rata basis, the proposed sale by Agip/ENI of its 35% interest in Production Sharing Contracts (“PSC”) A and B, offshore Mauritania, which contain the Chinguetti, Banda, Tiof and West Tiof oil and gas discoveries. As a result, ROC’s interest in PSC A will increase from 2.7% to 4.15% and in PSC B from 2.4% to 3.69% for a total cash consideration of approximately A$5 million which ROC will source from funds.

and elsewhere in Mauritania ROC also secured options to increase its interests in Blocks 7 and 8 offshore Mauritania from 2% to 5.5% and from 2% to 5.0%, respectively, essentially on a non-promote basis.

Cliff Head Oil Field declared commercial in-principle The Cliff Head Oil Field, offshore Perth Basin, Western Australia, was declared commercial in-principle and the Front End Engineering and Design Contract was awarded to Worley Engineering. In December 2004 the preliminary Field Development Plan and an Application for a location were submitted to the relevant Government authorities.

$1.2 million profit on North Sea asset sales ROC agreed to sell its interests in the undeveloped Ettrick Oil Field in the UK North Sea to Encana (UK) Limited for A$3.8 million and expects to record a profit after tax on the transaction of about A$1.2 million, subject to foreign exchange movements.

Approximately $0.8 million profit from sale of Mongolian rig ROC has received net sale proceeds of approximately A$0.8 million as a result of selling its drilling rig, previously located in Mongolia, to an associate of the Rumanian National Oil Company for use in Kazakhstan. The net sale proceeds will be recorded as a profit after tax for 2003.

During the month subsequent to Quarter-end the following significant events occurred:

Independent report confirms essentially unchanged original Saltfleetby Gas reserves An independent end-2003 reserve review of the Saltfleetby Gas Field indicates original proved and probably recoverable sales gas reserves of 90 BCF, up 1 BCF (1.1%) on the proven estimate for end-2002. It should be noted that this level of increase is well within the margin of industry error. After taking into account 49 BCF produced to end-2003 remaining recoverable 2P sales gas reserves at Saltfleetby are independently estimated to be 41 BCF, most of which will be produced during the next five to ten years.
Full, year on year, Saltfleetby gas production decline of about 5%

Gas production for calendar 2003 was 9.6 BCF, 0.5 BCF (5%) down on the previous year, largely due to natural field decline. Condensate production for calendar 2003 was essentially unchanged at 0.15 MMB.

Chinguetti declared commercial in principle

On 6 January the PSC B Joint Venture, Offshore Mauritania, announced that the Chinguetti Oil Field had been declared commercial in-principle with first oil expected to flow in late 2005/early 2006 at rates previously reported as likely to be in the order of 70,000 BOPD.

China drilling programme delayed

Due to the Nanhai IV drilling rig being delayed on its current operation for a third party, the start of ROC’s multi-well exploration and appraisal drilling programme offshore China has been unavoidably deferred until February 2004.

Sub-commercial oil at Old Hills-1

The Old Hills-1 exploration well, onshore UK, was plugged and abandoned as a sub-commercial oil discovery.

Two wells to be worked over at Saltfleetby Gas Field

Two wells in the Saltfleetby Field separately underperformed against production expectations due to suspected mechanical problems. A coiled tubing workover of the first well commenced on 28 January with the other workover planned for February.

New exploration permit in offshore Perth Basin

ROC exercised its option to acquire a 50% interest in, and operatorship of WA-349-P, Perth Basin, offshore Western Australia.

Tracer loan repaid in full

On 29 January, ROC received approximately A$0.4 million as a result of a previously announced loan to Tracer Petroleum being repaid in full.
ASX QUARTERLY REPORT – 31 DECEMBER 2003

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1. CEO’S REPORT

ROC is currently active in seven areas of interest: Australia; UK onshore; UK North Sea; Mauritania; Equatorial Guinea; Angola and China. All of these areas are recognised petroleum provinces. However, two of them, Mauritania and Perth Basin, offshore Western Australia, have only been recognised as such due to the drilling activity undertaken by ROC and its co-venturers during the last three years. Ironically, it is these two areas which demonstrated most progress during the Quarter with both the Chinguetti Oil Field, offshore Mauritania and the Cliff Head Oil Field in the offshore Perth Basin, being declared commercial in-principle and moving towards a final investment decision in 2Q04. Subject to those decisions, it is expected that these two oil fields will become increasingly important to ROC as the Saltfleetby Gas Field, onshore UK, heads towards a more mature status now that slightly more than half of its original recoverable proved and probable reserves have been produced during the last four years. If this portfolio re-weighting trend continues as anticipated during the next few years, the distribution of market-perceived value across ROC’s project spectrum will probably see ROC’s interests in the Saltfleetby Gas Field, net of the debt secured against that field, the Chinguetti Oil Field and the Cliff Head Oil Field become more aligned.

