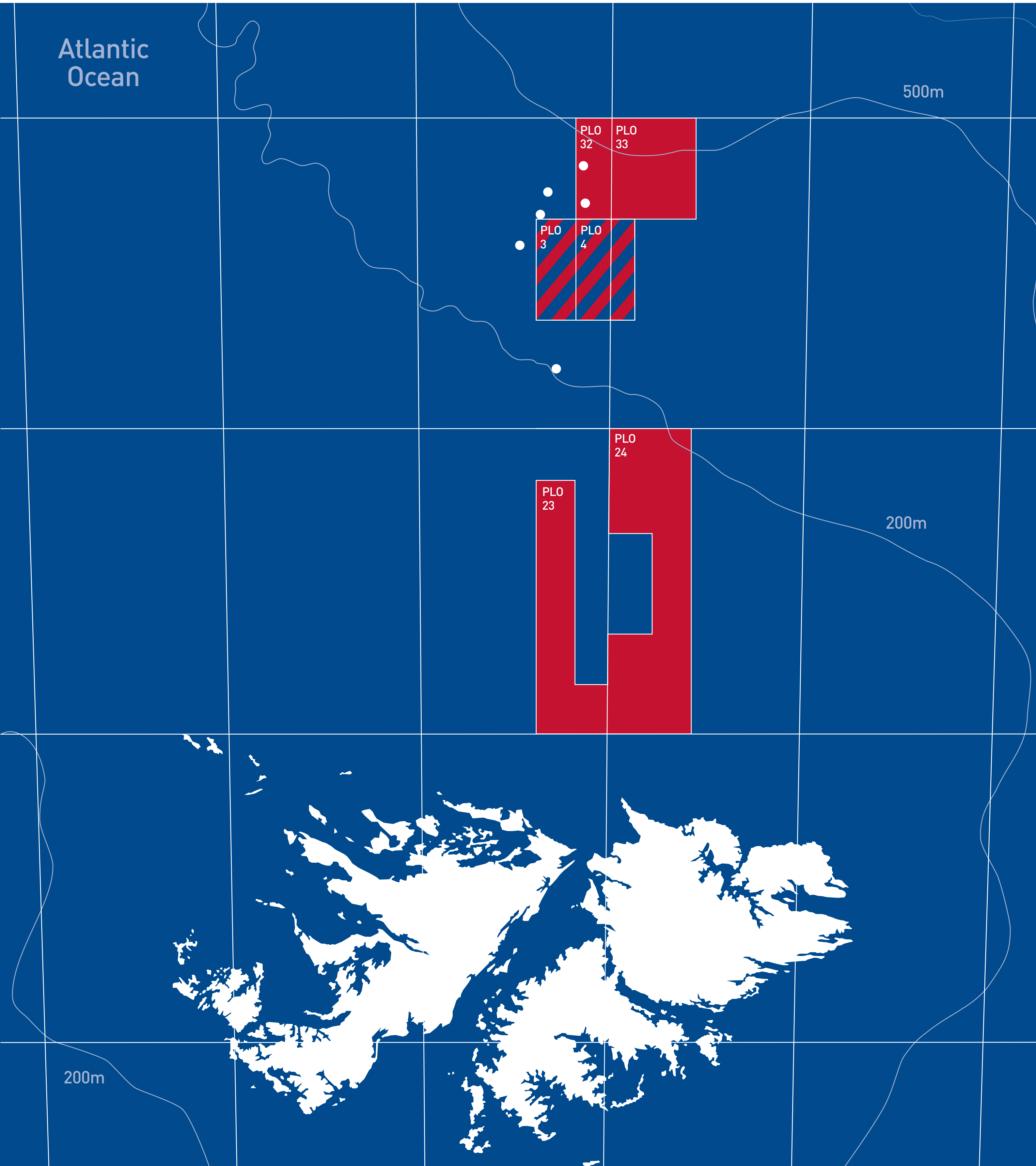
Interim report 2005

ROCKHOPPER
EXPLORATION PLC



Rockhopper Exploration plc is a new oil and gas exploration company based in the United Kingdom.

Rockhopper Group has four licences to explore for oil and gas in the North Falkland Basin, a petroleum system with a proven high quality source rock.

The company plans to conduct an extensive work programme over the area in the next few years with a focus on developing the region's exploration potential.

ROCKHOPPER EXPLORATION

Cover – Falkland Islands in South Atlantic showing Rockhopper Exploration licences.

Highlights

Successful placing and listing on AIM

Largest acreage holder in North Falkland Basin

2D seismic survey commissioned

Farm-in to Desire Petroleum licence

Management team strengthened

ROCKHOPPER EXPLORATION

Chairman's statement

Dear shareholder

This interim report for the six months ended 30 September 2005, is the first report following our successful placing and listing on AIM on 15 August 2005. As expected the Group incurred a loss for the period.

