Half-year results

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Rockhopper Exploration plc
14 September 2016

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Rockhopper Exploration plc
("Rockhopper" or the "Company")

Half-year results for the six months to 30 June 2016

Rockhopper Exploration plc (AIM: RKH), the oil and gas company with key interests in the North Falkland Basin and the Greater Mediterranean region, is pleased to announce its results for the six months ended 30 June 2016.

Highlights

During the Period:

- FEED contracts for the Sea Lion development awarded to a set of world class contractors
- All-share merger with Falkland Oil & Gas Limited ("FOGL") completed - consolidating Rockhopper's leading North Falkland Basin acreage position
- Independent resource audit following the successful North Falkland Basin exploration campaign confirms:
    - 2C oil resources in the Sea Lion Complex of 517 mmbbl (258 mmbbl net to Rockhopper)
    - 3C oil resources in the Sea Lion Complex of 900 mmbbl (452 mmbbl net to Rockhopper)
    - Near field, low risk exploration upside of 207 mmbbl (105 mmbbl net to Rockhopper (Best Case, unrisked))
    - Significant additional discovered contingent and low risk prospective resources audited in the Isobel-Elaine Complex
    - Audit further supports Rockhopper's view that the North Falkland Basin has the potential to ultimately deliver a billion barrels of recoverable oil
- Amended terms agreed for the acquisition of Beach Petroleum (Egypt) Pty Limited ("Beach Egypt"), comprising a portfolio of non-operated production and exploration interests in Egypt

Post 30 June 2016:

- Further cost reductions achieved at Sea Lion as we progress through FEED - estimate of capital investment required to reach first oil reduced to US$1.5 billion (gross), reducing the project's break-even price to US$45 per barrel
- Material increase in production following the completion of Beach Egypt acquisition - average Group production of approximately 1,500 barrels of oil equivalent per day ("boepd") expected during the remainder of 2016
- Balance sheet strength maintained with cash resources at 1 September 2016 of approximately US$75 million

David McManus, Chairman of Rockhopper, commented:

"We continue to make very good progress in advancing the Sea Lion development, taking advantage of the current industry backdrop to reduce costs and the break-even oil price required to sanction.

The results of the highly successful exploration campaign and the subsequent independent resource audit further supports Rockhopper's view that the North Falkland Basin has the potential to deliver multiple future phases of development and, ultimately, a billion barrels of recoverable oil.

As a result of the recently concluded acquisition of Beach Egypt, our production for the remainder of 2016 is estimated to be approximately 1,500 boepd, with operating cash flows expected to broadly cover the Group's overheads going forward."

In addition, the Company announces that it is changing its registered office address, effective from 1 October 2016, to 4th Floor, 5 Welbeck Street, London, W1G 9YQ.

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Note regarding Rockhopper oil and gas disclosure

This announcement has been approved by Rockhopper's geological staff who include Fiona MacAulay (Chief Operating Officer), who is a Fellow of the Geological Society of London and a Member of the Petroleum Exploration Society of Great Britain and American Association of Petroleum Geologists with over 25 years of experience in petroleum exploration and management, and who is the qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies. In compiling its resource estimates, Rockhopper has used the definitions and guidelines as set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers.

Glossary:

2C	best estimate of contingent resources
2P	proven plus probable reserves
3C	a high estimate category of contingent resources
AGM	Annual General Meeting
Beach Energy	Beach Petroleum (Egypt) Pty Limited
Best	a best estimate category of Prospective Resources also used as a generic term to describe a best, or mid estimate
Board	the Board of Directors of Rockhopper Exploration plc
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
Capex	capital expenditure
Company	Rockhopper Exploration plc
E&P	exploration and production
ERCE	ERC Equipoise Limited
Farm-down	to assign an interest in a licence to another party
FEED	Front End Engineering and Design
FID	Final Investment Decision
FIG	Falkland Islands Government
FOGL	Falkland Oil and Gas Limited
FPSO	Floating Production, Storage and Offtake vessel
Group	the Company and its subsidiaries
High	high estimate category of Prospective Resources also used as a generic term to describe a high or optimistic estimate
IFRS	International Financial Reporting Standard
Low	a low estimate category of Prospective Resources also used as a generic term to describe a low or conservative estimate
mmbbls	million barrels
mmboe	million barrels of oil equivalent
MMstb	million stock barrels (of oil)
mscf	thousand standard cubic feet
net pay	the portion of reservoir containing hydrocarbons that through the placing of cut offs for certain properties such as porosity, water saturation and volume of shale determine the productive element of the reservoir
P&A	plug and abandon
Premier	Premier Oil plc
PSV	virtual exchange point
scm	standard cubic metre
STOIIP	stock-tank oil initially in place

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

CHAIRMAN AND CEO'S REPORT

Rockhopper's strategy is to build a well-funded, full-cycle, exploration led E&P company.

The first half of 2016 has seen significant success with the achievement of a number of corporate and strategic milestones as we seek to take advantage of the opportunities created by the challenging commodity price environment.

Our balance sheet remains strong which ensures we are well placed for a future uplift in oil prices - a situation many commentators expect as we see a re-balancing of the market through late 2016 and into 2017.

