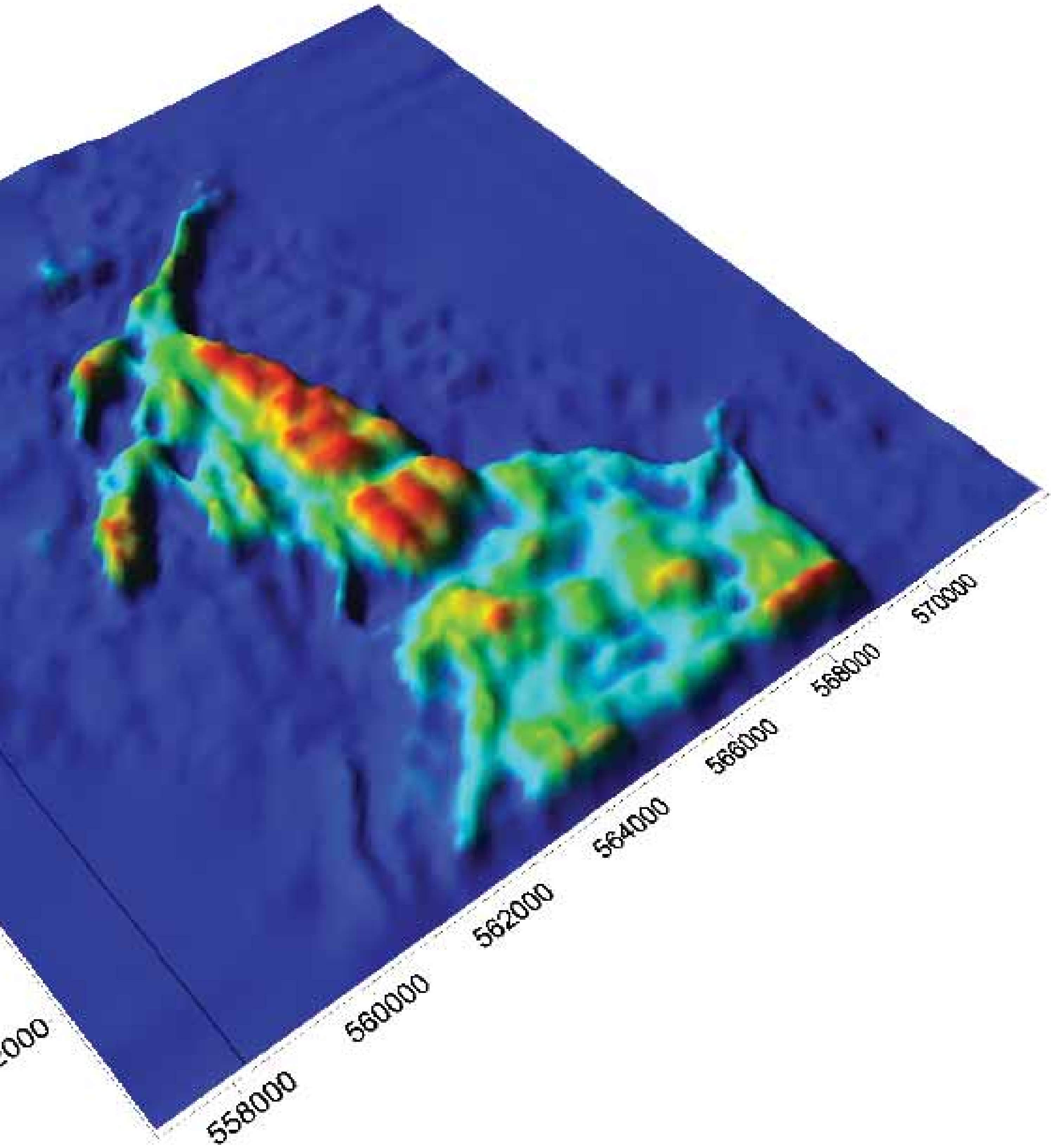
Interim report 2007

ROCKHOPPER EXPLORATION PLC



Interim 2007 highlights

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↗ 3D seismic processing completed

↗ Initial review shows prospects

↗ Technical work advancing

↗ Environmental impact assessment started

Front cover – Coalescing fans clearly seen along the Eastern Basin Margin on the 3D seismic in licences PL032 and PL033. The image is rendered in 3D amplitudes.

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

www.rockhopperexploration.co.uk

Chairman's statement

Dear shareholder

During the six months ending 30th September 2007 we received the fully processed 3D seismic data volume from CGG Veritas. This delivery of processed data, the largest and most modern 3D undertaken to date in the Falklands, represents completion of the data acquisition on our operated acreage set out at the time of the IPO in August 2005.

We have already identified targets in PL023 and PL024 on 2D and CSEM giving a total potential figure of 2.5 billion barrels recoverable. We have significantly reduced the risk associated with exploring in PL023 and PL024, found a number of large prospects and leads and created an increased expected monetary value as a result.