The net proceeds of the placing of £13.9 million are on interest bearing deposits along with funding already in the Group and will be drawn down as required in line with our plans for the business.

Rockhopper Exploration is currently the largest acreage holder in the North Falkland Basin with 100% interests in four offshore production licences (PL023, PL024, PL032 and PL033) which cover approximately 5,800 km^2. In addition the Group has agreed to farm–in for 7.5% in Desire Petroleum plc's licences PL03 and PL04 where Desire expect to drill three exploration wells.

PL023 and PL024 were awarded in November 2004 and cover an area of 4,200 km^2 in water depths of less than 200 metres. The licences are close to the Falkland Islands themselves and their southern-most edge is located only 25 km from the Islands. PL023 and PL024 are already covered by 1,832 km of 2D seismic data. The Group has signed a contract with Geophysical Service Incorporated (GSI) to undertake a new 2D seismic survey over approximately 900 line kilometres. The survey should be completed early in 2006, with processing and interpretation of the data thereafter.

PL032 and PL033 were awarded in June 2005 and cover an area of 1,620 km^2 in water depths of between 350 and 500 metres, they are already covered by 1,546km of 2D and 368 km^2 of 3D seismic data. Two wells have been drilled previously on these licences in 1998 by Shell when the oil price was approximately $10 per barrel and both demonstrated the presence of hydrocarbons, one flowing live oil to the surface. A new and significant 3D seismic programme has been designed to cover this acreage.

Prospects and leads: Rockhopper's exploration team has reinterpreted the existing 2D and 3D seismic data covering its licences and has identified a number of prospects and leads which have the potential to contain significant deposits of hydrocarbons. These will be better defined following the planned acquisition of new 2D and 3D seismic data.

PL03 and PL04 are operated by Desire Petroleum plc. Rockhopper will earn an interest of 7.5% of these licences by contributing 15% of the dry hole cost of the expected three well exploration programme. The recently acquired 3D seismic data on these licences is very encouraging and we look forward to the commencement of drilling operations once Desire secures a suitable rig.

In summary, Rockhopper has a very exciting and prospective exploration portfolio in relatively shallow water, at a time that the oil industry is fiercely competing for access to that very type of opportunity.

Our strategy in the Falklands is to mature a number of high quality drillable prospects on our 100% held acreage and to be ready for a substantial drilling campaign once the availability and cost of drilling units are more favourable.

Dr Pierre Jungels
Chairman

5 December 2005

Group profit and loss account

for the six months ended 30 September 2005

	Notes	**6 months ended 30 September 2005 Unaudited £000**	6 months ended 30 September 2004 Unaudited £000	Period ended 31 March 2005 Audited £000
Administrative expenses		**(466)**	(3)	(228)
Operating loss		**(466)**	(3)	(228)
Interest receivable		**88**	–	5
Loss on ordinary activities before taxation		**(378)**	(3)	(223)
Taxation	5	**–**	–	–
Loss on ordinary activities after taxation		**(378)**	(3)	(223)
Earnings per share (pence): Basic	6	**(0.84p)**	(0.01p)	(3.27p)
Earnings per share (pence): Diluted		**(0.84p)**	(0.01p)	(3.27p)

ROCKHOPPER EXPLORATION

Group balance sheet

30 September 2005

	Notes	**As at 30 September 2005 Unaudited £000**	As at 30 September 2004 Unaudited £000	As at 31 March 2005 Audited £000
Fixed assets				
Intangible assets		**259**	19	236
Tangible assets		**8**	–	2
		267	19	238
Current assets				
Debtors		**128**	70	38
Cash at bank		**14,908**	–	1,190
		15,036	70	1,228
Creditors: amounts due within one year		**(407)**	(22)	(106)
Net current assets		**14,629**	48	1,122
Total assets less current liabilities		**14,896**	67	1,360
Capital and reserves				
Called up share capital	4	**718**	–	361
Share premium account	3	**14,919**	70	1,362
Merger reserve	3	**(140)**	–	(140)
Profit and loss account	3	**(601)**	(3)	(223)
Equity shareholders' funds	3	**14,896**	67	1,360