Much of ROC’s focus during the last few years has been on developing and producing the Saltfleetby Gas Field, while also exploring and appraising areas offshore Mauritania, Western Australia and China. This focus will be maintained in the future, but during 2004, it will be widened to include the development of ROC’s Australian and Mauritanian oil fields together with additional activity on other exploration fronts within existing core areas such as Equatorial Guinea and, hopefully, Angola.

The last time that ROC entered a new country was in February 2002 when it farmed-in to Block 22/12 in the Beibu Gulf, Offshore China, one month before the farm-in well made a small, but potentially commercial, oil discovery. Since that time ROC has undertaken about a dozen separate transactions, all of which have been designed to achieve one goal: the consolidation of ROC’s interest in its core areas. As a result of this strategy, ROC has become the most significant player in the offshore Perth Basin and has also increased its interests offshore Mauritania (albeit only from tiny to small) and onshore Angola. ROC would like to continue to build its equity position offshore Mauritania to an optimum level, which it currently believes is in the order of 5%, but it is not in any rush to achieve this next step. ROC would also consider entry into one or two other petroleum provinces if they were thought to fit with the Company’s value addition strategy.

ROC’s corporate patience has also been displayed with regard to rationalising its remaining North Sea assets, with the company adhering to its stated policy: these assets are peripheral to the Company’s long-term future but, they will only be sold at the right time and for the right price. That moment arrived for the Ettrick Field during the Quarter when ROC was able to record a profit after tax in the order of A$1.2 million on sale proceeds of A$3.8 million. ROC believes that the proposed change of ownership and operatorship announced with regard to the Blane Joint Venture in the UK North Sea increases the likelihood that the Blane Field will be a serious contender for further appraisal and, if warranted, development. In such circumstances, ROC does not anticipate further divestments of its North Sea assets in the immediate future unless the consideration offered is an appropriate reflection of the potential value which, as far as ROC is concerned, is now greater than it was six or more months ago.
2. STATISTICS

2.1 PRODUCTION

<table>
<thead>
<tr>
<th>OIL AND NGLS (BBL)</th>
<th>September ’03 Quarter</th>
<th>December ’03 Quarter</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK – Onshore Oil (Keddington)</td>
<td>4,153</td>
<td>5,320</td>
<td>28%</td>
</tr>
<tr>
<td>UK – Onshore NGL (Saltfleetby)</td>
<td>38,511</td>
<td>35,655</td>
<td>(7)%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GAS (MCF)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UK – Onshore (Saltfleetby)</td>
<td>2,239,930</td>
<td>2,257,662</td>
<td>1%</td>
</tr>
</tbody>
</table>

| TOTAL PRODUCTION (BOEPD)           | 4,522                 | 4,535                | -      |

The above production statistics do not include ROC’s 0.25% share, being 150 BBL, of oil production from an extended production test of the Jingemia Oil Field, located in EP413, onshore Perth Basin, Western Australia, because it is not yet regarded as representing long term commercial production.

2.2 SALES REVENUE (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>September ’03 Qtr $’000</th>
<th>December 03 Qtr $’000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Oil and NGLs</td>
<td>1,165</td>
<td>1,091</td>
<td>(6)%</td>
</tr>
<tr>
<td>UK Gas</td>
<td>9,181</td>
<td>13,958</td>
<td>52%</td>
</tr>
<tr>
<td>Australian Oil</td>
<td>5</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>10,351</td>
<td>15,054</td>
<td>45%</td>
</tr>
</tbody>
</table>

Sales revenue was up 45% from the previous quarter due to a significant increase in gas prices in the UK compared with seasonally low summer gas prices in the previous quarter.

2.3 EXPENDITURE (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>September ’03 Quarter $’000</th>
<th>December ’03 Quarter $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>1,415 *</td>
<td>4,103</td>
</tr>
<tr>
<td>UK</td>
<td>641</td>
<td>738</td>
</tr>
<tr>
<td>Other International</td>
<td>2,802 **</td>
<td>4,176</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>5,982</td>
<td>5,614</td>
</tr>
<tr>
<td>Other International</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10,840</td>
<td>14,631</td>
</tr>
</tbody>
</table>

* Note: On 4 July 2003, ROC completed the acquisition of an additional 7.5% interest in WA-286-P, which contains the Cliff Head Oil Field, from Arc Energy NL for a purchase price of $9.0 million. The cost of this purchase, plus $0.2 million transaction costs, has not been included in exploration expenditure.
**Note:** On 18 August 2003, ROC completed the acquisition of Baker Hughes NG Limited and its wholly owned subsidiary Lacula Oil Company Limited (“Lacula”), the sole asset of which was a 15% participating interest and 18.75% working interest in the Cabinda South Block, onshore Angola. The US$125,000 consideration paid is not included in exploration expenditure.

