

ROC OIL COMPANY LIMITED
(ABN 32 075 965 856)



REPORT TO SHAREHOLDERS
Activities for the Quarter Ended 31 December 2005

CEO COMMENT

The Quarter and subsequent month were characterised by two main events. ROC's four field development projects adhered to schedule and the Company repositioned itself within the UK and Australian investment communities through a very successful share placement driven by a greatly accelerated exploration programme, onshore Angola.

KEY POINTS

DEVELOPMENT

- The Cliff Head Oil Field Development, offshore Western Australia, remained on schedule for first production during 1Q 2006. The overall budget increased to \$265 million due to an additional well being drilled to access approximately one million barrels of additional reserves, and increases in costs caused by operational and weather delays, mechanical revisions and rising industry costs of materials and services.
- The Chinguetti Oil and Gas Field Development, offshore Mauritania, remained on schedule for first production during 1Q 2006 and on revised budget.
- The Blane Oil Field and the Enoch Oil and Gas Field, both in the North Sea, remain on schedule for first production during 4Q 2006.

EXPLORATION & APPRAISAL

- A total of five exploration wells (four offshore Mauritania and one offshore Perth Basin) were drilled in the Quarter, with two wells finding hydrocarbons in the Cretaceous exploration targets, offshore Mauritania. The Tevét-2 ST1 exploration well, intersected a gross hydrocarbon-bearing interval of 15m and a gross oil column of 6m while the Faucon-1 exploration well found oil and/or gas condensate in the Cretaceous, in a previously undrilled area, 140km south of the Chinguetti Field.
- The 3D and 2D seismic surveys in the Cabinda South Block, onshore Angola, were completed. Interpretation of the data is expected to be finalised within the first few months of 2006. The results to date are encouraging and the first well is anticipated to begin drilling in September 2006.

FINANCIAL

- At Quarter end ROC had approximately \$66 million in cash and no debt.

POST QUARTER

- In January 2006, ROC completed a placement to UK based institutional investors of 28 million fully paid ordinary shares (14.9% of the Company's then issued share capital) at a price of \$2.71/£1.15, which raised \$75.9 million/£32.2 million before expenses. The placement funds will be used to accelerate ROC's exploration programme in the Cabinda South Block, onshore Angola. The placement has also established a more liquid market for ROC's shares in London. As at 31 January 2006, post receipt of the placement funds, ROC had approximately \$130 million in cash and no debt.
- ROC executed an agreement with TAG Oil (NZ) Ltd ("TAG") to divest its interest in PEP 38767, in the onshore Taranaki Basin, New Zealand in return for a 2% overriding royalty, subject to Government approval. TAG will assume the current obligation to drill a well.

1. PRODUCTION

OIL (BBL)	December '05 Quarter	September '05 Quarter	Change %
UK – Onshore Oil (Keddington)	2,738	3,132	-13%
Australia – Onshore Oil (Jingemia)	887	63	1308%
TOTAL PRODUCTION	3,625	3,195	13%

2. SALES REVENUE

(Unaudited)	December '05 Quarter \$'000	September '05 Quarter \$'000	Change %
UK Oil Sales	155	221	-30%
Australia Oil Sales	69	8	763%
TOTAL SALES REVENUE	224	229	-2%

3. EXPENDITURE

	December '05 Quarter \$'000	September '05 Quarter \$'000	Change %
Exploration			
Australia	4,812	251	1817%
New Zealand	63	125	-50%
UK	1,139	708	61%
Mauritania	2,683	3,518	-24%
Angola	5,085	5,229	-3%
Equatorial Guinea	68	186	-63%
China	1,901	350	443%
Other	379	194	95%
Total Exploration	16,130	10,561	53%
Development			
Australia – Cliff Head	28,911	24,218	19%
Mauritania – Chinguetti	2,766	6,440	-57%
UK/Norway – Blane & Enoch	8,595	2,304	273%
Total Development	40,272	32,962	22%
TOTAL EXPLORATION & DEVELOPMENT	56,402	43,523	30%

4. DRILLING

Cliff Head development drilling commenced in late December 2005. Well completion activity concluded at the Chinguetti Development. Exploration and appraisal drilling activity for the Quarter is summarised below:

Category	Well % Interest	Location	Operator	Comment
Exploration	Tevét-2 ST1, 3.693%	PSC Area B, Offshore Mauritania	Woodside Mauritania Pty Ltd	The well intersected a gross oil column of approximately 6m in the Cretaceous exploration objective and was plugged and abandoned.
Exploration	Flying Foam-1, 37.5%	WA-327-P, Australia	Roc Oil (WA) Pty Ltd	The well encountered oil shows in tight sands over a gross 45m interval and was plugged and abandoned.