Initial interpretation of the 3D seismic data in licences PL032 and PL033 is hugely encouraging and will add to our prospect and lead inventory while also further de-risking the acreage. The fans identified near the Shell wells on the 3D have the potential to become one of the largest targets in our portfolio.

Semi-submersible rig
A floating rig which can be held in place either by anchors or modern dynamic positioning systems. The rig floats on hollow pontoons which can be filled with sea water lowering the rig to a pre-determined height in the water while drilling.

While oil prices remain high, the market for semi-submersible rigs of the type required in the North Falkland Basin has eased with a number of suitable units becoming available. While these units remain expensive, that cost can be significantly reduced if the mobilisation and demobilisation can be shared with other operators.

At the same time, the market for farm outs is also improving and we have now been asked to present to a number of large oil companies.

We will be in a position to begin that process in earnest once we complete the interpretation of our data which will happen later this year. We are also keeping all other funding options open.

As part of the review undertaken during the conversion to IFRS we have changed our presentational currency to US Dollars. This better reflects both the industry and economic environment in which we operate.

Dr Pierre Jungels
Chairman

21 November 2007

ROCKHOPPER EXPLORATION PLC

Managing Director's review

Structural closures A physical feature beneath the surface which is capable of trapping within it hydrocarbons. Typically hydrocarbons fill structures up from below, the middle of the structure is therefore higher than its edges, like an upturned bowl.

Fans Potential reservoir bodies created when sand and similar sediments are deposited, often by a river into a large water body. When the sediment carried by the river flows into the sea or lake, it spills out into a fan shape. These fan bodies can become gas or oil fields when filled with hydrocarbons.

Margin fault The fault at the margin (edge) of the basin created when the continents split apart.

With the delivery of the final processed 3D seismic data volume from CGG Veritas we are able to take an important step forward in our technical work programme as set out at the time of the IPO.

An initial review of the 3D seismic, which covers some 850km^2, reveals that both fan shaped amplitude anomalies and structural closures can clearly be seen. These will add to our existing prospect and lead inventory which currently consists of a number of targets in PL023 and PL024 totalling 2.5 billion barrels of recoverable oil.

The 3D was acquired over licences PL032 and PL033 where Shell drilled two wells during 1998, one of which recovered live oil to the surface. Shell had also collected a small 3D programme (300km^2) over that acreage during 1997. We have merged our 3D with the previous Shell 3D to give us a total 3D coverage of almost 900km^2, the equivalent to four North Sea blocks.

The fans pictured below are large and together cover an area of approximately 40km^2. The sand entry points can clearly be seen along the Eastern Basin Margin. This is significant in the development of possible reservoir units. Neither of these fans was tested by any of the wells drilled during the 1998 campaign.

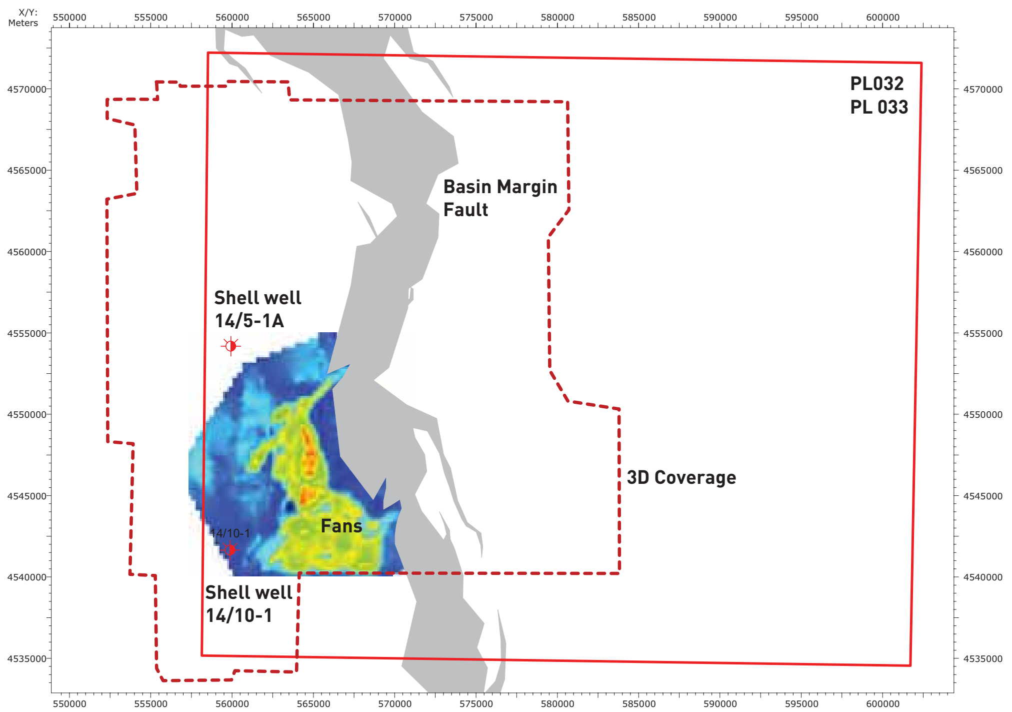

Figure 1: Fans on 3D in licences PL032 and PL033 with Eastern Basin Margin fault.