### 2.4 DRILLING

<table>
<thead>
<tr>
<th>Category</th>
<th>Well</th>
<th>% Interest</th>
<th>Location</th>
<th>Operator</th>
<th>Comment at End of Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development</td>
<td>Saltfleetby-7</td>
<td>100%</td>
<td>PEDL 005, onshore UK</td>
<td>ROC</td>
<td>During the quarter, two horizontal sidetracks were drilled in the Namurian section. The well was completed in the Namurian, but as commercial production could not be established, the well was plugged back and completed in the Westphalian. (see Section 4.1.1 for full details).</td>
</tr>
<tr>
<td>Appraisal/Development</td>
<td>Chinguetti 4-5</td>
<td>2.4% *</td>
<td>Area B, offshore Mauritania</td>
<td>Woodside Mauritania Pty Ltd</td>
<td>Production testing operations were conducted during the Quarter. The well flowed at a maximum stabilised rate of 15,680 BOPD (see Section 4.3 for full details).</td>
</tr>
<tr>
<td>Exploration</td>
<td>Chinguetti 4-6 (Tiof)</td>
<td>2.4% *</td>
<td>Area B, offshore Mauritania</td>
<td>Woodside Mauritania Pty Ltd</td>
<td>The well reached a Total Depth of 2870m, and encountered a 49.5m gross gas column overlying a 38.5m gross oil column, in good quality reservoirs. The well was plugged and abandoned in accordance with the pre-drill plan, as a new oil and gas discovery (see Section 5.3.1).</td>
</tr>
<tr>
<td>Exploration</td>
<td>Chinguetti 5-1 (Pouné)</td>
<td>2.4% *</td>
<td>Area B, offshore Mauritania</td>
<td>Woodside Mauritania Pty Ltd</td>
<td>The well was drilled to a Total Depth of 3285 mMDRT without encountering any significant hydrocarbons and was plugged and abandoned as a dry hole (see Section 5.3.1).</td>
</tr>
<tr>
<td>Exploration</td>
<td>Pelican-1</td>
<td>5.5%</td>
<td>Area D, offshore Mauritania</td>
<td>Dana Petroleum (E&amp;P) Ltd</td>
<td>The well, located 150km north of the Chinguetti Oil Field, drilled to a Total Depth of 3825 mMDRT. Preliminary interpretation indicates a gross 300m interval within which intermittent gas-bearing sands, some with oil shows, are developed. The well was plugged and suspended as a gas discovery (see Section 5.3.1).</td>
</tr>
</tbody>
</table>
2.4% *

Area B, offshore Mauritania

Woodside Mauritania Pty Ltd

The well, located 8km west of Tiof, was drilled to a Total Depth of 2991 mMDRT. Preliminary data indicate a gross 124m hydrocarbon column. The well was plugged and abandoned as planned (see Section 5.3.1).

2.5 SEISMIC

<table>
<thead>
<tr>
<th>Type</th>
<th>Location</th>
<th>Operator</th>
<th>% Interest</th>
<th>Size</th>
<th>Comment at End of Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 D</td>
<td>Areas A, B and C (Block 6), offshore Mauritania</td>
<td>Woodside Mauritania Pty Ltd</td>
<td>2.7% (Area A) * 2.4% (Area B) * 5.0% (Area C, Block 6)</td>
<td>3,406 km</td>
<td>Tichit survey completed 27 October 2003.</td>
</tr>
<tr>
<td>3 D</td>
<td>WA-286-P, Perth Basin</td>
<td>Roc Oil (WA) Pty Ltd</td>
<td>37.5%</td>
<td>30.4 km²</td>
<td>Cliff Head survey completed 1 November 2003.</td>
</tr>
<tr>
<td>2 D</td>
<td>WA-286-P &amp; TP/15 - Perth Basin</td>
<td>Roc Oil (WA) Pty Ltd</td>
<td>37.5%, 20.0%</td>
<td>729 km</td>
<td>Lilian survey completed 11 November 2003.</td>
</tr>
<tr>
<td>2 D</td>
<td>WA-325-P - Perth Basin</td>
<td>Roc Oil (WA) Pty Ltd</td>
<td>37.5%</td>
<td>825.5 km</td>
<td>MaryAnn survey completed 17 November 2003.</td>
</tr>
<tr>
<td>3 D</td>
<td>WA-325-P &amp; WA-327-P - Perth Basin</td>
<td>Roc Oil (WA) Pty Ltd</td>
<td>37.5%</td>
<td>657 km²</td>
<td>Vicki/Angela survey completed 31 December 2003.</td>
</tr>
</tbody>
</table>

* Note: Following completion of acquisition by ROC of its pro-rata share Agip’s ENI’s 35% interest in Area B, ROC’s interest will increase to 3.693% and in Area A, ROC’s interest will increase to 4.155%.

3. PRODUCTION

Production for the Quarter, which averaged 4,535 BOEPD, was from the Saltfleetby Gas Field and the Keddington Oil and Gas Field, both onshore UK.