In the Falkland Islands, we have substantially grown our resource position through exploration and acquisition

In January, we completed the merger with Falkland Oil & Gas Limited ("FOGL"). Your Board believes the combination of Rockhopper and FOGL will create significant value for shareholders, not only by positioning Rockhopper as the largest acreage holder in the North Falkland Basin, but our enhanced interests provide us with a stronger strategic position in the future commercialisation of our flag-ship Sea Lion project.

In February we concluded our highly successful North Falkland Basin exploration drilling campaign which saw material oil discoveries at each of Zebedee, Isobel Deep and Isobel Elaine.

The contract with Ocean Rig, which covered both the North Falkland Basin and South Falkland Basin drilling program, was terminated in February 2016 due to significant operational issues with the rig. Ocean Rig is claiming termination fees of up to $62.9 million. The operators refute these claims, and are preparing counter-claims against Ocean Rig. Rockhopper's interest in the claims is limited to those relating to the original North Falkland Basin program. A formal arbitration process has commenced with a decision not expected until the second half of 2017. Given that the arbitration process has commenced only recently and the claims and counter-claims of the parties are not fully quantified or substantiated, it is not appropriate to recognise (or make provision for) any assets or liabilities in the Company's financial statements.

Certain costs incurred during the North Falkland Basin exploration campaign are the subject of an ongoing insurance claim. Approximately US$16 million of insurance proceeds have been received to date, net to Rockhopper, with further proceeds expected during the remainder of 2016 and early 2017.

Following the conclusion of the exploration campaign, ERC Equipoise Limited ("ERCE") were appointed to conduct an independent audit of resources in the North Falkland Basin. Further details are outlined in the Operational Review section but your Board were particularly pleased to see the audit confirm oil in place on the Sea Lion Complex is estimated at more than 1.6 billion barrels gross with estimated gross recoverable contingent oil resources of 517 mmbbls (2C) and 900 mmbbls (3C).

The results of this highly successful exploration campaign and the subsequent independent resource audit further supports Rockhopper's view that the North Falkland Basin has the potential to deliver multiple future phases of development and, ultimately, a billion barrels of recoverable oil.

Continued cost reduction initiatives reduce project break-even cost at Sea Lion

In January, the Sea Lion Phase 1 project entered FEED with a set of world class contractors. The Phase 1 development aims to commercialise the resources in the north-east and north-west of the Sea Lion Complex in licence PL032.

The latest estimates of capex to first oil now total US$1.5 billion which, combined with other cost and efficiency improvements, has resulted in a break-even price of approximately US$45 per barrel. Further cost reductions are being targeted as we progress through FEED which we expect to see ramp-up through the remainder of 2016.

Building a production and cash flow base in the Greater Mediterranean

In our Mediterranean portfolio, we have benefitted from a material increase in production following the completion of the successful Guendalina side-track and the Rockhopper operated Civita development in H2 2015. Production in H1 2016 averaged 606 boepd and we expect to benefit from a step-change in production following the completion of our Egyptian acquisition in August 2016.

As a result of the decision by the Italian Ministry of Economic Development not to award the Production Concession for the Ombrina Mare project, work has been undertaken to establish the possibility of obtaining compensation and damages from the Republic of Italy. In order to mitigate its losses, Rockhopper has taken advantage of the current industry cost environment to permanently abandon the suspended Ombrina Mare well - the costs of which Rockhopper will seek to recover.

Board changes

Following the Company's AGM in May, Dr Pierre Jungels retired as Non-executive Chairman having served as Chairman of the Company for over 10 years. We pay tribute to Pierre's achievements over that time and offer our sincere thanks for the leadership provided.

In addition, Robert (Bob) Peters, Senior Independent Director, has elected to retire from the Board effective 31 December 2016. We thank Bob for his significant contribution and input to Board deliberations over his six years with the Company.

Outlook

We are now approximately eight months into the FEED process for Sea Lion and significant cost reductions have been achieved during that time. The capex to first oil is now estimated at US$1.5 billion (reduced from US$1.8 billion) with the break-even oil price estimated at US$45 per barrel.

Whilst the spot price for Brent crude is around $50 per barrel today, Premier has confirmed that, given their financing position, any final investment decision on Sea Lion will be subject to the successful conclusion of a farm-down process. Rockhopper is actively assisting Premier in this initiative.

As a result of the recently concluded acquisition of Beach Egypt, our production for the remainder of 2016 is estimated to be approximately 1,500 boepd, with operating cash flows expected to broadly cover the Group's overheads going forward. Your Board believes that this production and cash flow, when combined with our existing balance sheet, helps secure the long-term sustainability of the Company.

OPERATIONAL REVIEW

Sea Lion project enters FEED with a set of world-class contractors

In January, we were delighted to announce that FEED work had commenced on the Sea Lion Phase 1 development. FEED contracts were awarded to an aligned partnership of world class contractors comprising SBM Offshore for the FPSO, Subsea 7 for the subsea installation, National Oilwell Varco for the flexible flowlines and One Subsea for the subsea production system. The contractor partnership is designed to create collaborative engagement with a view to optimising the facilities design and installation methodology and to reduce project costs.

Engagement with drilling and logistics service providers is progressing, with a range of innovative commercial and contractual arrangements being discussed. Tender packages for these services are expected to be prepared by the year-end. Further cost savings are being targeted as we progress through the FEED process.

An application was made to the Falkland Islands Government ("FIG") to extend the licence for the Sea Lion Discovery Area. FIG has confirmed that an extension to April 2020 has been granted by the Secretary of State.

