
ROCKHOPPER EXPLORATION PLC
FARM-OUT AGREEMENT WITH PREMIER OIL
JULY 2012



DISCLAIMER

Forward looking statements

Certain statements in this document are forward-looking statements which are based on the Company's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that would cause actual results or events to differ from current expectations, intentions or projections might include, amongst other things, changes in oil prices, changes in equity markets, failure to establish estimated petroleum reserves, political risks, changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain any required regulatory approval, failure of equipment, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties involved in interpreting drilling results and other geological, geophysical and engineering data delays in obtaining geological results and other risks associated with offshore exploration, development and production. Given these risks and uncertainties, readers should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

HIGHLIGHTS OF THE TRANSACTION

- Premier Oil plc (“Premier”) to acquire 60 per cent. of Rockhopper’s interests in its North Falkland Basin licences
 - US\$231 million upfront cash payment on completion of transaction
 - US\$722 million Sea Lion development carry (net to Rockhopper)
 - US\$48 million exploration carry (net to Rockhopper)
- Premier to provide standby financing arrangement at Rockhopper’s election to cover any additional development capex beyond the development carry of US\$722 million
- Premier to become operator of the Sea Lion development
- Area of Mutual Interest (“AMI”) for future co-operation in the North Falkland Basin and analogous plays in South Africa, Namibia and Southern Mozambique
- Rockhopper to take sub-surface lead in exploration
- The transaction is expected to complete in September after customary closing conditions (including the approval of the Falkland Islands Government)

IMPLICATIONS OF THE TRANSACTION

- Rockhopper will be fully funded on its share of the Sea Lion development through the Development Carry and standby financing arrangement provided by Premier - with the option to secure third party financing in place of the standby financing arrangement, if Rockhopper so chooses
- Rockhopper gains an aligned and experienced partner and operator in Premier with significant experience in analogous operating environments and developments utilising FPSOs
- Rockhopper retains significant exposure to the upside in the North Falkland Basin through its residual 40 per cent. interest
- Significant exploration upside through the AMI together with the exploration carry of US\$120 million (US\$48 million net to Rockhopper)
 - Rockhopper to take sub-surface lead in exploration
- Strong balance sheet to actively pursue future growth opportunities

PREMIER OIL

A GOOD FIT FOR THE SEA LION DEVELOPMENT

- Premier is a strong operator with FPSO experience in similar conditions to North Falkland Basin
- Premier FPSO operating experience includes:
 - Chim Sao, offshore Vietnam
 - West Natuna, Indonesia
 - Balmoral, UKCS
- Operates in 8 countries throughout the world
- Premier and Rockhopper are working towards:
 - FDP submission target H1 2014
 - First oil target H1 2017

FINANCING SEA LION AND ADJACENT DISCOVERIES

ILLUSTRATIVE EXAMPLE IF STANDBY FINANCING IS TAKEN UP

| | <u>US\$ million</u> |
|--|---------------------|
| Total development capex (gross) | 5,000 |
| Rockhopper share of capex | 2,000 |
| Development carry (including pre-FDP) | 722 |
| Standby financing from Premier (if no self-funding from Rockhopper) | 1,278 |
| Proportion of initial cash flows, net to Rockhopper ⁽¹⁾ | 24.7% |
| Proportion of cash flows, post IRR hurdle ⁽¹⁾ | 40.0% |