3.1 GAS PRODUCTION

Total gas production for the Quarter from the Saltfleetby Gas Field was 2.3 BCF (24.5 MMSCF/D), up 1% on the previous quarter. Gas production for the Quarter was down 19% compared to the corresponding quarter in 2002. Year on year field decline between 2002 and 2003 was 5%. At end-2003 the independently estimated remaining proved and probable (2P) reserve figure for ROC’s 100% owned Saltfleetby Gas Field was approximately 41 BCF with the original 2P reserves of 90BCF being essentially unchanged from the previous year (see Section 8.1.1 below).

3.2 OIL AND CONDENSATE PRODUCTION

UK oil production for the Quarter was 5,320 BBL (58 BOPD), up 28% on the previous quarter and 33.8% up on the corresponding period last year.

Condensate production for the Quarter, all from the Saltfleetby Gas Field, was 35,655 BBL (388 BCPD), down 7% on the previous quarter and 19% down on the corresponding period last year, in line with the natural decline of the gas production.
3.3 SALES REVENUE

Quarterly sales revenue was A$15.1 million, up A$4.7 million (45%) on the previous quarter but down $2.9 million (16%) on the corresponding quarter in 2002.

The average sales gas price received during the Quarter was 24.4 pence per therm (approximately A$6.39 per MCF), up 54% on average sales gas prices received during the previous quarter and up 28% on the average sales gas price of 19.1 pence per therm received for the corresponding quarter in 2002. However, these stronger UK sterling prices have been offset by foreign exchange effects of a strengthening Australian dollar resulting in a net increase in realised prices of only approximately 8% in A$ terms from the corresponding quarter in 2002.

4. DEVELOPMENT

4.1. UK

4.1.1 Onshore

UK onshore development expenditure for the Quarter was A$5.6 million, the majority of which was spent on drilling the Saltfleetby-7 appraisal/development well.

After drilling through the main Westphalian gas reservoir, operations at the Saltfleetby-7 appraisal/development well were suspended for 11 days whilst an expandable liner was sourced so as to allow the well to continue to its secondary objective, the potential gas reservoir in the Namurian. Operations re-commenced on 4th October 2003 and the main Westphalian gas reservoir was subsequently secured behind the liner. The well was drilled into the deeper Namurian, and logging confirmed the presence of 100 metres of net gas pay in the Namurian sands which appeared to be of reasonable reservoir quality down to 2338 mTVDSS; the same depth as the Gas-Water Contact (“GWC”) encountered in the Westphalian reservoir at Saltfleetby-6, 2.5 kilometres to the south. On this basis the GWC is now interpreted to be at the same level across the entire field.

The well was then plugged back, and a horizontal sidetrack was drilled in the Namurian to a total depth of 3164 mBRT, without encountering the hydrocarbon column indicated by the original hole. Therefore the well was plugged back and a second sidetrack was drilled in the Namurian to a total depth of 3205 mBRT, encountering Namurian sands with reasonable gas shows. The well was completed for extended production testing of the Namurian, but contrary to expectations, the reservoir performed as if it was unusually tight and commercial production could not be established.

The Namurian section was plugged back, and the well was completed as a high angle producer in the main Westphalian gas reservoir with a view to accelerating field production. When the well was subjected to initial testing on 23 December 2003. The initial flow rate was in the order of 2 to 3 MMSCF/D and cleaning up. Pressure data confirms good communication with the field’s main gas pool. However, following hook up of the well to field production facilities, the well produced at a very low rate (see Section 8.1.1 below).

Following Saltfleetby-7 operations, the ROC-owned drilling rig moved to the Old Hills-1 exploration well site. (see Sections 5.2.1 and 8.1.2 below).
4.1.2 North Sea

UK offshore development expenditure for the Quarter was A$0.1 million, primarily associated with administration of the Blane, Enoch and J-1 Fields.

Information on a proposed change of ownership and operatorship of Licence P.111 (upper Block 30/3a), which contains the UK portion of the Blane Oil Field in which ROC has a 15.2446% interest became public after the Quarter (see Section 8.2 below).

4.2 AUSTRALIA

4.2.1 Cliff Head Oil Field (ROC: 37.5% & Operator)

On 16 October 2003 it was announced that the Joint Venture had unanimously agreed that it considered the Cliff Head Oil Field to be commercially viable. Consequently, Front End Engineering and Design (“FEED”) commenced immediately following a competitive tender and subsequent award of the FEED contract to Worley Engineering in October 2003.

The decision to proceed with FEED is based on a proved and probable reserve estimate for the Cliff Head Oil Field of 21 MMBO recoverable. The provisional estimate for capital expenditure associated with the development of the Cliff Head Oil Field is in the order of A$140 million, although the Joint Venture would emphasise that this figure is going to be defined much more precisely through the FEED process. Subject to satisfactory completion of FEED and receipt of regulatory and Joint Venture approvals, it is anticipated that a Final Investment Decision for the project will be made during 2Q04 and that first oil will be produced from Cliff Head towards the end of 2005. In conjunction with the commencement of FEED, ROC established an operating office in Perth and Mr Kevin English, ROC’s Project Manager for Cliff Head, relocated to Perth to manage the implementation of the Project.