Success of recent North Falkland Basin exploration campaign confirmed by independent resource audit

In February we concluded the Isobel Elaine well, the last in our multi-well exploration campaign in the North Falkland Basin.

As outlined previously, due to material operational issues experienced with the drilling rig, the rig contract was terminated before the Chatham well could be fully drilled. The Chatham well is now expected to be drilled as part of the Sea Lion pre-development drilling campaign. The postponement of the Chatham well has no impact on the planning or timetable for the Sea Lion Phase 1 development.

Following the success of the exploration campaign, ERCE were appointed to conduct an independent audit of the contingent and prospective resources in licences PL032 and PL004. A summary of the resource update is outlined below.

Sea Lion Complex

ERCE audit

- Discovered STOIIP 1,667MMstb, 834MMstb net to RKH (Mid Case)
- Discovered 2C resources 517MMstb oil, 258MMstb net to RKH
- Discovered 3C resources 900MMstb oil, 452MMstb net to RKH
- Total discovered 2C resources including gas 747MMboe, 392MMboe net to RKH
- Total discovered 3C resources including gas 1,462MMboe, 798MMboe net to RKH

Upside

- Audited near field low risk exploration upside of 207MMstb, 105MMstb net to RKH (Mid Case, unrisked)
- Additional upside in West Flank if oil-bearing (management resource estimate 60MMstb)

Isobel-Elaine Complex

ERCE audit

- Utilising the operationally compromised data suite ERCE audited significant discovered and prospective STOIIP and resources in the Isobel-Elaine Complex of :
- Discovered STOIIP 277MMstb oil, 177MMstb net to RKH (Mid Case)
- Discovered STOIIP 832MMstb oil, 532MMstb net to RKH (High Case)
- Discovered 2C resources for Isobel Deep (F3H Fan) 20MMstb oil, 13MMstb net to RKH
- Prospective STOIIP 282MMstb oil, 180MMstb net to RKH (Mid Case)

Management estimates

- Without the benefit of completed formation pressure data, management has applied recovery factors of 25% and 35% respectively for 2C and 3C resources against audited STOIIP for each of the Emily, Isobel and Isobel Deep (J) fans:
  - Management 2C resources 49MMstb oil, 31MMstb net to RKH
  - Management 3C resources 198MMstb oil, 127MMstb net to RKH

Management plus ERCE audited resources

- 2C resources 69MMstb oil, 43MMstb net to RKH
- 3C resources 270MMstb oil, 173MMstb net to RKH
- Prospective (Mid Case) resources 70MMstb, 45MMstb net to RKH
- Prospective (High Case) resources 350MMstb, 224MMstb net to RKH

Rockhopper were delighted that the audit confirmed the Company's net 2C oil contingent resource base in the North Falkland Basin, as a result of the exploration campaign and the acquisition of FOGL, had increased to over 270 million barrels, or over 300 million barrels including management estimates for the Emily, Isobel and Isobel Deep J fans.

In the Isobel-Elaine Complex, where data collection was compromised for operational reasons, ERCE has evaluated the Discovered STOIIP for each of the fans and attributed contingent resources to the Isobel Deep (F3H) fan from which significant oil was recovered to surface. For the other oil-bearing fans (Emily, Isobel and Isobel Deep J), ERCE believes that recovery factors comparable to those applied to discoveries could be achieved if an appraisal programme demonstrates the potential to flow oil at a rate comparable to wells in these offset discoveries. For these fans, management has assigned a 25% recovery factor for the 2C and 35% for the 3C resources.

In addition to the discovered resources, management believes there are a large number of near field prospects in the attractive and relatively low risk Isobel / Elaine appraisal area for which estimates of STOIIP and oil prospective resources have been made.

Italian production assets continue to perform in line with expectations

Production from the Company's Italian production assets averaged 606 boepd (H1 2015: 232 boepd) net to Rockhopper during the first six months of the year. The increase in production over the same period last year is attributable to the Guendalina side-track operation conducted in H2 2015 and the commencement of production from the Civita field in November 2015.

Ombrina Mare, Italy

Following the decision in February by the Ministry of Economic Development not to award the Company a Production Concession covering the Ombrina Mare field, a decision was made to plug and abandon ("P&A") the existing OM-2 well and remove the tri-pod structure which had been constructed in 2008 and at that time intended to form part of the future production facilities on the field. The P&A operation was completed in early August, taking advantage of current depressed rig rates, and plans are progressing in relation to the decommissioning and removal of the tri-pod.

As outlined previously, Rockhopper is considering its options with regard to obtaining damages and compensation from the Republic of Italy in relation to the Ombrina Mare field.

Monte Grosso, Italy

The transfer of operatorship to Eni of the Serra San Bernado permit, which contains the Monte Grosso prospect, has now completed. It is hoped that the transfer of operatorship will accelerate the regulatory and permitting process to enable drilling.

Area 3, Malta

Seismic and geological evaluation work continues ahead of a potential decision later in 2016 on whether to proceed to the next stage of the licence.

Block 9, Croatia

In January 2015, Rockhopper was awarded a 40% interest in offshore Block 9 in Croatia in partnership with Eni. Discussions with the Croatian Hydrocarbon Authority continue in relation to the final form of a Production Sharing Agreement.