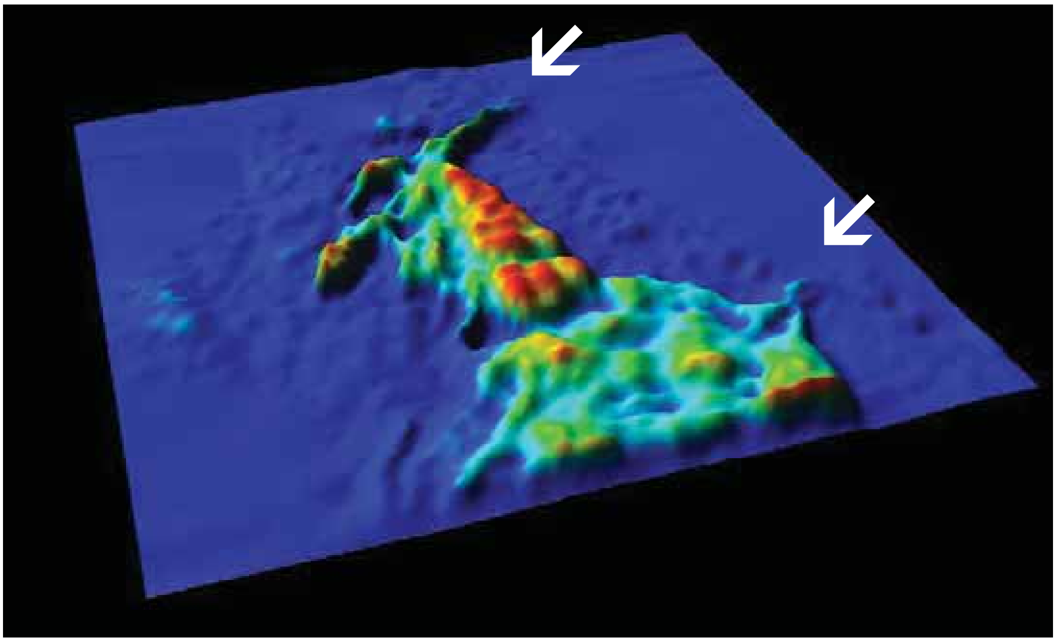

Figure 2: Close up of fan anomalies – sand input points highlighted

Amplitude A measure of the strength of the reflection from each layer of rock below the surface. This relates to the seismic exploration technique commonly used in the oil industry.

In addition to interpreting the 3D seismic, we are undertaking additional technical work designed both to further reduce the risk associated with our acreage and to help us to obtain maximum value for shareholders in any farm out.

The rig market is easier than twelve months ago and we are also seeing signs of an improvement in the farm out market with a number of companies asking us to present to them.

Since we were admitted to trading on AIM in 2005 we have collected over 900km 2D seismic in licences PL023 and PL024 which has allowed us to map prospects and leads with a total unrisked P50 of 2.5 billion barrels of recoverable oil.

We have collected four CSEM lines in licences PL023 and PL024 with positive outcomes on prospects Ernest and Dolphin.

Once we complete the interpretation of the 3D seismic in licences PL032 and PL033 we will update our prospect and lead inventory, rank our targets to decide drilling locations and then carefully consider our options in terms of financing our drilling programme.

Samuel Moody
Managing Director

21 November 2007

Finance Director's review

Financial review for the first half of the financial year

The group has declared a loss for the six month period to 30 September 2007 of $725k ($681k: 2006) which equates to a loss per share of 0.96 cents (0.95 cents: 2006). The loss has increased over the comparative period primarily as a function of lower investment income earned, offset to a degree by lower charges for share based payment and foreign exchange movement.

Investment income for the period fell to $160k ($502k: 2006) despite rising interest rates in both the UK and the USA. The reduction is due to the reducing cash balances held as a result of the 3D work undertaken during the second half of last year. However, as a percentage the group enjoyed a better return on the funds it did hold of 5.75% for the current period against 4.88% for the prior period.

Administrative expenses were $761k against $725k for the comparative period, the apparent increase being due to the weakening of the US$. Expenses are almost exclusively incurred in GB£ but being presented in US$ means they are influenced by exchange rate movements. Translating expenses back into GB£ results in a charge of £381k for the current period against £394k for the comparative period. The lower actual expenses were the result of a lower charge in respect of executive bonuses and lower professional fees incurred.