On 18 December 2003, a preliminary Field Development Plan was presented to the Western Australian Department of Industry and Resources. An Application for the declaration of a location over the field was submitted on 19 December 2003.

To support development planning, in particular optimisation of development well design, the Pacific Sword acquired a 30 sq km 3D seismic survey over the Cliff Head Oil Field from 23 October 2003 to 1 November, 2003. The processed Cliff Head 3-D data was received in late December 2003 and a preliminary review suggests a substantial improvement in data quality compared to the pre-existing 2-D seismic.

4.2.2 Jingemia Oil Field, EP-413, Perth Basin, Onshore Western Australia (ROC: 0.25%)

Activity for the Quarter focussed on extended production testing on Jingemia-1 which was underway at the end of the Quarter, supported by water injection in the Jingemia-3 well bore.

4.3 MAURITANIA

4.3.1 Chinguetti Oil & Gas Field (ROC: 3.693%)

On 28 October 2004 it was announced that the Chinguetti 4-5 appraisal/development well, in Block 4 of PSC Area B, was flow tested over a main flow period of

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1 Subject to completion of acquisition by ROC of its pro-rata share of Agip/ENI’s 35% interest in Area B.
approximately 6 days during which 77,000 barrels of oil were produced. The well tested at flow rates up to a maximum stabilised flow rate of 15,680 BOPD plus 6.6 MMSCF/D constrained by 112/64 inch choke. The well was suspended as a potential future oil producer.

5. EXPLORATION AND APPRAISAL

5.1 AUSTRALIA

Australian exploration expenditure for the Quarter was A$4.1 million, all of which related to ROC’s activities in the Perth Basin, Western Australia, including work on the Cliff Head Oil Field.

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

The Pacific Sword acquired the combined WA-286-P and TP/15 Lilian 2-D seismic survey in November 2003, with 644 kilometres acquired in WA-286-P (of a total 729 kilometres). Interpretation of this seismic data and the aeromagnetic data acquired in the previous quarter continued in the Quarter.

5.1.2 TP/15, Perth Basin, Offshore Western Australia (ROC: 20% & Operator)

The TP/15 portion of the Lilian 2-D seismic survey consists of 85 kilometres (of a total 729 kilometres acquired in conjunction with WA-286-P). Preliminary review of data suggests that the quality is good. Interpretation of this seismic data and the aeromagnetic data acquired in the previous quarter continued in the Quarter.

5.1.3 WA-325-P & WA-327-P, Perth Basin, Offshore Western Australia (ROC: 37.5% & Operator)

After the seismic acquisition in TP/15, the Pacific Sword acquired the MaryAnn 2-D seismic survey in WA-325-P, from 11 to 17 November 2003. A total of 825.5 kilometres was acquired.

The Nordic Explorer acquired the combined WA-325-P and WA-327-P Vicki/Angela 3-D seismic survey from 25 November 2003 to 31 December 2003. A total of 657 square kilometres was acquired.

The WA-325-P East Abrolhos Aeromagnetic Survey was completed on 7 October 2003. A total of 31,325 line kilometres were recorded (including 3,144 kilometres in the adjacent W03-14 gazettal block, now designated WA-349-P), covering an area of 3,520 square kilometres (including 352 square kilometres in W03-14).

Processing and interpretation of the newly acquired geophysical data were in progress at Quarter-end.

5.1.4 EP 413, Perth Basin, Onshore Western Australia (ROC: 0.25%)

Activity focussed on Jingemia field development (refer to Section 4.2.2).

5.2 UK

UK exploration expenditure for the Quarter totalled A$0.7 million, the majority of which was spent on evaluation work to mature prospects to drillable status for the 2004 drilling programme.
5.2.1 Onshore (ROC: 100% & Operator)
Planning for the drilling of up to three exploration wells during 2004 continued during the Quarter. The first of these wells, Old Hills-1 was drilled during January 2004 (see Section 8.1.2 below).

- South Humber Basin
  On 20 October 2003, Lincolnshire County Council approved a Planning Application for an exploration well to be drilled on the Biscathorpe Prospect.

- North Humber
  Evaluation of this area continued during the Quarter.

- Widmerpool Gulf
  Preparations continued for the drilling of an exploration well at the Old Hills location (see Section 8.1.2 below).

- Cleveland Basin
  Evaluation of this area continued during the Quarter and a Planning Application to drill an exploration well on the Willows Prospect was submitted.

- Northumberland
  Planning for a well on the Errington Prospect continued. Planning Authority approval has already been obtained for the well.

5.3 WEST AFRICA
During the Quarter, ROC’s total expenditure on West African projects totalled A$3.7 million, primarily associated with the 2003 drilling programme offshore Mauritania, pre-drill technical studies in Equatorial Guinea and preparations for the start of on-the-ground work onshore Angola.