FINANCIAL REVIEW

Overview

Rockhopper retains its robust financial position despite the continued environment of low oil and gas prices.

Capital continues to be allocated principally to investment in our portfolio of world-class assets in the North Falkland Basin, which we have grown through the merger with Falkland Oil & Gas Limited ("FOGL") and through exploration drilling on the Isobel-Elaine complex during the period.

Development spending in Italy during the second half of 2015 has resulted in a material increase in production during the period which we expect to increase further in the remainder of 2016 following completion of the acquisition of Beach Egypt in August 2016.

Our balance sheet remains strong. Cash resources at 30 June 2016 were US$65.4 million and this increased to approximately US$75 million as at 1 September 2016. The increase in cash resources as at 1 September 2016 reflects receipt of the full Exploration Carry from Premier and takes into account the consideration paid in relation to the Beach Egypt acquisition.

Results summary

$m (unless otherwise specified)	H1 2016	H1 2015	FY 2015
Production (boepd)	606	233	322
Revenue	3	2	4
Profit after tax	131	42	11
Cash out flow from operating activities	(10)	(3)	(7)
Cash	65	160	110
Net assets	460	294	262

Results for the period

For the period ended 30 June 2016, the Company reported revenues of US$2.9 million and a profit after tax of US$131.3 million. The profit after tax in the period arose primarily due to the excess of fair value over consideration associated with the acquisition of FOGL.

Revenue

The Group's revenues of US$2.9 million during the period relate entirely to the sale of natural gas and condensate in Italy. The increase in revenues reflect the increased production volumes achieved at Guendalina, following a side-track well in H2 2015, and the commencement of production from Civita in November 2015.

Working interest production averaged 606 boepd in H1 2016, an increase of over 100% from the same period last year.

During the period, the Group's gas was sold under short-term contract with an average realised price of €0.14 per standard cubic metre (scm), equivalent to US$4.4 per mscf or approximately US$26 per boe. Gas is sold at a price linked to the Italian "PSV" (Virtual Exchange Point) gas marker price. Despite a 27% increase in the price of Brent oil from US$37 per barrel in January 2016 to approximately US$47 per barrel as at the end of August, the PSV price remains weak, having decreased 16% over the same period.

Operating costs

Cash operating costs, excluding depreciation and impairment charges, amounted to US$1.7 million (H1 2015: US$1.1 million). The increase in underlying cash operating costs is principally due to the increased production from Guendalina and Civita. Cash operating costs on a per barrel of oil equivalent basis reduced from US$26 per boe to US$15 per boe.

General and administration costs, excluding non-recurring expenses related to acquisitions, amounted to US$3.8 million (H1 2015: US$4.1 million). Non-recurring costs associated with the acquisition of FOGL were offset by the cash balance acquired.

A corporate cost reduction program has been initiated - as a result headcount in the Rome office has reduced to approximately 10 (a reduction of over 50% since August 2014 when the Group acquired Mediterranean Oil & Gas plc). Initiatives to streamline the Group's UK operations will be achieved by combining our London and Salisbury staff in a single office in London.

Cash movements and capital expenditure

At 30 June 2016, the Company had cash resources of US$65.4 million (31 December 2015: US$110.4 million) and no debt.

Cash and term deposit movements during the period:

	US$m
Opening cash balance (31 December 2015)	110
Falkland Islands	(38)
Greater Mediterranean	(2)
Admin and miscellaneous	(5)
Closing cash balance (30 June 2016)	**65**

Falkland Island spend of US$38 million, net of Exploration Carry and insurance proceeds, relates primarily to the 2015/16 drilling campaign, as well as spend relating to the pre-development activities on Sea Lion.

For a variety of reasons, including the material operational issues experienced with the drilling rig, the costs of drilling the Zebedee, Isobel Deep and Isobel-Elaine wells were above that which was originally anticipated. Certain costs incurred during the North Falkland Basin exploration campaign are the subject of an ongoing insurance claim. Approximately US$16 million of insurance proceeds have been received to date, net to Rockhopper, with further proceeds expected during the remainder of 2016 and early 2017.

Spend (net of revenues) in the Greater Mediterranean largely relates to residual costs associated with the Guendalina side-track and Civita development in H2 2015.

As at 1 September 2016, Rockhopper had cash resources of approximately US$75 million which takes into account the consideration paid in relation to the Beach Egypt acquisition and after having received the full Exploration Carry from Premier.

Less than 15% of the Group's cash resources as at mid June 2016 were held in sterling and therefore the impact of the recent weakness in sterling dollar exchange rates is minimal.

Mergers, acquisitions and disposals

The merger with Falkland Oil & Gas Limited completed in January 2016. Through the merger of FOGL, Rockhopper consolidated its leading North Falkland Basin acreage position.

Under the terms of the merger, shareholders of FOGL received 0.2993 new Rockhopper shares for each FOGL share held.

The transaction has been accounted for by the purchase method of accounting with an effective date of 11 January 2016 being the date on which the Group gained control of FOGL. Information in respect of the assets and liabilities acquired and the fair value allocation to the FOGL assets in accordance with the provisions of "IFRS 3 - Business Combinations" has been determined on a provisional basis as follows:

	Recognised values on acquisition US$m
Intangible exploration and appraisal assets	216.0
Property, plant and equipment	0.1
Inventories	0.2
Trade and other receivables	3.2
Trade and other payables	(20.5)
Net identifiable assets and liabilities	199.0

The fair value of the net assets acquired was US$199.0 million resulting in an excess of fair value over consideration of US$138.8 million, recorded as a credit in the income statement.