The share based expense of $117k compares to $223k for the previous period. The lower charge reflects the first tranche of options that have now vested.

Group net assets have reduced by $320k since the year ended 31 March 2007 with a loss of $725k for the period offset by the movement of the share based charge of $117k to reserves and currency gains on shareholders' equity brought forward of $288k.

Financial outlook for the second half of the financial year

Whilst the base rate in the UK and the federal fund rate in the USA both rose during the six months ended 30 September 2007, the recent concerns as to the strength of both economies saw the federal fund rate cut by 50 basis points with further near term cuts possible in both the UK and USA. Cuts in either rate will reduce the group's future investment income on the current account as the group funds earn a fixed margin relative to the UK base rate and US federal funds rate. In anticipation of falling rates £1,750k of the group's cash was placed on fixed deposit prior to the period end, at up to 6%, to mitigate the immediate effect of rate cuts. However, all deposits are for less than 90 days as liquidity remains the key group priority and so if rates do indeed fall they will have an effect once the fixed deposits expire.

Overheads are expected to remain stable for the second half of the year and should be less than the first half year as the entire charge for the annual bonuses is taken in the first six months. Possible areas of increased expenditure would be travel costs and professional fees.

Unless the underlying assumptions change, the charge for share based remuneration will continue at a consistent level until the six month period ending 30 September 2010 when it will be fully expensed.

Cash balances at 30 September 2007 stood at $4,897k and cash requirements from committed exploration expenditure over the coming six months are expected to be modest with the emphasis on interpretation of the 3D data acquired during the year ended 31 March 2007. Of the total cash balances, $862k was held in US$ and so should insulate the group for a time against possible currency fluctuations, particularly a strengthening of the US$.

Risk review

The risks and uncertainties facing the group include but are not limited to:

The availability and cost of survey ships, drilling vessels and qualified personnel; given the limited cash resources of the group and the uncertainty over an actual date for drilling, this is a difficult risk to protect against by, say, pre-booking a rig at a fixed rate. However, whilst the group has always been exposed to this risk, both the chairman's and managing director's reports mention the increasing indications that rig rates have peaked and that more rigs are becoming available.

Foreign exchange risks; as with the risk above, due to diminished levels of cash and uncertainty over an actual date for drilling, this is a difficult risk to protect against. That said, when sufficient information about the 3D was known as to timing and quantum, the group bought forward the US$ amount required and would be likely to employ a similar policy in the future.

Interest rate risks; there are a number of instruments available to protect against falling interest rates reducing the investment income enjoyed by the group but, as discussed above, with the expectation of interest rate cuts in both the UK and USA they have become more expensive to purchase and could divert funds from the main business of the group, that of developing the licenses.

Funding risks; having completed the shooting and processing of the 3D data, the group's committed exploration demands on current funds are limited to the final payment to CGG, who shot and processed the 3D data, the relatively modest costs required for interpreting the 3D data and any costs associated with the farm in to the Desire licenses. The group's low operating costs, particularly the fixed cost element, mean that at current levels of expenditure the $4,897k held at 30 September 2007 should last well into 2009.

Finance Director's review continued

Credit risk; during the period, the liquidity crunch triggered by the sub-prime lending concerns within the USA highlighted the risks of keeping all of the funds with one bank and so the board elected to split the funds and move an amount of at least 25% of cash holdings to a second bank. Accordingly, Lloyds TSB plc was selected in recognition of its AAA security rating from Standard & Poor and on 26 September 2007 £1,000k was placed there on deposit.

Key performance indicators ("KPI's")

As discussed within the annual report for the year ended 31 March 2007, the highly focussed nature of the group means that standard KPI's are not relevant and the management instead concentrate on protecting the group's licenses and achieving the commitments they require. Work on these areas continues to comply with, or exceed, the requirements and is also mentioned within the managing director's report.

Creation of a finance committee

During the period the board created a finance committee to be chaired by Richard Visick. The aim of the committee is to allow the board to investigate in greater depth some of the issues relating to group financing, tax and treasury. The committee would expect to meet on an ad hoc basis as and when the circumstances require it.

Conversion to International Financial Reporting Standards ("IFRS")

This is the first time the group has had to report under IFRS, an obligation placed on it by its admission to trading on AIM. Whilst there have been a number of presentational changes in this report and a greater level of disclosure and analysis is anticipated for the year end report, there has been no impact to the actual results and the comparatives contained within this report. Consequently, no IFRS reconciliations have been presented.

Change of presentational currency from GB£ to US$

As part of the review undertaken during the conversion to IFRS, the group also took the opportunity to review its presentational currency and concluded that the US$ was now more suitable given that it better reflects the economic environment in which the group operates.