5.3.1 Mauritania (ROC: 2.0 - 5.5%\(^2\))

- Block 7 (ROC 5.5%)
  The Pelican-1 well in Block 7 commenced drilling on 30 November 2003, in 1679 metres of water, 150 km north of the Chinguetti Oil Field. Based on preliminary interpretation of wire line logs and pressure gradient data, Pelican-1 drilled a gross interval of approximately 300 metres through which a number of gas-filled Palaeocene sands, some with good oil shows, were intermittently developed. Individual sands were generally thin with variable reservoir characteristics but, occasionally, they were in the range of 5 to 10 metres thick with excellent reservoir quality. The well, drilled to a Total Depth of 3,825 mMBRT at the high point of a large structure, was plugged and suspended as a gas discovery. The timing and nature of any appraisal work will be dependent upon a comprehensive analysis of the information obtained from the well. Because of its relative isolation, the well will be a key data point for the region. More specifically, it will provide very valuable insights into the prospectivity of Block 7 since it is the first well to be drilled in this 13,469 sq km/3.3 million acre area.

\(^2\) Subject to completion of acquisition by ROC of its pro-rata share of Agip/ENI’s 35% interest in Area B.
• **Block 4 PSC B (ROC: 3.693%)**

The Chinguetti-4-6 (Tiof) exploration well started drilling on 28 October 2003 in approximately 1,078 metres of water, approximately 25 km north of the Chinguetti Oil Field. The well encountered a gross gas column of 49.5 metres overlying a gross oil column of 38.5 metres with good quality reservoirs. The well was plugged and abandoned (as planned) on 15 November 2003 as a new oil and gas discovery.

The Chinguetti-4-7 (Tiof West) step out exploration well started drilling on 9 December in 1,315 metres water depth at a location 8 km west of the original Chinguetti-4-6 (Tiof) oil discovery. The well encountered a gross gas column of approximately 4 metres overlying a gross oil column of approximately 120 metres with water bearing sands being confirmed below the hydrocarbon bearing interval. The top of the hydrocarbon bearing interval in the well was intersected down dip from the hydrocarbon bearing interval in the Chinguetti-4-6 (Tiof) discovery well. Preliminary analysis of the Chinguetti-4-7 (Tiof West) pressure data suggest that the oil column in the well is in direct pressure communication with the oil column intersected in the discovery well.

• **Block 5 PSC B (ROC: 3.693%)**

The Chinguetti-5-1 (Pouné) exploration well commenced drilling on 16 November 2003 in 920 metres of water, approximately 48 km north of the Chinguetti Oil Field. The well was plugged and abandoned as a dry hole on 7 December 2003 after reaching a Total Depth of 3,285mMDRT without encountering significant hydrocarbons. The well was drilled primarily as a test of the potential of the Cretaceous section and, as such, the play concept was quite distinct from the Miocene channel sand play concept, which has provided a 100% success record within the area with all four wells drilled to test it encountering significant hydrocarbons: Chinguetti, Banda, Tiof and Tiof West.

The 3406 km Tichit 2-D Seismic survey was acquired in PSCs A, B and C in October 2003.

### 5.3.2 Equatorial Guinea (ROC: 35% & Technical Manager)

During October 2003, the United States of America and the European Union re-opened their respective embassies in Equatorial Guinea. These developments have been reported as reflecting the increasing importance of Equatorial Guinea’s oil and gas potential to those countries and also the increasing numbers of US and European oil workers living in that country.

Continuing analysis of the various potential locations for the mid-2004 exploration well to be drilled by ROC in the H Blocks is expected to result in a final decision with regard to the preferred location during 1Q04. In preparation for this deep water well, various discussions were held with relevant drilling contractors and drilling rig operators.

### 5.3.3 Angola (ROC: 60% & Operator)

The review of the technical data base of the Cabinda South Block continued as part of the pre-planning for the commencement of operations on the ground which, hopefully, will be initiated during mid-2004.

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3 Subject to completion of acquisition by ROC of its pro-rata share of Agip/ENI’s 35% interest in Area B.

4 Subject to completion of acquisition by ROC of its pro-rata share of Agip/ENI’s 35% interest in Area B.
5.4 CHINA (ROC: 40% & Operator)

ROCs net exploration expenditure in China totalled A$0.5 million for the Quarter.

On 25 November 2003, ROC announced that its wholly owned subsidiary, Roc Oil (China) Company, Operator for and on behalf of the Block 22/12 Joint Venture had contracted the jack up drilling rig Nanhai IV to undertake a 1Q04 exploration and appraisal drilling programme consisting of two firm wells with an option to drill up to an additional three wells. Contracting for various services relating to this drilling programme continued during the Quarter. The two firm wells are; the 12-7-1 exploration well on the 12-7 Prospect, 7 km west of the 12-8 oil discovery and the 12-8-3 appraisal well which will be drilled within that field. In conjunction with the drilling a 3-D VSP seismic survey is planned to be undertaken.

During the Quarter, work also continued on the evaluation of development concepts for the 12-8 Oil Field, ahead of the appraisal drilling planned for 1Q04.

