

ROCKHOPPER EXPLORATION PLC
2016 ANNUAL GENERAL MEETING
CHAIRMAN'S INTRODUCTION BY DR PIERRE JUNGELS CBE
17th MAY 2016

Good morning ladies and gentlemen. Welcome to all of you and many thanks for joining us at your company Rockhopper Exploration's 2016 annual general meeting.

I would like to introduce the directors present today: Sam Moody, the CEO, Stewart MacDonald, the CFO, Fiona MacAulay, the COO and our non-executive directors; Bob Peters, Senior Independent Director, David McManus, Chairman of the Remuneration Committee, Keith Lough, Chairman of the Audit & Risk Committee, Dr John Summers and our two new directors Tim Bushell and John Martin who joined the Board following the acquisition of Falkland Oil and Gas earlier this year. We all welcome you to the meeting.

Our Company Secretary, Jan Davies, is also present. Lynton Richmond is representing KPMG, the Company's auditors. Computershare Registrars, the Company's Registrars, are represented here today by Penny Kapp and Sally Tolfree.

We shall come to the formal proceedings of the meeting soon when the resolutions set out in the notice of the meeting will be put to the shareholder vote but I would first like to make a few comments.

As you know this is my last AGM at Rockhopper. Although this is in some ways a sad moment for me, it is also a moment of immense pride as I look back on the last eleven years and all that your company has achieved in that time.

I feel greatly privileged to have been involved with one of THE most exciting E&P stories of the last decade, one that can truly say it has opened up a new hydrocarbon province from which in time I have every confidence we shall ultimately see one billion barrels – and more! – of oil produced.

One of the many pleasures of my time at Rockhopper has been working with some wonderfully talented people, not least, of course, your CEO, Sam Moody.

I have great pride in having watched Sam grow in both industry know-how and sector stature throughout our time working together, and, whilst not wishing to make him blush, I can say with real confidence that he has emerged as a genuinely outstanding CEO.

Given the occasion, please forgive me a brief reminiscence of all we have achieved since 2004 when your company was founded.

You will recall that we started with just a single small concession with a 2D seismic obligation attached to it. We then completed an IPO, valuing the Company at £30 million.

We quickly negotiated a farm in to Desire's acreage, when enabled them to do a fund raising to pay for the drilling of some wells.

On the back of that farm in process, Rockhopper obtained from FIG a 100 per cent interest in acreage previously held by Shell, this time with 3D seismic and one well commitment.

We then raised £45 million on the back of that award and agreed to take two slots within Desire's rig contract.

As you know, we then had the wonderful – and rare in the exploration world – success of finding Sea Lion with our first operated well on the old Shell acreage.

This was of course a transformational moment for your company, and indeed for the industry in the waters around the Falkland Islands.

The discovery gave us real momentum within the market and throughout the rest of the exploration and appraisal programme, we were able to raise more than £200million for a highly successful drilling campaign which was carried out within budget, on time and with an outstanding HSE performance.

It confirmed Sea Lion's size as that of a world class oil field, 100 per cent owned by Rockhopper. This was a fabulous achievement for a small team ably led by your CEO, Sam Moody. Not all operators match this result with teams often considerably larger!

I hope it isn't too immodest to suggest that my long-standing experience of the City helped in this extensive fund-raising process during that period.

At that point, after five years as Executive Chairman, I decided that Sam was now ready to step up to CEO of the Company, having shown his ability to manage the team, to communicate well with shareholders and having a great strategic vision that was bearing highly significant fruit!

Since then, with Sam at the helm, we have continued to make important progress: we have farmed out an interest in Sea Lion to Premier Oil, progressed the project to FEED, agreed a sensible phased development plan which will establish the Falklands as new producing hydrocarbon province; we bought Mediterranean Oil & Gas whose production has covered a large part of our G&A costs whilst transforming the company

into a producer; we drilled further discoveries proving the potential of the North Falklands Basin to ultimately deliver 1 billion barrels of recoverable oil; we also bought FOGL, leading to the combination of three of the players in the Falklands under one corporate umbrella.

But it hasn't all been plain sailing, as you will all be aware. There have been prevailing winds, the biggest of which was the financial crisis in 2008 that made it impossible for us to continue developing Sea Lion and its proximate discoveries with a 100 per cent interest due to the contraction of available bank lending triggered by the crisis – had we been able to finance the project at that point, we might even have seen first oil this year!

The change in market conditions led us to farm out an interest in Sea Lion, in a market where a large number of potential partners appeared not want to risk present or future opportunities in South America by engaging in activities around the Falklands. This of course did ultimately change with Noble then Edison taking acreage in the region.

As you know, the technical work on the project following Premier's farm in led to a delay as different development scenarios were evaluated – ultimately, the partnership decided to pursue the route design our team had chosen initially and I am pleased to say that the project team has made real progress in recent months, as the FEED contract awards demonstrate.

The other obvious negative factor we had to encounter was the oil price collapse of the last two years with its consequences for the cash flow of present and potential partners.

The company's share price today – incorrectly in my view – links us to these cash flow issues when I believe an assessment of Rockhopper's value should consider both our robust financial position with cash on the balance sheet, and our potential to generate cash flow through production at Sea Lion at a future point where all analysts currently expect there to be higher oil prices.

The implicit upside in the company's valuation means to me that we represent a uniquely attractive investment proposition at this point in the oil price cycle.

This potential should become increasingly evident in time and I am confident it will be delivered sooner rather than later under the leadership of David McManus as Chairman and Sam Moody as CEO.