The most notable feature of this conversion is to emphasise the benefit the group has enjoyed by being capitalised and holding funds in GB£ over a period when the US$ has weakened considerably. At the effective date of transition to IFRS, 1 April 2006, the US$ was trading at 1.74 to the GB£ as opposed to the rate of 2.02 used for this report. However, whilst the group presents its results in US$, the functional currency of the parent company remains GB£ and so changes to shareholders' equity, where the impact is greatest, are taken straight to reserves rather than through the income statement.

IAS 21: The effects of changes in foreign exchange rates requires that reserve elements of shareholders' equity are reconverted at the end of each period and the currency translation differences reflected within that reserve. However, in the case of share capital and share premium these are fixed at their historic rate, at the date of issue or 1.74 if issued prior to the effective date of transition to IFRS, and the difference taken to a currency translation reserve that would unwind were the US$ to strengthen against GB£.

The currency translation reserve also holds the differences that arise from translating the capitalised amounts in respect of exploration licenses. Whilst previously the expenditure on exploration licenses was fixed at the exchange rate prevailing at the time and carried forward as a converted GB£ amount, this exaggerates the rate of exchange impact when translated directly into US$. Accordingly, the values presented in the balance sheet have been adjusted so that they reflect the actual currency in which they were spent.

A full reconciliation of the conversion to US$ as a presentation currency and the role of the currency translation reserve are contained within notes 3 to 5.

Peter Dixon-Clarke ACA
Finance Director

21 November 2007

Consolidated income statement – unaudited

for the period ended 30 September 2007

	Notes	**6 months ended 30 September 2007 Unaudited $'000**	Restated* 6 months ended 30 September 2006 Unaudited $'000	Restated* Year ended 31 March 2007 Unaudited $'000
Revenue				
Investment income		**160**	502	852
Total revenue		**160**	502	852
Expenses				
Administrative expenses		**761**	725	1,459
Charge for share based remuneration		**117**	223	440
Foreign exchange movement		**7**	235	367
Total expenses		**885**	1,183	2,266
Loss before tax		**(725)**	(681)	(1,414)
Income tax expense		**–**	–	–
Net loss after tax arising from continuing activities and attributable to equity holders of the parent company		**(725)**	(681)	(1,414)
Loss per share: basic and diluted – cents	6	**(0.96)**	(0.95)	(1.97)
Weighted average number of shares – basic and diluted		**75,663,490**	71,800,154	71,817,756

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US$ and not the transition to IFRS.

The results for the period relate wholly to continuing operations.

Consolidated balance sheet – unaudited

as at 30 September 2007

	As at 30 September 2007 Unaudited $'000	Restated* As at 30 September 2006 Unaudited $'000	Restated* As at 31 March 2007 Unaudited $'000
Assets			
Capitalised exploration expenditure	**25,442**	5,163	24,946
Office equipment	**13**	24	16
Receivables	**19**	9	74
Cash and cash equivalents	**4,897**	22,326	6,341
Total assets	**30,371**	27,522	31,377
Liabilities			
Payables	**868**	125	1,554
Total liabilities	**868**	125	1,554
Equity			
Share capital	**1,325**	1,254	1,325
Share premium	**28,403**	26,008	28,403
Currency translation reserve	**2,820**	1,930	2,460
Reserve for share based remuneration	**1,267**	879	1,115
Other reserves	**(283)**	(262)	(274)
Retained losses	**(4,029)**	(2,412)	(3,206)
Total equity attributable to group shareholders	**29,503**	27,397	29,823
Total liabilities and equity	**30,371**	27,522	31,377

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US$ and not the transition to IFRS.

These interim results were approved by the directors and authorised for issue on 21 November 2007 and are signed on their behalf by:

Samuel Moody
Managing Director

Peter Dixon-Clarke ACA
Finance Director

Consolidated statement of changes in equity – unaudited

for the period ended 30 September 2007

	6 months ended 30 September 2007 Unaudited $'000	Restated* 6 months ended 30 September 2006 Unaudited $'000	Restated* Year ended 31 March 2007 Unaudited $'000
Share capital			
Opening balance	**1,325**	1,249	1,249
Options exercised	**–**	5	5
New shares issued	**–**	–	71
Closing balance	**1,325**	1,254	1,325
Share premium			
Opening balance	**28,403**	25,959	25,959
Premium on options exercised	**–**	49	49
Premium on new shares issued	**–**	–	2,532
Issues costs	**–**	–	(137)
Closing balance	**28,403**	26,008	28,403
Currency translation reserve			
Opening balance	**2,460**	9	9
Movement on capitalised exploration expenditure	**(654)**	(114)	(994)
Movement on share capital	**45**	94	159
Movement on share premium	**969**	1,941	3,286
Closing balance	**2,820**	1,930	2,460
Share based remuneration			
Opening balance	**1,115**	607	607
Charge for the period	**117**	223	440
Transferred to retained losses in respect of options exercised in the year	**–**	–	(24)
Currency translation difference	**35**	49	92
Closing balance	**1,267**	879	1,115
Other reserves			
Opening balance	**(274)**	(244)	(244)
Currency translation difference	**(9)**	(18)	(30)
Closing balance	**(283)**	(262)	(274)
Retained losses			
Opening balance	**(3,206)**	(1,611)	(1,611)
Loss for the period	**(725)**	(681)	(1,414)
Transferred from share based remuneration reserve	**–**	–	24
Currency translation difference	**(98)**	(120)	(205)
Closing balance	**(4,029)**	(2,412)	(3,206)
Equity shareholders' funds	**29,503**	27,397	29,823

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US$ and not the transition to IFRS.