Category	Well % Interest	Location	Operator	Comment
Exploration	Labeidna-1, 3.693%	PSC Area B, Offshore Mauritania	Woodside Mauritania Pty Ltd	The well intersected a gross oil bearing interval of 116m comprising an interbedded series of thin but high quality sands and claystones.
Exploration	Faucon-1, 2.0%	PSC Area D, Block 1, Offshore Mauritania	Dana Petroleum (E&P) Ltd	The well intersected 4m thick gas-bearing sandstone approximately 150m above a 40m thick sandstone. The lower sandstone has a 10m interval at the top, which appears to contain light oil or liquids-rich gas-condensate.
Exploration	Zoulé-1, 5.0%	PSC Area C, Block 6, Offshore Mauritania	Woodside Mauritania Pty Ltd	Subsequent to the Quarter the well was plugged and abandoned with no significant hydrocarbons found.

(See also Section 9: Post Quarter Events)

5. SEISMIC

Type	% Interest	Location	Operator	Size	Comment
2D	60 Working interest	Onshore Cabinda South Block Angola	Roc Oil (Cabinda) Company	505km	Completed
3D	60 Working interest	Onshore Cabinda South Block Angola	Roc Oil (Cabinda) Company	162sqkm	Completed

6. DEVELOPMENT

6.1 AUSTRALIA

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

The Project remains on schedule for first oil production during 1Q 2006. The Joint Venture announced that it had expanded the scope of the project to include drilling an additional well at a cost of approximately \$12.5 million (ROC: \$4.7 million), to access and produce an additional one million barrels of oil which took the budget to \$240 million. In January 2006, the Joint Venture announced that the total project costs had increased to \$265 million. (See also Section 9: Post Quarter Events)

During the Quarter the Project achieved the following milestones:

- Production licence WA-31-L was granted over the field on 27 October 2005.
- The jacket for Cliff Head "A" platform was installed in late December 2005.
- Construction and pre-commissioning of the topsides for the Cliff Head "A" platform was successfully completed in Malaysia. Sail-away occurred early January and the topside currently in Geraldton Harbour is awaiting installation at Cliff Head.
- The Ensco-67 drilling rig commenced batch development drilling of the 12 ¼ inch hole sections of the five new production and two water injection wells. Drilling and completion activity is expected to finish in early April 2006.
- Construction of the onshore Arrowsmith Production Facility reached 85% complete and commissioning work commenced.
- The Cliff Head oil sales contract was executed between BP and all the parties to the Joint Venture under which all of the crude oil production for the life of the field will be sold into BP's Kwinana Refinery.

6.2 WEST AFRICA

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

The Project continues on schedule for first oil in late February 2006 and on revised budget. The 'Berge Helene' FPSO arrived at the field from Singapore and installation of subsea production facilities commenced. During January 2006, production flowlines were loaded out and installation has commenced.

6.3 NORTH SEA

Blane Oil Field (ROC: 12.5%)

The target first oil date remains on schedule for 4Q 2006, under the new operator, Talisman Expro Limited ("Talisman"). The drilling rig, Global Santa Fe's *Glomar Arctic II* is expected to commence drilling operations during March 2006.

Enoch Oil and Gas Field (ROC: 12.0%)

First oil production remains on schedule for 4Q 2006, under the new operator, Talisman, with development drilling planned to commence mid-2006.

6.4 CHINA

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

Negotiations continued with the relevant government authorities regarding the possible commercial development of the Wei 12-8 West Oil Field. There is no guarantee of a positive outcome.

7. EXPLORATION AND APPRAISAL

7.1 AUSTRALIA

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

The Flying Foam-1 exploration well in WA-327-P was drilled in November 2005. The well encountered oil shows in tight sands over a gross 45m interval and was plugged and abandoned.

Planning is in progress for a multi-well exploration drilling programme, utilising the *Ensco 67* jack-up drilling rig, which is scheduled to commence in April 2006, following completion of the Cliff Head development drilling.

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

Planning continued for the Jacala-1 exploration well which is scheduled to be drilled by the operator, BHP Billiton, in February 2006.