The fair value of equity instruments has been determined by reference to the closing share price on the trading day immediately prior to the completion of the acquisition.

The excess of fair value over consideration has arisen primarily due to the fact that the financial position of FOGL had deteriorated due to cost overruns at the Humpback exploration well as well as merger terms being agreed prior to the Isobel-Elaine well results, which substantially de-risked the Isobel-Elaine complex.

In April 2016, Rockhopper announced revised terms for the acquisition of Beach Egypt for cash consideration of US$11.9 million. The acquisition of Beach Egypt completed in August 2016, after the period end.

In addition, after the period end, Rockhopper completed the sale of a package of non-core assets in Italy including interests in the Monteardone and Fornovo di Taro fields to a local Italian company for nominal consideration. As a result of this transaction, US$1.1 million of provisions related to future abandonment and decommissioning have been removed from the balance sheet.

Liquidity, counterparty risk and going concern

The Company monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management with surplus cash held on term deposits with a number of major financial institutions.

The Directors have assessed that the cash balance held provides the Company with adequate headroom over forecast expenditure for the following 12 months - as a result, the Directors have adopted the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

A detailed review of the potential risks and uncertainties which could impact the Company are outlined in the Group's 2015 Annual Report. The Company identified its principal risks at the end of 2015 as being:

- sustained low oil price;
- joint venture partner alignment and funding issues; both of which could ultimately create a delay to the Sea Lion Final Investment Decision.

There has been no change in principal risks and uncertainties since the year end although in light of the Company's recent acquisition in Egypt, a thorough re-evaluation of the Group's principal risks will be conducted during the remainder of 2016.

Outlook

As a result of the weak industry backdrop, significant capital expenditure savings have been achieved at Sea Lion and further opportunities continue to be pursued. With an estimated capex to first oil of US$1.5 billion and a project break-even oil price of approximately US$45 per barrel, the economics of the Sea Lion project remain robust.

In the second half of 2016, we expect to see a ramp-up in engineering activity and spend as we progress Sea Lion through FEED.

Following completion of the acquisition of Beach Egypt, we expect operating cash flows to broadly cover corporate overheads, creating a sustainable financing position for the Company as we move forward.

Our balance sheet remains strong and following completion of the Beach Egypt acquisition our year end 2016 cash guidance has narrowed to US$60 - 65 million although this remains subject to the outcome of a number of material items including exploration drilling cost audits, disputes and insurance claims - the outcomes of which should be known during H2 2016.

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	**Six months ended 30 June 2016 Unaudited $'000**	Six months ended 30 June 2015 Unaudited $'000	Year ended 31 December 2015 Audited $'000
Revenue		**2,901**	1,762	3,966
Other cost of sales		**(1,703)**	(1,084)	(2,951)
Depreciation and impairment of oil and gas assets		**(1,830)**	(723)	(8,098)
Total cost of sales		**(3,533)**	(1,807)	(11,049)
Gross loss		**(632)**	(45)	(7,083)
Exploration and evaluation expenses		**(1,637)**	(619)	(22,934)
Costs in relation to acquisition		**(1,036)**	-	(1,544)
Other administrative costs		**(3,842)**	(4,097)	(9,351)
Total administrative expenses		**(4,878)**	(4,097)	(10,895)
Excess of fair value over cost		**138,842**	-	-
Charge for share based payments		**(971)**	(908)	(1,937)
Foreign exchange movement		**3,999**	339	1,927
Results from operating activities and other income		**134,723**	(5,330)	(40,922)
Finance income		**81**	472	975
Finance expense		**(3,553)**	(205)	(4,750)
Profit before tax		**131,251**	(5,063)	(44,697)
Tax	3	**-**	47,250	55,395
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT COMPANY		**131,251**	42,187	10,698
Profit per share: cents				
Basic	4	**29.93**	14.39	3.65
Diluted	4	**29.87**	14.21	3.64

All operating income and operating gains and losses relate to continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30 June 2016 Unaudited $'000	Six months ended 30 June 2015 Unaudited $'000	Year Ended 31 December 2015 Unaudited $'000
Profit for the period		131,251	42,187	10,698
Items that may be reclassified to profit and loss				
Exchange differences on translation of foreign operations		24	(3,248)	(4,943)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		131,275	38,939	5,755

