Interim report 2008

‘Rockhopper’ is an AIM-listed oil and gas exploration company based in the United Kingdom.

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

AIM: RKH

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Interim highlights 2008

Prospective reserve update:

- ↗ Increase estimates from 1.2 billion barrels recoverable on an unrisked basis to 1.8 billion barrels recoverable in licences PL032 and PL033
- ↗ Overall total reserve potential increased to 4.3 billion barrels recoverable

Operational highlights:

- ↗ Seismic anomaly over the Sea Lion Fan strongly suggestive of oil within the system
- ↗ Benthic sampling completed over licences PL023 and PL024
- ↗ Work on Shell well 14/5-1A confirms significant gas shows
- ↗ New low risk gas prospect identified with proven gas with potential to contain multi-Tcf reserves
- ↗ Farm out discussions continue
- ↗ Signs of easing in rig rates and availability

Financial highlights:

- ↗ Placing of new shares in May 2008 raised £3.6 million
- ↗ Total cash and deposit balances at period end of £4.8 million

This statement has been approved by the Company's geological staff who include David Bodecott (Exploration Director), who is a Member of Petroleum Exploration Society of Great Britain (PESGB) and the American Association of Petroleum Geologists (AAPG) with over 30 years of experience in petroleum exploration and management, for the purpose of the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure for mineral projects.

Chairman's statement

Dear shareholder

I write to you during a period of unprecedented global market turmoil which has seen share prices all over the world suffer significant falls. Notwithstanding these market conditions, we continue to move your company forward towards realising the value of the Company's underlying assets.

Falling commodity prices do not necessarily impact our fundamental business case, as previous work indicates that a discovery on Rockhopper acreage could be economic at an oil price as low as $25 per barrel. Indeed, in our view, a period of lower oil prices would be likely to feed through into lower service sector costs, leading to lower rig rates and enhanced availability. All of which could actually prove to be of benefit to companies in the exploration phase. To this end, we are currently in discussion with a number of rig contractors about securing a suitable drilling vessel and from these discussions we are already observing indications of an easing in both rates and availability of drilling units.

During the six months ending 30 September 2008 we have refined our interpretation of the 3D seismic collected over licences PL032 and PL033. The resultant new mapping has resulted in three significant developments:

Firstly, an increase in our estimate for the prospect sizes in those licences from 1.2 billion barrels recoverable on an unrisked basis to 1.8 billion barrels recoverable.

Secondly, analysis has revealed an Amplitude vs. Offset anomaly (AVO), which is a type of Direct Hydrocarbon Indicator (DHI), over the Sea Lion Fan. This AVO anomaly is consistent with the presence of oil within the target. In addition to the discovery of the AVO anomaly over Sea Lion, the P50 size of the target has been increased from 130 million to 230 million barrels recoverable.

Thirdly, re-analysis of the gas shows in Shell well 14/5-1A has confirmed that a significant quantity of gas was encountered. A new prospect, the Johnson Prospect, has been mapped in the area. The gas shows in the Shell well demonstrate that the area has proven gas and the potential to contain multiple Trillion cubic feet (Tcf) of gas reserves. Rockhopper acreage is the only acreage in the North Falkland Basin with wells that have recovered both oil and gas.

We also collected new benthic samples used to assess the environmental conditions of organisms living on or just beneath the seafloor. These samples will allow us to submit our Environmental Impact Assessment before drilling. Analysis of the Weddell 2D seismic is not yet completed.

Finally, in August of this year Arcadia Petroleum Limited, a major crude oil trading firm, has farmed into certain of Desire Petroleum's North Falkland Basin licences. Part of the Arcadia farm in is to part of licence PL003 where Rockhopper has a 7.5% interest. We welcome Arcadia to the Basin and are working closely with both Arcadia and Desire in the planning of a drilling campaign of at least six wells, four of which Rockhopper will participate in. At present, our most likely drilling targets are Sea Lion and Ernest. In addition, we are likely to participate in two wells in our farm in with Desire.

Our total cash and deposit balances were £4.8m at the period end. We operate a conservative treasury policy and our cash balances have not been affected by the recent turmoil in global financial markets.

We now have in our portfolio a series of prospects with total unrisked recoverable reserves of 4.3 billion barrels of oil and multiple Tcf of gas which, subject to rig availability, financing and all relevant consents, are ready to drill. In this regard we have met with a number of companies as part of our ongoing farm-out programme and notwithstanding current difficult global market conditions we continue to keep all options open with regard to funding our drilling commitments.