Group cashflow statement

for the six months ended 30 September 2005

	Notes	6 months ended 30 September 2005 Unaudited £000	6 months ended 30 September 2004 Unaudited £000	Period ended 31 March 2005 Audited £000
Net cash outflow from operating activities		**(557)**	–	(147)
Returns on investment and servicing of finance				
Interest received		**88**	–	5
Capital expenditure and financial investment				
Purchase of intangible fixed assets		**(23)**	–	(236)
Purchase of tangible fixed assets		**(8)**	–	(2)
Net cash outflow before financing		**(500)**	–	(380)
Financing				
Issue of share capital		**15,000**	–	595
Share issue costs	2	**(782)**	–	–
Issue of loan stock		**–**	–	975
Movement in net cash		**13,718**	–	1,190

Reconciliation of operating loss to net cash outflow from operating activities

Operating loss		**(466)**	(3)	(228)
Increase in debtors		**(90)**	–	(38)
(Decrease)/increase in creditors		**(3)**	3	106
Depreciation		**2**	–	–
Shares issued in lieu of fees		**–**	–	13
Net cash outflow from operating activities		**(557)**	–	(147)

ROCKHOPPER EXPLORATION

Notes to the interim financial statement

for the six months ended 30 September 2005

1 Basis of preparation

The interim financial information has been prepared on the basis of the accounting policies set out in the accounts for the year ended 31 March 2005. The interim financial information is unaudited but has been reviewed by the Auditors. The financial information does not constitute statutory accounts as defined by section 240 of the Companies Act 1985. Comparative figures for the period ended 31 March 2005 are extracts from the non-statutory accounts for that financial period. Those accounts upon which the auditor issued an unqualified opinion, did not include a statement under sections 237(2) or 237(3) of the Companies Act 1985.

2 Share issue costs

	6 months ended 30 September 2005 £000	6 months ended 30 September 2004 £000	6 months ended 31 March 2005 £000
Share issue costs	**1,086**	–	–
Issue costs not yet paid and included in creditors	**(304)**	–	–
	782	–	–

3 Note on reserves and reconciliation of movement in shareholders' funds

	Share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total £000
As at 1 February 2004	–	–	–	–	–
New shares issued	–	–	–	–	–
Premium on shares issued	–	70	–	–	70
Loss for the period	–	–	–	(3)	(3)
As at 30 September 2004	–	70	–	(3)	67
New shares issued	361	–	–	–	361
Premium on shares issued	–	1,292	–	–	1,292
Movement on merger reserve	–	–	(140)	–	(140)
Loss for the period	–	–	–	(220)	(220)
As at 31 March 2005	361	1,362	(140)	(223)	1,360
New shares issued	357	–	–	–	357
Premium on shares issued	–	14,643	–	–	14,643
Share issue costs	–	(1,086)	–	–	(1,086)
Loss for the period	–	–	–	(378)	(378)
As at 30 September 2005	**718**	**14,919**	**(140)**	**(601)**	**14,896**

Notes to the interim financial statement continued

4 Issued Share Capital

	30 September 2005 Number	30 September 2004 Number	31 March 2005 Number
Ordinary shares of £1 each	**–**	1	–
Ordinary shares of £0.01p each	**71,774,605**	–	36,060,320

Details of shares issued prior to and including 31 March 2005 are disclosed in the Prospectus and non-statutory accounts prepared as at that date.

35,714,285 ordinary shares of £0.01p each were issued as part of the Admission to AIM on 15 August 2005.

5 Taxation

The effective rate of tax is based on the estimated tax charge for the full year at a rate of 0% (2004 – 0%).

6 Loss per share

The calculation of basic loss per share is based upon the loss for the period and the weighted-average number of 45,087,007 as at 30 September 2005 (31 March 2005 – 6,816,486; 2004 –17,169,603) shares in issue during the period. As the group is reporting a loss for all periods then, in accordance with Financial Reporting Standard Number 22, the share options are not considered dilutive. This is because the exercise of the share options would have the effect of reducing the loss per share.

7 Copies of the interim report

Copies of the interim report will be dispatched to shareholders and will be available to the public at the Registered Office, Hilltop Park, Devizes Road, Salisbury, SP3 4UF.

Independent review report by Baker Tilly to Rockhopper Exploration plc

Introduction

We have been instructed by the Company to review the financial information set out on pages 4 to 8 and we have read the other information in the Interim Statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of their Interim Statement and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities

The Interim Statement, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the AIM Market Rules which require that the accounting policies and presentation applied to the interim figures must be consistent with those that will be adopted in the Company's annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board as if that Bulletin applied. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

Baker Tilly
Chartered Accountants
1 Georges Square
Bristol
BS1 6BP

5 December 2005

Rockhopper Exploration plc
Hilltop Park
Devizes Road
Salisbury
SP3 4UF

Telephone **+44 (0) 1722 414 419**
Fax **+44 (0) 1722 328 491**

info@rockhopperexploration.co.uk
www.rockhopperexploration.co.uk

Company Reg. No. **05250250**