GROUP BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	As at 30 June 2016 Unaudited $'000	As at 30 June 2015 Unaudited $'000	As at 31 December 2015 Audited $'000
NON CURRENT ASSETS				
Intangible exploration and evaluation assets	5	**466,539**	246,293	256,658
Property, plant and equipment		**11,233**	12,371	12,637
Goodwill		**10,004**	10,027	9,803
Other receivables		**-**	519	-
CURRENT ASSETS				
Inventories		**1,866**	1,708	1,670
Other receivables		**37,350**	2,891	6,199
Restricted cash		**1,657**	1,373	2,192
Term deposits		**20,000**	85,000	60,000
Cash and cash equivalents		**45,363**	75,215	50,434
TOTAL ASSETS		**594,012**	435,397	399,593
CURRENT LIABILITIES				
Other payables		**28,121**	27,395	30,457
Tax payable	6	**9**	-	9
NON-CURRENT LIABILITIES				
Tax payable	6	**46,075**	53,963	47,405
Provisions		**20,666**	20,510	20,343
Deferred tax liability		**39,145**	39,144	39,145
TOTAL LIABILITIES		**134,016**	141,012	137,359
EQUITY				
Share capital		**7,193**	4,909	4,910
Share premium		**3,111**	2,942	2,995
Share based remuneration		**6,462**	4,462	5,491
Shares held by SIP trust		**(3,616)**	(3,463)	(3,513)
Merger reserve		**74,332**	11,112	11,112
Foreign currency translation reserve		**(9,136)**	(7,465)	(9,160)
Special reserve		**472,967**	536,976	472,967
Retained losses		**(91,317)**	(255,088)	(222,568)
ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		**459,996**	294,385	262,234
TOTAL LIABILITIES AND EQUITY		**594,012**	435,397	399,593

These financial statements were approved by the directors and authorised for issue on 14 September 2016 and are signed on their behalf by:

STEWART MACDONALD
CHIEF FINANCIAL OFFICER

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

For the six months ended 30 June 2016	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held in trust $'000	Merger reserve $'000	Foreign Currency Translation Reserve $'000	Special reserve $'000	Retained losses $'000	Total Equity $'000
Balance at 1 January 2016	4,910	2,995	5,491	(3,513)	11,112	(9,160)	472,967	(222,568)	262,234
Total comprehensive income for the period	-	-	-	-	-	24	-	131,251	131,275
Share based payments	-	-	971	-	-	-	-	-	971
Shares issues in relation to SIP	4	116	-	(103)	-	-	-	-	17
Shares issued on acquisition of subsidiary	2,279	-	-	-	63,220	-	-	-	65,499

Balance at 30 June 2016	7,193	3,111	6,462	(3,616)	74,332	(9,136)	472,967	(91,317)	459,996

For the six months ended 30 June 2015	Share capital	Share premium	Share based remuneration	Shares held in trust	Merger reserve	Foreign Currency Translation Reserve	Special reserve	Retained losses	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2015	4,854	662	4,960	(628)	11,112	(4,217)	536,976	(298,681)	255,038
Total comprehensive income for the period	-	-	-	-	-	(3,248)	-	42,187	38,939
Share based payments	-	-	908	-	-	-	-	-	908
Shares issues in relation to SIP	2	133	-	(116)	-	-	-	-	19
Exercise of share options	53	2,147	(1,406)	-	-	-	-	1,406	2,200
Purchase of own shares	-	-	-	(2,719)	-	-	-	-	(2,719)
Balance at 30 June 2015	4,909	2,942	4,462	(3,463)	11,112	(7,465)	536,976	(255,088)	294,385

For the year ended 31 December 2015	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held in trust $'000	Merger reserve $'000	Foreign Currency Translation Reserve $'000	Special reserve $'000	Retained losses $'000	Total Equity $'000
Balance at 1 January 2015	4,854	662	4,960	(628)	11,112	(4,217)	536,976	(298,681)	255,038
Total comprehensive loss for the period	-	-	-	-	-	(4,943)	-	10,698	5,755
Share based payments	-	-	1,937	-	-	-	-	-	1,937
Share issues in relation to SIP	3	186	-	(152)	-	-	-	-	37
Exercise of share options	53	2,147	(1,406)	-	-	-	-	1,406	2,200
Purchase of own shares	-	-	-	(2,733)	-	-	-	-	(2,733)
Other transfers	-	-	-	-	-	-	(64,009)	64,009	-
Balance at 31 December 2015	4,910	2,995	5,491	(3,513)	11,112	(9,160)	472,967	(222,568)	262,234

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30 June 2016 Unaudited $'000	Six months ended 30 June 2015 Unaudited $'000	Year ended 31 December 2015 Audited $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/(loss) before tax		131,251	(5,063)	(44,697)
Adjustments to reconcile net losses to cash utilised				
Depreciation		2,241	660	2,744
Impairment on property, plant and equipment		7	-	5,649
Exploration impairment expenses		1,034	27	22,335
Share based payment charge		971	908	1,937
Excess of fair value over cost		(138,842)	-	-
Loss on disposal of tangible fixed assets		5	11	12
Finance expense		3,547	202	4,742
Finance income		-	(385)	(800)
Foreign exchange		(4,339)	(349)	(1,921)
Operating cash flows before movements in working capital		(4,125)	(3,989)	(9,999)
Changes in:				
Inventories		-	298	291
Other receivables		1,306	1,868	(981)
Payables		(7,122)	(1,892)	3,765
Movement on other provisions		(297)	(7)	68
Cash utilised by operating activities		(10,238)	(3,722)	(6,856)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalised expenditure on exploration and evaluation assets		(39,270)	(34,091)	(70,661)
Purchase of equipment		(548)	(1,808)	(10,258)
Acquisition of subsidiary		5,312	-	-
Interest		235	153	617
Investing cash flows before movements in capital balances		(34,271)	(35,746)	(80,302)
Changes in:				
Restricted cash		498	(24)	(826)
Term deposits		40,000	15,000	40,000
Cash (utilised)/generated by investing activities		6,227	(20,770)	(41,128)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share options exercised		-	2,200	2,200
Share incentive plan		17	19	37
Purchase of own shares		-	(2,719)	(2,733)
Finance expense		(5)	(7)	(18)
Cash (utilised)/generated from financing activities		12	(507)	(514)
Currency translation differences relating to cash and cash equivalents		(1,072)	488	(794)
Net cash outflow		(3,999)	(24,999)	(48,498)
Cash and cash equivalents brought forward		50,434	99,726	99,726
CASH AND CASH EQUIVALENTS CARRIED				