Dr Pierre Jungels
Chairman

17 November 2008

Finance Director's review

Financial review for the first half of the financial year

The group has incurred a loss for the six month period to 30 September 2008 of $1,183k ($725k: 2007) which equates to a loss per share of 1.50 cents (0.96 cents: 2007). The loss has increased over the comparative period primarily as a function of an increase in administrative expenses and the charge for share based remuneration.

Administrative expenses rose by $302k from $761k to $1,063k. $133k of the increase was down to salary costs, particularly the increased bonus payment for the twelve months to 30 April. Most of the balance was due to the greater levels of farm out activity significantly contributing to rises in travel costs of $63k, professional fees of $80k and printing and marketing of $18k.

The share based expense of $469k compares to $117k for the previous period. The increased charge reflects the recognition of all the remaining cost of the third tranche of options that all vested on 15 August 2008.

Finance income for the period increased to $195k ($160k: 2007) due to the greater level of funds on deposit following the placing in May. However, the yield on the average cash balances of $7,830k ($5,547k: 2007) actually fell from 5.8% to 4.6% as a result of falls in the base rate and the federal reserve rate and also the lower returns available from better security.

Group net assets have increased by $6,077k since the year ended 31 March 2008 mainly due to the equity placing in May 2008 that raised $7,226k after expenses.

Financial outlook for the second half of the financial year

The unprecedented rate at which the US$ has strengthened relative to GB£, from 2.00:1 at 31 March 2008 to 1.82:1 at 30 September 2008 to below 1.50:1 since the period end, will increase the GB£ cost of any US$ expenditure relative to the current period.

The base rate in the UK and the federal fund rate in the USA both fell during the six months ended 30 September 2008 and the recent concerns as to the strength of both economies has seen rates cut since the period end with further near term cuts possible in both the UK and USA. Cuts in either rate will reduce the group's future investment income. In anticipation of falling rates $7,280k of the group's cash was placed on fixed deposit prior to the period end, at up to 5.6%, to mitigate the immediate effect of rate cuts. However, all deposits mature before the coming year end as liquidity remains the key group priority and so if rates do continue to 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 notably less than the first half year as the entire charge of $197k for the annual bonuses is taken in the first six months. Possible areas of increased expenditure would be travel costs and professional fees due to continued work on a possible farm out.

Unless the underlying assumptions change, the charge for share based remuneration will fall significantly as all but one of the three tranches of options have now been fully expensed.

Total cash and deposit balances were £4,762k, or $8,667k at period end exchange rates. This total includes financial assets of $3,640 which represents fixed deposits of greater than three months. Of the total cash balances, $747k was held in US$ and so should insulate the group for a time against the strengthening of the US$. 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.

Risk review

The risks and uncertainties facing the group are covered in note 4 to the financial statements.

Key performance indicators ("KPI's")

As discussed within the annual report for the year ended 31 March 2008, the highly focussed nature of the group means that standard key performance indicators are not relevant and management instead has concentrated on protecting the group's licences and achieving the commitments they require. Work on these areas continues to comply with, or exceed, the licence requirements to our assets.

Peter Dixon-Clarke ACA
Finance Director

17 November 2008

Consolidated income statement – unaudited

for the period ended 30 September 2008

	6 months ended 30 September 2008 Unaudited $'000	6 months ended 30 September 2007 Unaudited $'000	Year ended 31 March 2008 Audited $'000
Expenses			
Administrative expenses	**(1,063)**	(761)	(1,487)
Charge for share based remuneration	**(469)**	(117)	(235)
Foreign exchange movement	**154**	(7)	(17)
Total expenses	**(1,378)**	(885)	(1,739)
Finance income	**195**	160	267
Loss before tax	**(1,183)**	(725)	(1,472)
Income tax expense	**–**	–	–
Loss for the period/year attributable to equity shareholders of the parent company	**(1,183)**	(725)	(1,472)
Loss per share: basic and diluted – cents	**(1.50)**	(0.96)	(1.95)
Weighted average number of shares – basic and diluted	**79,055,577**	75,663,490	75,679,199

The results for the period relate wholly to continuing operations.