6. ASSET ACQUISITIONS & DIVESTMENTS

6.1 AUSTRALIA

6.1.1 WA-226-P (ROC: 7.5%5)

Activity focussed on evaluating the Macallan 3-D seismic data received by ROC on 9 December 2003 with a view to making a decision on ROCs option to acquire a 7.5% interest.

6.1.2 WA-349-P (ROC: 50% & Operator)

On 18 December 2003 it was announced that ROC intended to exercise an option to acquire 50% interest in and operatorship of an exploration permit in the offshore Perth Basin which was awarded to Voyager PB Limited on 6 January 2004 (see Section 8.3 below). The balance of the permit interest will be held by Voyager PB Limited, the provider of the option to ROC. The 724 sq km area, offshore Geraldton, covers a portion of the geological trend which, to the south, includes the Cliff Head Oil Field. The area is contiguous with three licences in which ROC and Voyager already hold interest, all of which are operated by ROC.

6.2 UK NORTH SEA

6.2.1 Ettrick Oil Field (ROC: 6.39% - 12.41%)

During the Quarter, ROC reached agreement to sell its entire interest in Licences P.272, P.273 and P.317, which contain the undeveloped Ettrick Field and the dry Squirrel exploration well drilled in March 2003, to EnCan (U.K.) Limited, subject to receipt of necessary consents and approvals. The transaction is expected to be completed during February 2004 and, subject to prevailing foreign exchange rates, ROC expects to record a profit of approximately A$1.2 million on sale proceeds of A$3.8 million, subject to foreign exchange movements.

6.3 MAURITANIA

6.3.1 Block 7 (ROC: 5.5%)

Prior to the drilling of the Pelican well, ROC acquired an option to increase its interest in Block 7 (Production Sharing Contract D) from 2% to 5.5%, essentially on an

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5 Subject to exercising option.
unpromoted basis and ROC exercised that option in January 2004 (see Section 8.4 below).

6.3.2 Block 8 (ROC: 5.0%\(^6\))

ROC acquired an option to increase its interest in Block 8 (Production Sharing Contract D) from 2% to 5.0%.

6.4 MONGOLIAN RIG SALE

ROC has received net sales proceeds of approximately A$0.8 million as a result of selling its drilling rig, previously located in Mongolia, to an associate of the Romanian National Oil Company, for use in Kazakhstan. The sale price will be recorded as an after tax 2003 profit.

7. CORPORATE

7.1 GAS PRICE HEDGING

During the previous Quarter, ROC put in place gas price hedging for 2004 comprising:

<table>
<thead>
<tr>
<th>Period</th>
<th>Volume (Therms/day)</th>
<th>Price (Pence/Therm)</th>
<th>(A$/MCF) - approximate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2004</td>
<td>50,000</td>
<td>27.35</td>
<td>7.20</td>
</tr>
</tbody>
</table>

7.2 APPOINTMENT OF NEW GENERAL COUNSEL AND COMPANY SECRETARY

Ms Sheree Ford, formerly Senior Counsel with BHP Billiton Petroleum, has been appointed as ROC’s new General Counsel and Company Secretary, effective 10 November 2003.

7.3 ISSUE OF SHARES

The substantial oil flow from the production test of the Chinguetti-4-5 combined appraisal and development well (see Section 4.3) triggered the obligation, dating back to April 2000, for ROC to make a one time payment to the former shareholders of Elixir Corporation Pty Ltd (“Elixir”), as disclosed by ROC in its ASX release dated 14th April 2000. The bonus payment consisted of US$1.015 million cash and the issue of 1,363,383 ROC shares.

Accordingly, on 31st October 2003, ROC issued 1,363,383 ordinary shares at a price of $1.44 per share, being the weighted average of the ROC share price 30 days before the date ROC exercised the option to acquire shares of Elixir, being 29 May 2003.

7.4 WEBSITE

During the Quarter, ROC’s website (www.rocoil.com.au) received approximately 20,289 visits (where a visit is an occasion when one or more of the website pages have been opened).

\(^6\) Subject to exercising option to acquire a further 3% interest from Dana.
8. POST-QUARTER EVENTS

Subsequent to 31 December 2003, the following post-Quarter events occurred.

8.1 ONSHORE UK

8.1.1 Saltfleetby Gas Field

UK-based independent engineering company HRDS completed its end-2003 review of gas and condensate reserves for ROC’s 100% owned and operated Saltfleetby Gas Field in late January 2004. According to that review:

- **Original Proved and Probable (2P) recoverable sales gas reserves** are 90 BCF, up 1 BCF (1.1%) from 89 BCF at end-2002.

- After taking into account 49 BCF produced to end-2003, **remaining 2P recoverable sales gas reserves** are estimated to be 41 BCF, most of which will be produced during the next five to ten years.

- **Original 2P recoverable condensate reserves** estimate is 1.26 MMB, also up slightly from end-2002.