FORWARD	45,363	75,215	50,434

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1 Accounting policies

1.1 Group and its operations

Rockhopper Exploration plc ('the company'), a public limited company quoted on AIM, incorporated and domiciled in the United Kingdom ('UK'), together with its subsidiaries (collectively, 'the group') holds certain exploration licences granted in 2004 and 2005 for the exploration and exploitation of oil and gas in the Falkland Islands. During 2014, it diversified its portfolio through the acquisition of an exploration and production company with operations principally in Italy and post period end has further diversified through the acquisition of an exploration and production company operating in Egypt. The registered office of the company is Hilltop Park, Devizes Road, Salisbury, SP3 4UF.

1.2 Statement of compliance

These condensed consolidated interim financial statements of the group, as at and for the six months ended 30 June 2016, include the results of the company and all subsidiaries over which the company exercises control.

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted by the European Union ("EU"). They do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the company and all its subsidiaries as at the year ended 31 December 2015.

The comparative figures for the year ended 31 December 2015 are not the company's statutory accounts for that financial period. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was: (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying his report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed interim consolidated financial statements were approved by the Board on 14 September 2016.

1.3 Basis of preparation

The results upon which these financial statements have been based were prepared using the accounting policies set out below. These policies have been consistently applied unless otherwise stated.

These consolidated financial statements have been prepared under the historical cost convention except, as set out in the accounting policies below, where certain items are included at fair value.

Items included in the 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 functional currency of the Mediterranean operations acquired during 2014 is euros. All other members of the group have a functional currency of US$.

All values are rounded to the nearest thousand dollars ($'000) or thousand pounds (£'000), except when otherwise indicated.

1.4 Going concern

These condensed group interim financial statements have been prepared on a going concern basis as the directors are confident that the group has sufficient funds in order to continue in operation for the foreseeable future.

1.5 Period end exchange rates

The period end rates of exchange actually used were:

	30 June 2016	30 June 2015	31 December 2015
£ : US$	**1.34**	1.57	1.48
€: US$	**1.12**	1.11	1.09

2 Revenue and segmental information

Six months ended 30 June 2016

	Falkland Islands $'000	**Greater Mediterranean $'000**	**Corporate $'000**	**Total $'000**
Revenue	-	2,901	-	2,901
Cost of sales	-	(3,533)	-	(3,533)
Gross loss	-	(632)	-	(632)
Exploration and evaluation expenses	(7)	(1,013)	(617)	(1,637)
Administrative expenses	(699)	(1,047)	(3,132)	(4,878)
Excess of fair value over cost	138,842	-	-	138,842
Charge for share based payments	-	-	(971)	(971)
Foreign exchange movement	4,668	117	(786)	3,999
Results from operating activities and other income	142,804	(2,575)	(5,506)	134,723
Finance income	1	-	80	81
Finance expense	(3,340)	(209)	(4)	(3,553)
Loss before tax	139,465	(2,784)	(5,430)	131,251
Tax	-	-	-	-
Profit/(loss) for period	139,465	(2,784)	(5,430)	131,251
Reporting segments assets	461,202	34,540	98,270	594,012
Reporting segments liabilities	85,211	22,849	25,956	134,016

Six months ended 30 June 2015

	Falkland Islands $'000	**Greater Mediterranean $'000**	**Corporate $'000**	**Total $'000**
Revenue	-	1,762	-	1,762
Cost of sales	-	(1,807)	-	(1,807)
Gross loss	-	(45)	-	(45)
Exploration and evaluation expenses	(303)	(296)	(20)	(619)
Administrative expenses	(20)	(1,309)	(2,768)	(4,097)
Charge for share based payments	-	-	(908)	(908)

Foreign exchange movement	(774)	249	864	339
Results from operating activities	(1,097)	(1,401)	(2,832)	(5,330)
Finance income	-	-	472	472
Finance expense	-	(202)	(3)	(205)
Loss before tax	(1,097)	(1,603)	(2,363)	(5,063)
Tax	47,250	-	-	47,250
Profit/(loss) for period	46,153	(1,603)	(2,363)	42,187
Reporting segments assets	218,631	57,296	159,470	435,397
Reporting segments liabilities	93,100	23,282	24,630	141,012

3 Taxation

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000	Year Ended 31 December 2015 $'000
Current tax:			
Overseas tax	-	-	9
Adjustment in respect of prior periods	-	(47,250)	(55,405)
Total current tax	-	(47,250)	(55,396)
Deferred tax:			
Overseas tax	-	-	1
Total deferred tax	-	-	1
Tax on ordinary activities	-	(47,250)	(55,395)

On the 8 April 2015 the Group agreed binding documentation ("Tax Settlement Deed") with the Falkland Island Government ("FIG") in relation to the tax arising from the Group's farm out to Premier Oil plc ("Premier"). As such the Group is able to defer this tax liability under Extra Statutory Concession 16. As it is deferred, the liability has been reclassified as non-current and discounted. The adjustment in respect of prior years is mainly due to the impact of this discounting. Additional information is given in Note 6 Tax payable.