Consolidated balance sheet – unaudited

as at 30 September 2008

	As at 30 September 2008 Unaudited $'000	As at 30 September 2007 Unaudited $'000	As at 31 March 2008 Audited $'000
Assets			
Capitalised exploration expenditure	**26,596**	25,442	25,942
Property and equipment	**21**	13	6
Other receivables	**245**	19	35
Financial assets	**3,640**	–	–
Cash and cash equivalents	**5,027**	4,897	3,525
Assets	**35,529**	30,371	29,508
Other payables	**991**	868	1,047
Liabilities	**991**	868	1,047
Equity			
Share capital	**1,414**	1,325	1,330
Share premium	**36,139**	28,403	28,597
Currency translation reserve	**426**	4,418	4,087
Share based remuneration reserve	**1,682**	1,267	1,371
Merger reserve	**(243)**	(243)	(243)
Retained losses	**(4,880)**	(5,667)	(6,681)
Attributable to equity shareholders of the company	**34,538**	29,503	28,461
Total liabilities and equity	**35,529**	30,371	29,508

These interim results were approved by the directors and authorised for issue on 17 November 2008 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 2008

	6 months ended 30 September 2008 Unaudited $'000	6 months ended 30 September 2007 Unaudited $'000	Year ended 31 March 2008 Audited $'000
Share capital			
Opening balance	**1,330**	1,325	1,325
Options exercised	**9**	–	5
New shares issued	**75**	–	–
Closing balance	**1,414**	1,325	1,330
Share premium			
Opening balance	**28,597**	28,403	28,403
Premium on options exercised	**391**	–	194
Premium on new shares issued	**7,484**	–	–
Issue costs	**(333)**	–	–
Closing balance	**36,139**	28,403	28,597
Currency translation reserve			
Opening balance	**4,087**	3,413	3,413
Movement on share capital	**(144)**	45	30
Movement on share premium	**(3,542)**	969	649
Movement on merger reserve	**25**	(9)	(5)
Closing balance	**426**	4,418	4,087
Share based remuneration reserve			
Opening balance	**1,371**	1,115	1,115
Charge for the period/year	**469**	117	235
Currency translation difference	**(158)**	35	21
Closing balance	**1,682**	1,267	1,371
Merger reserve			
Opening and closing balance	**(243)**	(243)	(243)
Retained losses			
Opening balance	**(6,681)**	(4,609)	(4,609)
Net income and expense recognised in the income statement	**(1,183)**	(725)	(1,472)
Net income and expense recognised directly in equity	**2,761**	–	(614)
Currency translation difference	**223**	(333)	14
Closing balance	**(4,880)**	(5,667)	(6,681)
Equity	**34,538**	29,503	28,461

The total of income and expense items recognised directly in equity is $(835)k (2007: $(707)k and $95k for the year to 31 March 2008).

Consolidated cash flow statement – unaudited

for the period ended 30 September 2008

	6 months ended 30 September 2008 Unaudited $'000	6 months ended 30 September 2007 Unaudited $'000	Year ended 31 March 2008 Audited $'000
Cash flows from operating activities			
Net (loss) before tax	**(1,183)**	(725)	(1,472)
Adjustments to reconcile net losses to cash (utilised)			
Depreciation	**3**	7	14
Share based remuneration charge	**469**	117	235
Foreign exchange movement	**(154)**	7	17
Other non-cash items	**(681)**	101	355
Operating cash flows before movements in working capital	**(1,546)**	(493)	(200)
Changes in:			
Receivables	**(210)**	55	39
Trade payables	**(187)**	(201)	(507)
Cash (utilised by) operating activities	**(1,943)**	(639)	(1,319)
Cash flows from investing activities			
Capitalised exploration expenditure	**(538)**	(801)	(1,692)
Purchase of equipment	**(3)**	(4)	(4)
Financial assets	**(3,640)**	–	–
Cash flows (utilised) for investing activities	**(4,181)**	(805)	(1,696)
Cash inflow from financing activities			
Options exercised	**400**	–	199
Issue of share capital	**7,559**	–	–
Share issue costs	**(333)**	–	–
Cash inflow from financing activities	**7,626**	–	199
Net cash inflow/(outflow)	**1,502**	(1,444)	(2,816)
Cash and cash equivalents brought forward	**3,525**	6,341	6,341
Cash and cash equivalents carried forward	**5,027**	4,897	3,525

Notes to the consolidated interim results – unaudited

for the six months ended 30 September 2008

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 evaluation, exploration and exploitation 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

The interim report is reviewed but not audited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 March 2008 included in the interim report have been extracted from the financial statements for the year ended 31 March 2008. The financial statements for the year ended 31 March 2008 have been reported on by the company's auditor and have been delivered to the registrar of companies. The auditor's report on the financial statements for the year ended 31 March 2008 was unqualified, did not contain reference to any matter to which the auditor drew attention by way of emphasis, 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 annual financial statements of the company are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union.