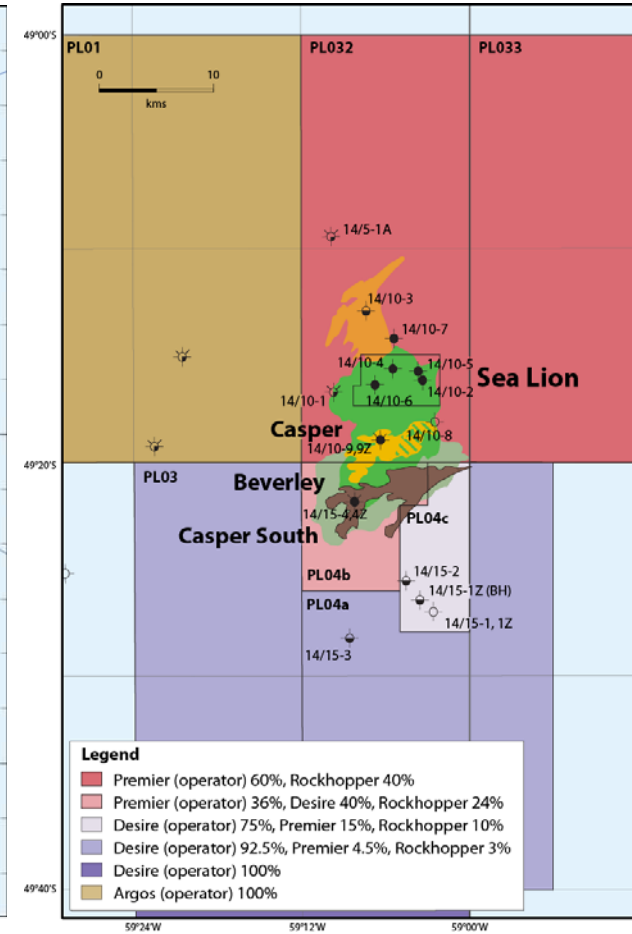
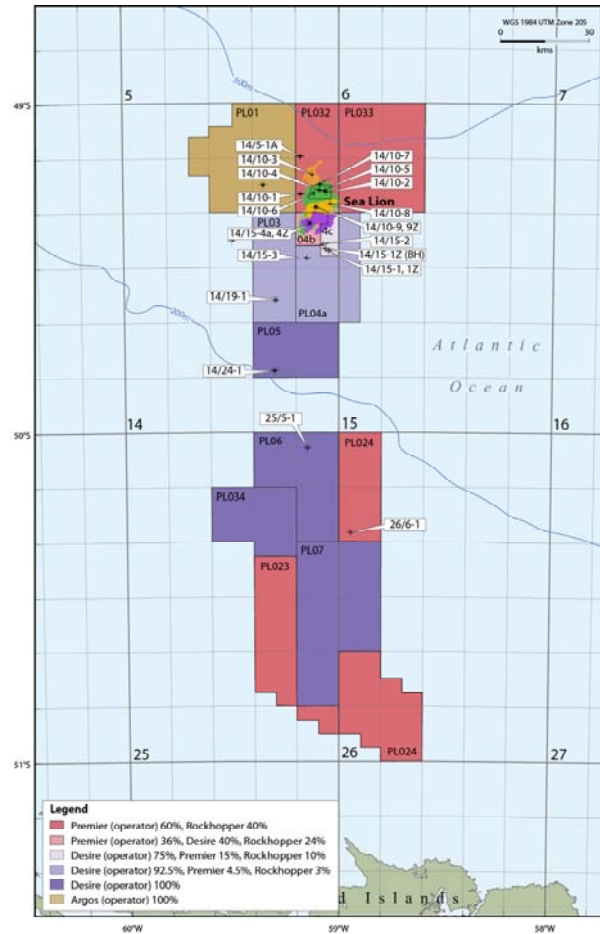
Leased FPSO pre first oil – c.US\$2bn
Purchased FPSO pre first oil – c.US\$3bn

(1) If Rockhopper takes up the standby financing, Premier will receive an enhanced share of entitlement production and cash flows until Premier has realised a 15% post tax IRR on its investment of US\$4.278 billion (Premier's working interest share of capex plus standby financing). Therefore, initial Rockhopper cash flows are 40% working interest minus Premier's 60% entitlement (calculated as 60% multiplied by the standby financing taken up by Rockhopper divided by total project capex).

DETAILED ACREAGE POSITION

POST FARM OUT – SUBJECT TO REGULATORY AND PARTNER APPROVALS

| Licence | RKH interest | Operator |
|---------|--------------|----------|
| PL032 | 40% | Premier |
| PL033 | 40% | Premier |
| PL023 | 40% | Premier |
| PL024 | 40% | Premier |
| PL003 | 3% | Desire |
| PL004a | 3% | Desire |
| PL004b | 24% | Premier |
| PL004c | 10% | Desire |



POST FARM OUT ASSET BASE

Pre-Farm Out CPR ⁽¹⁾

| Contingent Oil Resources Net to Rockhopper (probabilistic) Millions of barrels | | | |
|---|--------------|--------------|--------------|
| | 1C | 2C | 3C |
| Sea Lion | 194.7 | 307.4 | 446.3 |
| Casper | 13.6 | 20.4 | 28.4 |
| Casper South | 15.1 | 24.3 | 36.0 |
| B 15 | 0.5 | 0.7 | 1.0 |
| SL 05 | 1.7 | 2.8 | 4.2 |
| | 225.6 | 355.6 | 515.9 |

Post-Farm Out 40% Retained ⁽¹⁾

| Contingent Oil Resources Net to Rockhopper (probabilistic) Millions of barrels | | | |
|---|-------------|--------------|--------------|
| | 1C | 2C | 3C |
| Sea Lion | 77.9 | 123.0 | 178.5 |
| Casper | 5.4 | 8.2 | 11.4 |
| Casper South | 6.0 | 9.7 | 14.4 |
| B 15 | 0.2 | 0.3 | 0.4 |
| SL 05 | 0.7 | 1.1 | 1.7 |
| | 90.2 | 142.2 | 206.4 |