7.2 WEST AFRICA

Offshore Mauritania (ROC: 2.0 – 5.0%)

Exploration drilling in the Woodside-operated and Dana-operated areas continued utilising the *Stena Tay* drilling vessel:

- After *Tevét -2* confirmed gas and oil columns in the Miocene, *Tevét-2 ST1* (PSC Area B ROC: 3.693%) was drilled through the Cretaceous exploration target, intersecting a gross reservoir-bearing interval of 15m and a gross oil column of 6m. While this hydrocarbon column is small and may not prove to be material, the result is encouraging for future Cretaceous exploration targets. The well was plugged and abandoned as planned.
- *Labeidna-1* (PSC Area B ROC: 3.693%) was drilled in November and targeted Miocene channel sands. The well intersected a gross oil-bearing interval of 116m, comprising an interbedded series of claystones and thin but high quality sands. The well was plugged and abandoned as a sub-commercial discovery.
- *Faucon-1* (PSC Area D, Block 1 ROC: 2.0%) was drilled in November-December, approximately 140 km south of the Chinguetti Field. Hydrocarbon-bearing sandstones were encountered within the main Cretaceous target zone. An upper 4m thick sandstone is gas-bearing. A lower 40m thick sandstone has a 10m interval at the top which appears to contain light oil or liquids-rich gas-condensate. Fluid sample analyses are underway to determine

composition of the hydrocarbon fluid. The well was plugged and abandoned as a regionally significant, but sub-commercial discovery.

- *Zoulé-1* (PSC Area C, Block 6 ROC: 5.0%) commenced drilling in December. (See also *Section 9: Post Quarter Events*)

During the Quarter, evaluation work by the Operator, Woodside, continued on the geologically complex Tiof Oil Field.

Equatorial Guinea (ROC: 18.75% & Technical Manager)

Activity focussed on discussions with potential rig contractors regarding drilling the Aleta Cretaceous channel sand prospect in 2006.

Angola (ROC: 60% & Operator)

The 2005 seismic acquisition program was completed in November 2005. A total of 162sqkm 3D and 505km 2D data were acquired. Initial interpretation of the results is encouraging. An aeromagnetic survey is planned for early 2006, ahead of further seismic acquisition. Prospect evaluation of the 2005 seismic is in progress, with exploration drilling planned for September 2006, subject to rig availability.

7.3 UK ONSHORE (ROC: 100% & Operator)

Preparatory work continued for the drilling of the Willows-1 exploration well in PEDL030 scheduled for March 2006.

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

Exploration activity focussed on planning for the drilling of the Wei 6-12 South exploration well scheduled for March 2006.

8. CORPORATE

8.1 US\$60 million Loan Facility and US\$30 million Bridging Loan Facility

ROC progressed a \$80 million/US\$60 million Borrowing Base Loan Facility to be applied to the funding of its 2006 development activities, in particular the Cliff Head Oil Field and Chinguetti Oil and Gas Field Projects. In addition, a \$40 million/US\$30 million Bridging Loan Facility is also being finalised to provide flexibility of funding options during 2006, prior to the Borrowing Base Loan Facility being available for drawdown.

8.2 Ardmore

The Administrative Receiver of Acorn North Sea Limited (In Receivership), appointed by ROC, has recovered approximately \$3 million of the total \$11 million lent by ROC in early 2005. ROC does not expect any further material amounts to be recovered.

9. POST QUARTER EVENTS

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) at a price of \$2.71/£1.15 per share to raise \$75.9 million/£32.2 million before expenses. The funds will be used to accelerate ROC's exploration programme in the Cabinda South Block, onshore Angola. The Placement, which was over-subscribed, will also establish a more liquid market for ROC's shares in London.

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

In January 2006, the Cliff Head Joint Venture announced an increase in overall project costs of approximately \$25 million (ca 10%) bringing the total project cost to \$265 million (net ROC: \$99 million), as a result of weather, operational and equipment delays, mechanical revisions and rising industry costs of materials and services.

9.3 PEP 38767, Taranaki Basin, New Zealand (ROC: 40% & Operator)

ROC executed an agreement with TAG for the divestment of its interests in return for a 2% overriding royalty, subject to Government approval. TAG will assume the current obligation to drill a well.

9.4 Zoulé-1 exploration well, PSC Area C, Block 6, Offshore Mauritania (ROC: 5.0%)

The well was drilled to total depth without encountering significant hydrocarbons and was plugged and abandoned.

9.5 Doré-1 exploration well, PSC Area B, Offshore Mauritania (ROC: 3.693%)

The well was plugged and abandoned at a total depth of 2,266m without encountering significant hydrocarbons.

9.6 Offshore Mauritania Drilling Contract

The *Atwood Hunter* drill rig has been contracted to Woodside (Operator) for the offshore Mauritania 2006/2007 multi-well drilling programme and is due to arrive in Mauritania 2Q 2006.

FURTHER INFORMATION

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DEFINITIONS

IFRS	means International Finance Reporting Standards
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
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
OWC	means oil-water contact
PEDL	means Petroleum Exploration Development Licence (Onshore United Kingdom)
PSC	means Production Sharing Contract
Quarter	means the period 1 October 2005 to 31 December 2005
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