ROC Takes Nexus' Anzon Stake

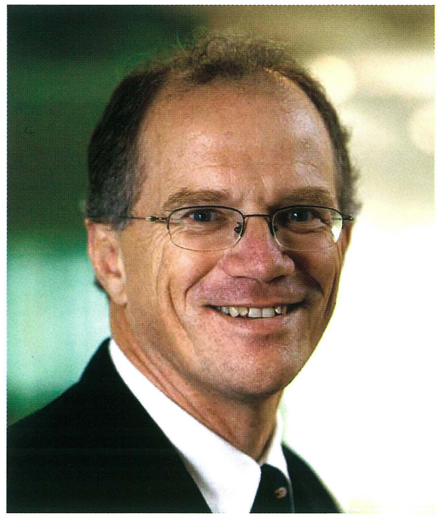
New ROC Oil CEO Bruce Clement has warned the company will sharply reduce its exploration budget for the coming year.

It was rumoured investors were presuring the company to concentrate on production but Clement said, despite the reduced spending, exploration will remain a big part of growing the business. Clement attributed the shift mainly to scheduling of wells rather than part of a wider shift in strategy which could include selling the company's minority interests in Mauritania in West Africa and in the North Sea which he said 'didn't quite fit' and may be sold or traded off.

ROC's association with its minority-owned North Sea assets, Blane, which gave ROC 1835 bopd, and Enoch, which gave 836 bopd, could end if the right opportunity presented itself.

"If you looked at us three years ago, we were more an exploration company but we're much more balanced now", he said. "The North Sea assets are not core to the company but they're very valuable in that they are reserves and they are producing pretty strong cash flows in a very low-cost environment. The fields only cost a few dollars a barrel to run. If we're going to do anything with those, we'd want to be using them to acquire reserves, maybe more in Australia and this part of the world than in the North Sea."

Clement said focussing ROC's operations in the Asia-Pacific region, where it was already in



ROC Chief Executive Bruce Clement

talks with potential joint venturers looking for medium-sized partners with a good operating history, was part of his wider strategy for the company.

"We know companies and governments are looking for capable operators that are not the Chevrons and Exxons of the world, that they can work with without being dictated to. We know those opportunities exist because we are talking there and testing the waters. We aim to use our cash flow and become an even bigger player", Clement said.

ROC will continue to focus on expanding its existing operations in Australia and China, as well as looking at entering countries such as Vietnam, Malaysia and Indonesia.

Clement, who has been with ROC since 1997, took the acting CEO role in June after the sudden death of respected ROC founder John Doran, and was recently appointed to become the company's second chief executive in 11 years. However, he has taken the reins at a difficult juncture in the company's history. ROC's shares have been hit hard in the past few months, sliding more than 50% since the end of May on a combination of the general market downturn, disappointing drilling results in Angola, falling oil prices and the loss of Doran.

He said his first task was to complete the acquisition of Anzon Australia, which Doran initiated, and to set ROC up as operator of the Basker Manta Gummy operation off the Victorian coast when it becomes the major shareholder.

ROC said it had a 68.9% stake in Anzon Australia and Nexus had indicated it will accept ROC Oil's takeover offer for its 19.2% stake in the target, delivering ROC close to the 90% needed to go to compulsory acquisition.

That would leave Nexus and ROC owning about 10% of each other, setting the stage for a swap with a small cash adjustment.

ROC produced about 10,000 bopd last financial year and capacity will be boosted by another 4000 bopd, while reserves will double up to 50 MMbbl on the completion of the Anzon purchase. Clement said production is expected to peak, on current forecasts, at up to 24,000 bopd in 2011 and 2012.

PESA News No. 96 (2008)