Deterministic best estimate STOIP billions of barrels

| | |
|-------------------------------|------------|
| Sea Lion (gross field) | 1.3 |
|-------------------------------|------------|

(1) Gaffney, Cline & Associates CPR – April 2012

FALKLANDS CONTINUE TO BE CORE FOCUS AREA

- High retained equity stake in de-risked North Falkland Basin acreage
- Successful risk spreading within Falklands acreage

Falklands Acreage Risk Spreading

Development

Sea Lion now fully funded

Appraisal

Casper / Casper South / Beverley

Exploration

Multiple targets

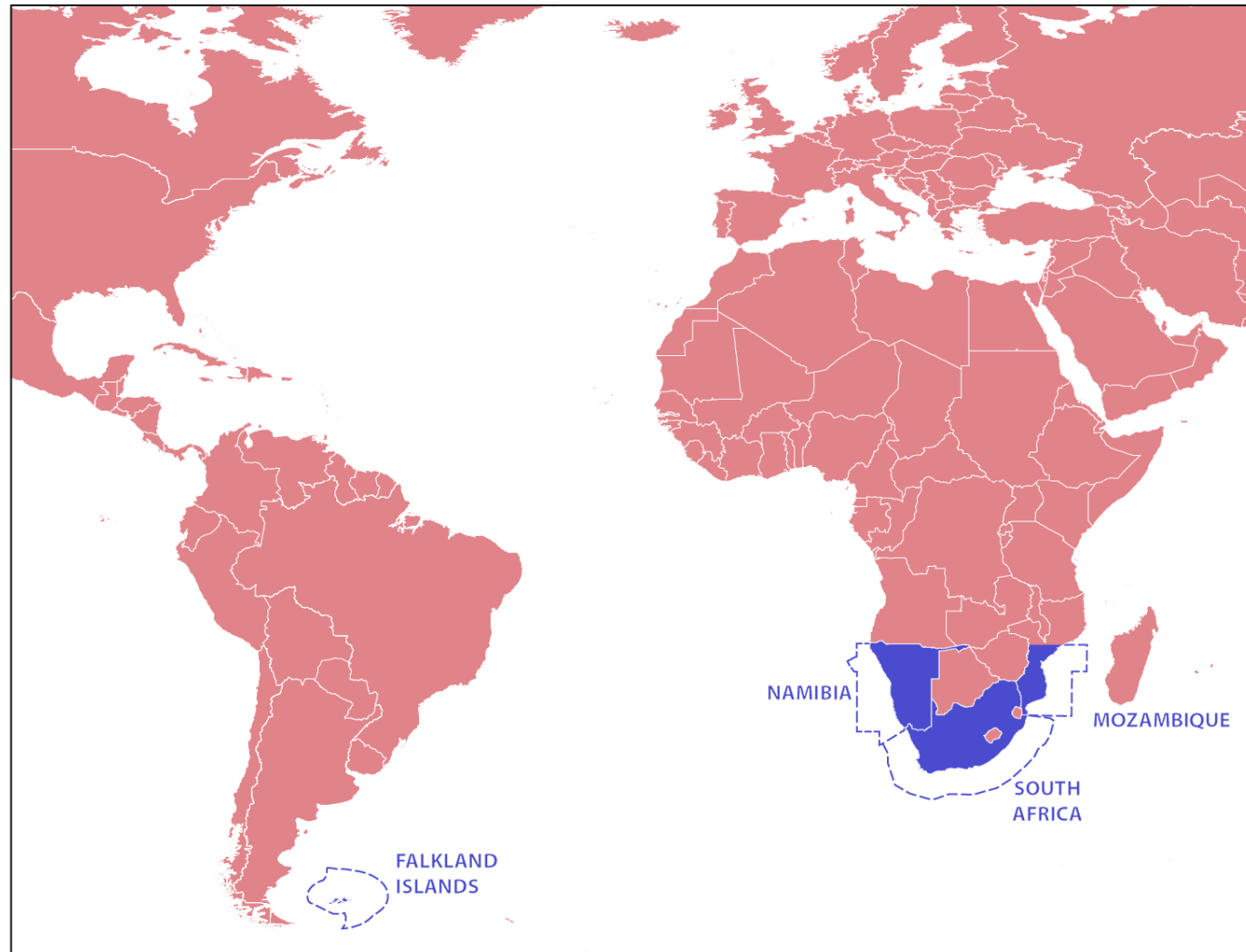
AMI

Offshore Areas

- North Falkland Basin
- Namibia
- South Africa
- Southern Mozambique

Equity Split

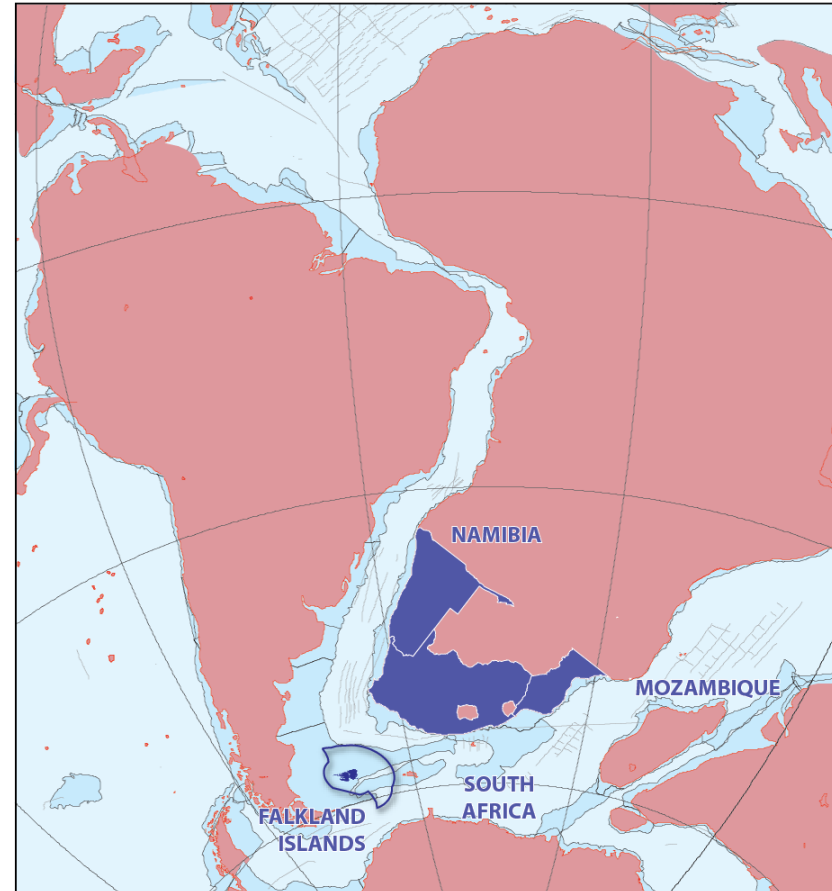
- RKH 40%
- PMO 60%



AMI

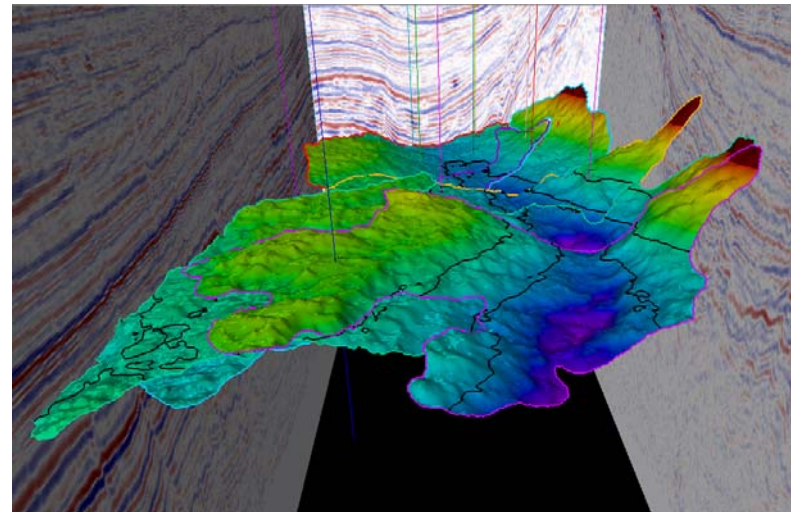
SIMILARITY TO NORTH FALKLAND BASIN

- AMI targets geological province that is continuation of Cretaceous rifted eastern margin play of the opening Southern Atlantic
- Lower Cretaceous lacustrine / marine source potential within primary oil window offshore South Africa and Namibia
- Southern Mozambique significant basin floor fan play with source primarily within gas window
- Basins similarly underexplored with proven petroleum system and little 3D data
- Knowledge transfer of critical exploration techniques to evaluate opportunities



ROCKHOPPER SUB-SURFACE TEAM

- Fully resourced sub-surface team grown through exploration & appraisal phase
- In excess of 30 experienced individuals wholly or significantly contributing to current technical work programme
- Farm down enables core team to :
 - Focus on maximising the significant upside exploration potential in North Falkland Basin
 - Utilise skill sets to evaluate new but geologically similar opportunities within AMI and other underexplored areas



SUMMARY

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