Consolidated cash flow statement – unaudited

for the period ended 30 September 2007

	6 months ended 30 September 2007 Unaudited $'000	Restated* 6 months ended 30 September 2006 Unaudited $'000	Restated* Year ended 31 March 2007 Unaudited $'000
Cash flows from operating activities			
Net (loss)	**(725)**	(681)	(1,414)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	**7**	7	17
Share based remuneration charge	**117**	223	440
Foreign exchange movement	**7**	235	367
Changes in:			
Receivables	**55**	8	(57)
Trade payables	**(201)**	22	109
Cash (utilised) by operating activities	**(740)**	(186)	(538)
Cash (outflow) for capital expenditure			
Capitalised exploration expenditure	**(801)**	(583)	(18,709)
Office equipment	**(4)**	(10)	(10)
Cash flows (used) for capital expenditure	**(805)**	(593)	(18,719)
Cash inflow from financing activities			
Options exercised	**–**	54	54
Issue of share capital	**–**	–	2,603
Share issue costs	**–**	–	(137)
Cash inflow from financing activities	**–**	54	2,520
Net cash (outflow)	**(1,545)**	(725)	(16,737)
Net foreign exchange differences	**101**	1,379	1,406
Cash and cash equivalents brought forward	**6,341**	21,672	21,672
Cash and cash equivalents carried forward	**4,897**	22,326	6,341

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US$ and not the transition to IFRS.

Notes to the consolidated interim results – unaudited

for the six months ended 30 September 2007

1 Accounting policies

1.1 Group and its operations

Rockhopper Exploration plc ('the company'), a public limited company incorporated and domiciled in the United Kingdom ('UK'), together with its subsidiaries (collectively, 'the group') holds certain licences granted in 2004 and 2005 for the exploration of oil and gas in the North Falkland Basin. The registered office of the Company is Hilltop Park, Devizes Road, Salisbury, SP3 4UF.

1.2 Basis of preparation

From 1 January 2007 all companies on the Alternative Investment Market ("AIM") are required to prepare their consolidated financial statements using standards issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The effective date of transition to IFRS is therefore 1 April 2006. The results upon which this announcement has been based were prepared using the accounting policies set out below.

The interim results are reviewed but not audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 March 2007 included in the interim results have been extracted from the UK GAAP financial statements and restated into IFRS. The UK GAAP financial statements for the year ended 31 March 2007 have been reported on by the company's auditor and have been delivered to the registrar of companies. The auditor's report on the UK GAAP financial statements for the year ended 31 March 2007 was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

This interim report is not required to be prepared in accordance with IAS 34: Interim financial reporting and therefore does not comply with IFRS. The IFRS accounting policies adopted are the ones that will apply for the year ended 31 March 2008.

The Company has elected to take the exemption offered within IFRS1: First time adoption of International Financial Reporting Standards in relation to business combinations.

Items included in the interim results of each of the group's entities are measured in the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated interim results are stated in US dollars. The functional and presentation currency of the subsidiaries, where the licences are held, is US dollars whilst the functional currency of the holding company is £ sterling. All values are rounded to the nearest thousand dollars ($'000), also stated as 'k', except when otherwise indicated.

At the date of authorisation of this interim report, the following standards, which have not been applied in this interim report were in issue but not yet effective.

IFRS 8 – Operating segments
IFRIC 7 – Applying the restatement approach under IAS 29
IFRIC 8 – Scope of IFRS 2
IFRIC 9 – Reassessment of embedded derivatives
IFRIC 10 – Interim financial reporting and impairment

IFRIC 11 – IFRS 2: group and treasury share transactions
IFRIC 12 – Service concession arrangements
IFRIC13 – Customer loyalty programmes
IFRIC14 – Defined benefit pension assets and their minimum funding requirements

Management does not believe that the application of these standards, where applicable, will have an impact on the financial statements, except for the requirement of additional disclosures. IFRIC's 7,8,9 and 10 will be adopted in preparation of the financial statements for the year ended 31 March 2008.

1.3 Significant accounting policies

(a) Basis of accounting

The group has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to the capitalisation of intangible assets. In each case, the determination of these is fundamental to the financial results and position and requires management to make complex judgments based on information and data that may change in future periods.