Items included in the interim report 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 report is stated in US$. The functional and presentation currency of the subsidiaries, where the licences are held, is US$ whilst the functional currency of the holding company is GB£. All values are rounded to the nearest thousand dollars ($'000), and stated as 'k', except when otherwise indicated. The interim 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, and AIM rules for Companies.

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 12 – Service concession arrangements
IFRIC 13 – Customer loyalty programmes
IFRIC 14 – Defined benefit pension assets and their minimum funding requirements
IFRIC 15 – Agreements for the construction of real estate
IFRIC 16 – Hedges of net investment in a foreign operation
IAS 23 – Amendment: Borrowing costs
IAS 1 – Amendment: Presentation of financial statements
IAS 3 – Amendment: Business combinations
IAS 27 – Amendment: Consolidated and separate financial statements

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.

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 exploration expenditure. The determination of this is fundamental to the financial results and position and requires management to make a complex judgment 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.

1 Accounting policies continued

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.

The reversal of an existing trading group into a shell company, such as Rockhopper Exploration plc's acquisition of Rockhopper Resources Ltd, does not fall within the scope of IFRS 3 Business Combinations since the acquirer is not a business per the definition used in that Standard. IFRS contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10 to 12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Directors may consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards. In this regard, it is noted that the United Kingdom Accounting Standards Board (ASB) has issued Financial Reporting Standard 6 'Acquisitions and Mergers' which deals with those business combinations that are not, in substance, the acquisition of one entity by another.

The financial statements consolidate the results, cash flows and assets and liabilities of the company and its wholly owned subsidiary undertakings by the method of merger accounting.

On consolidation the difference between the nominal value of the shares issued with the nominal value of the shares received has been debited to a merger reserve.

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 returns that are different from those of segments operating in other economic environments. The group considers itself to have a single purpose, the evaluation, exploration and exploitation of its licenses, and therefore, taking into account that all exploration activity takes place in the North Falkland Basin, concludes that it has only one segment.

(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.

Notes to the consolidated interim results – unaudited

continued for the six months ended 30 September 2008

1 Accounting policies continued

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.

For the period under review, based on the results of recent surveys and the estimates of potential oil recoverable, the directors have concluded that there is no impairment.

(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.

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 period end rates of exchange actually used were:

	30 September 2008	30 September 2007	31 March 2008	31 March 2007
GB£ : US$	**1.82**	2.02	2.00	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.

1 Accounting policies continued

(g) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

I Other receivables

Other receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

II Financial assets

Financial assets comprise fixed-term deposits held by the group with maturities of more than three months but less than twelve months.

III Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the group with maturities of less than three months.

IV Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

V Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

VI Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(h) 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 exception that 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.

(i) 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.

Notes to the consolidated interim results – unaudited

continued for the six months ended 30 September 2008

1 Accounting policies continued

(j) Property and equipment

Equipment is intially recorded at cost then 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
Leasehold improvements	Five years

(k) 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.

(l) Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

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 Basic and diluted loss per share

	6 months ended 30 September 2008 Number	6 months ended 30 September 2007 Number	Year ended 31 March 2008 Number
Shares in issue brought forward	**75,908,330**	75,663,305	75,663,305
Shares issued during the period			
– Issued on 13 September 2007	**–**	1,980	1,980
– Issued on 13 November 2007	**–**	–	4,950
– Issued on 11 March 2008	**–**	–	238,095
– Issued on 10 April 2008	**238,095**	–	–
– Issued on 30 April 2008	**238,095**	–	–
– Issued on 22 May 2008	**3,780,000**	–	–
Shares in issue carried forward	**80,164,520**	75,665,285	75,908,330
Weighted average shares in issue	**79,055,577**	75,663,490	75,679,199

	$'000	$'000	$'000
Loss after tax	(1,183)	(725)	(1,472)
Basic and diluted loss per share – cents	(1.50)	(0.96)	(1.95)

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.