- After taking into account production to end-2003, **remaining 2P recoverable condensate reserves** are estimated to be 0.42 MMB.

Gas production for calendar 2003 was 9.6 BCF, 0.5 BCF (5%) down on the previous year, largely due to natural field decline. Condensate production for calendar 2003 was 0.15 MMB, unchanged from the previous year.

The Saltfleetby-7 well was brought on stream during January but unexpectedly produced only at a very low rate due to suspected mechanical problems. An investigation into improving performance has begun with the expectation that the well will be worked over in February.

Also, within the Saltfleetby Field, the Saltfleetby-5 well experienced a mechanical problem which was believed to be related to the failure of a plug in the well that was set in August 2002 to isolate the underlying water zone from the gas zone. On 28 January a coiled tubing unit commenced a workover of Saltfleetby-5 and confirmed the mechanical nature of the problem: the dowhole plugs which had been placed in the well in August 2002, to isolate the main gas reservoir from the underlying water bearing section, had dislodged thereby allowing water to come up the cased hole. ROC intends to mobilise Explorer Rig to complete the workover during February 2004.

8.1.2 Old Hills-1

The onshore UK exploration drilling programme commenced on 7 January 2004, with the Old Hills-1 well in PEDL 003, located 30km southeast of Nottingham in the English Midlands. Good oil shows were observed in the main target horizon, the Chatsworth Grit, but not in secondary targets. The well reached Total Depth of 1315 metres on 24 January 2004.

Electric logs and RFT pressure tests were run to confirm reservoir characteristics. The logs confirmed the presence of a 2 to 3 metre column of producible oil, but this did not meet the commercial threshold. Consequently, the well was plugged and abandoned as a sub-commercial oil discovery.
8.2 UK NORTH SEA

In January 2004 Paladin Resources plc (“Paladin”) announced its proposed purchase of Shell/Enterprise’s 30.5% interest in Licence P.111 (upper Block 30/3a). It is expected that Paladin will also take over operatorship of the Licence. Paladin has indicated that it wishes to review various strategies with regard to appraising and, if warranted, developing the Blane field, which lies mainly in this Licence, although it does straddle the median line between the UK and Norway. The key aspect of this change of ownership is that Paladin also owns 65% of that portion of Blane within Norwegian waters and operates that portion of the field.

8.3 AUSTRALIA

The offshore Perth Basin permit WA-349-P (Gazettal Block WO3-14) was awarded on 6 January 2004. ROC is Operator and holds a 50% equity, with Voyager PB Limited holding the remaining 50%.

8.4 MAURITANIA

On 6 January 2004, the PSC B Joint Venture, Offshore Mauritania announced that the Chinguetti Oil Field had been declared commercial in-principle with first oil expected to flow in late 2005/early 2006 at rates previously reported as likely to be in the order of 70,000 BOPD.

On 28 January 2004, a Sale and Purchase Agreement was signed by all the non-Agil/ENI co-venturers in Production Sharing Contracts A and B, offshore Mauritania. This is the agreement by which each of the ongoing co-venturers will acquire their pro-rata share of Agil/ENI’s 35% interest. As a result, ROC’s interest in PSC Area A and PSC Area B will increase from 2.7% to 4.155% and from 2.4% to 3.693% respectively for a total cash consideration of approximately A$5 million net to ROC.

On 19 January 2004 ROC exercised an option to increase its interest in Block 7 (Production Sharing Contract D) from 2% to 5.5% on an essentially non-promoted basis.

8.5 CHINA

In mid-January 2004, ROC was advised by the current operator of the Nanhai IV drilling rig that the rig is not expected to be released from its current operations prior to end January, 2004. Therefore, for reasons well beyond the control of ROC and its co-venturers, the start of the Block 22/12 drilling programme (consisting of two firm and three contingent wells) has been delayed until February 2004.

8.6 TRACER LOAN

ROC received A$0.4 million in relation to repayment of a loan made by the company to Tracer Petroleum Corporation (now Forum Energy) pursuant to a Convertible Loan Agreement entered into in May 2001 as detailed in ROC’s announcement to ASX on 25 May 2001. The amount will be recorded as a profit after tax for 2003.
FURTHER INFORMATION

For further information please contact ROC's Chief Executive Officer, Dr John Doran on:

Phone:  (02) 8356 2000
Facsimile:  (02) 9380 2066
e-mail:  jdoran@rocoil.com.au
Address:  Level 16, 100 William Street, Sydney, NSW 2011, Australia.
Web Site:  www.rocoil.com.au

Definitions:

“BBL”  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
“GWC”  means gas-water contact
“MCF”  means thousand cubic feet
“mBRT”  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
“OWC”  means oil-water contact
“PEDL”  means Petroleum Exploration Development Licence
“Quarter”  means the period 1 October 2003 to 31 December 2003
“ROC”  means Roc Oil Company Limited and includes, where the context requires, its subsidiaries
“SCF”  means standard cubic feet
“TCF”  means trillion cubic feet