Since these policies involve the use of assumptions and subjective judgments as to future events and are subject to change, the use of different assumptions or data could produce materially different results.

The measurement basis that has been applied in preparing the interim results is historical cost with the exception of financial assets which are held at fair value.

The significant accounting policies adopted in the preparation of the interim results are set out below.

(b) Basis of consolidation

These consolidated interim results include the accounts of the company and all of its subsidiaries. Subsidiaries are those entities in which the company has the power to exercise control over financial and operating policies in order to gain economic benefits. Subsidiaries are consolidated from the date on which effective control was transferred to the group and are excluded from consolidation from the date of disposal or when control no longer exists over financial and operating policies.

All inter-company accounts and transactions have been eliminated on consolidation.

(c) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. The group considers itself to have a single purpose, the exploration of its licenses, and therefore concludes that it has only one segment.

Notes to the consolidated interim results – unaudited continued

for the six months ended 30 September 2007

(d) Capitalised exploration expenditure

Exploration assets are measured at cost and all costs relating to the exploration for and development of oil and gas interests, whether productive or not, are accumulated and capitalised as capitalised exploration expenditure. These costs, which are initially classified as capitalised exploration expenditure, are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in an area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Costs dealt with in this way include seismic data, licence costs, technical work, exploration and appraisal drilling, general technical support, finance costs and a proportion of directly attributable administrative and overhead costs.

Costs are transferred to depreciable pools within capitalised exploration expenditure in each regional cost pool upon declaration of commerciality or upon cessation of exploration on each license and amortised over the life of the area according to the rate of depletion of the economically recoverable costs. Any proceeds arising from the sale or farm-out of assets are deducted from the relevant cost pool.

Depreciation and depletion of costs in depreciable pools is provided under the unit of production method which uses the estimated commercial reserves in the cost pool and the sum of the total costs in the pool and any further anticipated costs to develop such reserves.

At the end of each year, an assessment is made as to whether the economic value of interests is in excess of costs capitalised as capitalised exploration expenditure. Any impairment is transferred to depreciable regional cost pools within tangible fixed assets and depreciated. Where a project is terminated, which is ascertained on a country basis, the related exploration costs are written off immediately.

(e) Foreign currency translation

Functional and presentation currency:

Items included in the interim results of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The consolidated interim results are presented in US$ as this best reflects the economic environment of the oil exploration sector in which the group operates. The functional currency of the group's subsidiaries, where the licenses are held, is also US$ but for the company itself it is GB£ as that is the currency in which the company raises capital to finance the group operations.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in the income statement, and other changes in carrying amount are recognised in equity.

Group companies:
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

The year end rates of exchange actually used were:

	30 September 2007	30 September 2006	31 March 2007
£ : US$	**2.02**	1.87	1.96

(f) Investment income
Investment income consists of interest receivable for the period. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

(g) Realised gains and losses and unrealised gains and losses
Realised gains and losses are calculated as the difference between the net cost of purchase and their proceeds at the date of sale. Unrealised gains and losses on investments represent the difference between the carrying value at the period end and the carrying value at the previous period end, or the purchase value during the period. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years which have been realised during the period and are reported as realised gains and losses in the current income statement. Realised gains and losses and unrealised gains and losses are shown separately on the face of the income statement.

Notes to the consolidated interim results – unaudited continued

for the six months ended 30 September 2007

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash held at banks and in hand, deposits held on call with banks and other short-term highly liquid securities with no more than ninety days maturity from the date of acquisition. For the purposes of the cash flow statement, cash and cash equivalents also include bank overdrafts when they apply.

(i) Financial assets

The group classifies its investments when they apply as financial assets at fair value through profit and loss in accordance with IFRS. IAS 39 "Financial Instruments: Recognition and Measurement" permits entities, on implementation of the standard, to designate certain financial instruments as being held at fair value through profit or loss. The group has taken this option in respect of its financial assets.

Purchases and sales of investments are recognised on the trade date, which is the date that the group commits to purchase or sell the assets, at their fair value less transaction costs.

The fair values of investments are based on quoted bid prices at the balance sheet date where available.

The fair value category is used as the group's strategy is to manage financial investments on a fair value basis.

(j) Income taxes and deferred taxation

The current tax expense is based on the taxable profits for the period, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before tax and amounts charged or credited to reserves as appropriate.

Deferred taxation is recognised in respect of all taxable temporary differences that have originated but not reversed at the balance sheet date where transaction or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

– deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(k) Share based remuneration

The group has two schemes that have each granted options over the ordinary shares of the company, being an employee share option scheme ("ESOS") and a non-employee share option scheme ("NESOS").

Both schemes were created after 7 November 2002 and the group accounts for their cost until such time as they are fully vested in line with IFRS 2: Share based payments. Under the method set out in this standard, the cost of providing for such schemes is based on the fair value of the options at the date of grant. The cost is charged to the income statement over the expected vesting period of the options and credited to a share based payment reserve.