4 Risk management policies

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; is the risk that delays will be caused in the timetable to drilling because equipment is either not available at all or is not available at a commercial price. 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, there are increasing indications that more rigs are becoming available.

Foreign exchange risks; is the risk that the group suffers loss through unhedged movements of the foreign exchange rate of, primarily, the GB£ against the US$. Most significant would be where a strengthening US$ increased the cost of exploration expenditure as most of this is incurred and settled in US$. With the risk above, due to limited levels of cash and uncertainty over an actual date for drilling, this is a difficult risk to protect against. That said, when sufficient information about timing and quantum of future exploration work is known, the group would expect to buy forward some or all of the US$ amount required.

As well as the risk that future exploration work becomes more expensive, the group is also exposed to foreign exchange risk because the functional currency of the company differs from that of its subsidiaries and its presentational currency. Foreign exchange movements on monetary assets and liabilities are taken to the income statement and the potential exposure to such is set out in the table below:

As at 30 September 2008	US$ denominated $'000	GB£ denominated $'000	Total $'000
Non-monetary assets	26,596	21	26,617
Monetary assets	747	8,165	8,912
Monetary liabilities	(865)	(126)	(991)
	26,478	8,060	34,538
Equity			34,538

As at 30 September 2007	US$ denominated $'000	GB£ denominated $'000	Total $'000
Non-monetary assets	25,442	13	25,455
Monetary assets	880	4,036	4,916
Monetary liabilities	(857)	(11)	(868)
	25,465	4,038	29,503
Equity			29,503

4 Risk management policies continued

As at 31 March 2008	US$ denominated $'000	GB£ denominated $'000	Total $'000
Non-monetary assets	25,942	6	25,948
Monetary assets	853	2,707	3,560
Monetary liabilities	(865)	(182)	(1,047)
	25,930	2,531	28,461
Equity			28,461

Finally, the company makes and carries loans to its subsidiaries in both GB£ and US$. As the functional currency of the company is GB£ it recognises gains or losses on the US$ element of the monies lent, whilst the subsidiaries recognise gains and losses on the GB£ element because their functional currency is US$. Consequently, the movements due to foreign exchange don't net off completely during consolidation and so the difference is taken straight to equity. The potential exposure to these gains and losses is set out in the table below:

	At 30 September 2008 $'000	At 30 September 2007 $'000	At 31 March 2008 $'000
GB£ denominated loans made to the subsidiaries	**7,716**	7,701	7,610
US$ denominated loans made to the subsidiaries	**23,667**	19,386	22,702
Due from subsidiary undertakings	**31,383**	27,087	30,312
Translated to GB£ at the period/year end rate	**17,243**	13,409	15,156

Until 1 April 2007, all loans were carried in GB£ but these were retranslated to their original currency to maintain consistency with the conversion of the group to a US$ presentational currency.

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.

Liquidity 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 and the relatively modest costs required for further interpretation of the 3D data.

	At 30 September 2008 $'000	At 30 September 2007 $'000	At 31 March 2008 $'000
Available immediately	**1,387**	1,359	1,478
Available within 3 months	**3,640**	3,538	2,047
Cash and cash equivalents	**5,027**	4,897	3,525
Available in more than 3 months but less than 12 months	**3,640**	–	–
	8,667	4,897	3,525

4 Risk management policies continued

Counter-party risk; is the risk that the company suffers a loss of assets due to the default by any of the institutions with whom the company has placed deposits. During a prior period, the decision was taken not to keep all of the funds with one bank and so the board elected to split the funds and move an amount of at least £1m to a second bank with a higher security rating than the primary bank. At the time of writing, the Moody's rating for RBS is Aa1 and for Lloyds TSB is Aaa.

	At 30 September 2008 $'000	At 30 September 2007 $'000	At 31 March 2008 $'000
HSBC plc	**48**	16	52
Lloyds TSB plc	**1,880**	2,020	2,046
RBS plc	**6,739**	2,861	1,427
	8,667	4,897	3,525

5 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 2008 and interim report for the six months ended 30 September 2007. Both the audited and interim reports were prepared under IFRS and presented in US$.

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 2008 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 2008 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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17 November 2008

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