When new shares are issued, the proceeds, net of any transaction costs, are credited to share capital at nominal value and the balance to share premium. The related amount in the share based payment reserve is then credited to retained earnings.

(l) Office equipment

Depreciation is calculated on the straight line method to write down the cost of the asset to their residual values over their estimated useful lives as follows:

Computer and office equipment	Three years

(m) Current, non current disclosure

The group does not present its balance sheet on the basis of current and non-current assets and liabilities as presentation broadly in order of liquidity is reliable and more relevant. All balances within receivables and payables are expected to be recovered or settled within twelve months of the balance sheet date.

2 Use of estimates, assumptions and judgements

The group makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most material area relates to the capitalisation of intangible assets.

3 Reconciliation of converted balance sheets to the annual report for the year ended 31 March 2007

	Notes	£'000	Rate	$'000
Equity shareholders' funds at 31 March 2006 at the opening rate		14,920	1.74	25,960
Currency translation adjustment to capitalised exploration expenditure	5	–	–	9
Opening position used for current reporting		–	–	25,969
Loss for the year		(723)	–	(1,414)
Movements within equity				
Exercise of options		30	1.82	54
Share placing		1,258	1.96	2,466
Share based expense charge		233	1.89	440
Currency translation differences on equity	4	–	–	3,302
Equity shareholders' funds at 31 March 2007 at the closing rate		15,718	1.96	30,817
Currency translation adjustment to capitalised exploration expenditure	5	–	–	(994)
Brought forward balance sheet used for current reporting		–	–	29,823

Notes to the consolidated interim results – unaudited continued

for the six months ended 30 September 2007

4 Analysis of currency translation differences on shareholders' equity

	£'000	Rate	$'000
Equity shareholders' funds at 31 March 2006 translated at the opening rate	(14,920)	1.74	(25,960)
Equity shareholders' funds at 31 March 2006 translated at the closing rate	14,920	1.96	29,242
			3,282
Exercise of options translated at issue date at the historic rate	(30)	1.82	(54)
Exercise of options translated at 31 March 2007 at the closing rate	30	1.96	59
			5
Share placing translated at issue date at the historic rate	(1,258)	1.96	(2,466)
Share placing translated at 31 March 2007 at the closing rate	1,258	1.96	2,466
			–
Share based expense charge at historic rate	(233)	1.89	(440)
Share based expense charge at 31 March 2007 closing rate	233	1.96	455
			15
Total currency difference			3,302

5 Currency translation adjustment to licensed acreage

	£'000	Rate	$'000
Adjustment at 31 March 2006			
Capitalised expenditure in GB£	1,632	1.74	2,840
Capitalised expenditure in US$			1,520
			4,360
Capitalised expenditure per the accounts	(2,500)	1.74	(4,351)
Currency translation adjustment to licensed acreage			9
Adjustment at 31 March 2007			
Capitalised expenditure in GB£	3,071	1.96	6,020
Capitalised expenditure in US$			18,926
			24,946
Capitalised expenditure per the accounts	(13,230)	1.96	(25,931)
Balance brought forward from 31 March 2006			(9)
Currency translation adjustment to licensed acreage			(994)

6 Basic and diluted loss per share

	6 months ended 30 September 2007 Number	6 months ended 30 September 2006 Number	Year ended 31 March 2007 Number
Shares in issue brought forward	**75,663,305**	71,774,605	71,774,605
Shares issued during the period			
– Issued on 17 August 2006	**–**	225,000	225,000
– Issued on 22 August 2006	**–**	75,000	75,000
– Issued on 5 March 2007	**–**	–	3,588,700
– Issued on 13 September 2007	**1,980**	–	–
Shares in issue carried forward	**75,665,285**	72,074,605	75,663,305
Weighted average shares in issue	**75,663,490**	71,800,154	71,817,756

	$'000	$'000	$'000
Net (loss) after tax	**(725)**	(681)	(1,414)
Basic and diluted net (loss) per share – cents	**(0.96)**	(0.95)	(1.97)

The calculation of the basic loss per share is based upon the loss for the period and the weighted average shares in issue. As the group is reporting a loss for all periods then in accordance with IAS 33 the share options are not considered dilutive 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, along with copies of the audited report for the year ended 31 March 2007 and interim report for the six months ended 30 September 2006. Both the audited and interim reports were prepared under UK GAAP, the previous accounting regime and presented in GB£.

Independent review report to Rockhopper Exploration plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 September 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report, including the conclusion, has been prepared for and only for the Company for the purpose of meeting the requirements of the AIM Rules for Companies 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 financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1.2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union, and the AIM Rules for Companies.

Baker Tilly UK Audit LLP
Chartered Accountants
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21 November 2007

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