4 Basic and diluted loss per share

	Six months ended 30 June 2016 Number	Six months ended 30 June 2015 Number	Year Ended 31 December 2015 Number
Shares in issue brought forward	**296,579,834**	292,805,453	292,805,453
Shares issued			
- Issued in relation to acquisitions	**159,684,668**	-	-
- Issued in relation to share options	-	3,532,920	3,532,920
- Issued under the SIP	**278,697**	149,535	241,461
Shares in issue carried forward	**456,543,199**	296,487,908	296,579,834
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**438,564,580**	293,244,292	293,442,707
Effects of dilutive potential Ordinary shares			
Contingently issuable shares - prior periods anti-dilutive	**790,813**	3,606,543	321,330
	439,355,393	296,850,835	293,764,037

	$'000	$'000	$'000
Net profit after tax for purposes of basic and diluted earnings per share	**131,251**	42,187	10,698
Earnings per share - cents			
Basic	**29.93**	14.39	3.65
Diluted	**29.87**	14.21	3.64

At the period end the group had the following unexercised options and share appreciation rights in issue.

	Six months ended 30 June 2016 Number	Six months ended 30 June 2015 Number	Year Ended 31 December 2015 Number
Long term incentive plan	18,222,590	9,319,704	9,319,704
Share appreciation rights	1,420,531	1,420,531	1,420,531

5 Intangible exploration and evaluation assets

Additions during the period predominantly relate to the fair value of intangible assets acquired as part of the acquisition of Falklands Oil & Gas. Additional details are disclosed in Note 9. The majority of the remainder of the movement relates to the group's interests in the Falkland Islands.

6 Tax payable

	Six months ended 30 June 2016 $'000	Six months ended 30 June 2015 $'000	Year ended 31 December 2015 $'000
Current tax payable	9	-	9
Non current tax payable	46,075	53,963	47,405
	46,084	53,963	47,414

On the 8 April 2015 the group agreed binding documentation ("Tax Settlement Deed") with the Falkland Island Government ("FIG") in relation to the tax arising from the group's farm out to Premier Oil plc ("Premier").

The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and is made under Extra Statutory Concession 16.

As a result of the Tax Settlement Deed the outstanding tax liability was confirmed at £64.4 million and payable on the first royalty payment date on Sea Lion. Currently the first royalty payment date anticipated to occur within six months of first oil production which itself is estimated to occur in late 2020 (assuming Sea Lion project sanction in mid-2017). As such the tax liability has been reclassified as non-current and discounted at 15%. The effect of this discounting was a tax credit in the prior year of $55.4 million.

Movements in the current period are a foreign exchange gain of $4.7 million offset by an increase of $3.3million due to the unwinding of the aforementioned discounting.

The tax liability may be revised downward if the Falkland Islands' Commissioner of Taxation is satisfied that either (i) the Exploration Carry from Premier is utilised to fund exploration activities or (ii) any element of the Development Carry from Premier becomes "irrecoverable". Whilst the benefit of some of the Exploration Carry has been received from Premier during the current campaign, this has not resulted in an adjustment in the tax liability as this is still subject to agreement with the Falkland Islands' Commissioner of Taxation.

7 Reserves

Set out below is a description of each of the reserves of the group:

Share premium	Amount subscribed for share capital in excess of its nominal value.
Share based remuneration	The share incentive plan reserve captures the equity related element of the expenses recognised for the issue of options, comprising the cumulative charge to the income statement for IFRS2 charges for share based payments less amounts released to retained earnings upon the exercise of options.
Own shares held in trust	Shares held by the SIP trust represent the issue value of shares held on behalf of participants by Capita IRG Trustees Limited, the trustee of the SIP.
Merger reserve	The difference between the nominal value and fair value of shares issued on acquisition of subsidiaries.
Foreign currency translation reserve	Exchange differences arising on consolidating the assets and liabilities of the group's subsidiaries are classified as equity and transferred to the group's translation reserve.
Special reserve	The reserve is non distributable and was created following cancellation of the share premium account on 4 July 2013. It can be used to reduce the amount of losses incurred by the parent company or distributed or used to acquire the share capital of the company subject to settling all contingent and actual liabilities as at 4 July 2013. Should not all of the contingent and actual liabilities be settled, prior to distribution the parent company must either gain permission from the actual or contingent creditors for distribution or set aside in escrow an amount equal to the unsettled actual or contingent liability.
Retained losses	Cumulative net gains and losses recognised in the financial statements.

8 Ocean Rig arbitration

The contract with Ocean Rig, which covered both the North Falkland Basin and South Falkland Basin drilling program, was terminated in February 2016 due to significant operational issues with the rig. Ocean Rig is claiming termination fees of up to $62.9 million. The operators refute these claims, and are preparing counter-claims against Ocean Rig. Rockhopper's interest in the claims is limited to those relating to the original North Falkland Basin program. A formal arbitration process has commenced with a decision not expected until the second half of 2017. Given that the arbitration process has commenced only recently and the claims and counter-claims of the parties are not fully quantified or substantiated, it is not appropriate to recognise (or make provision for) any assets or liabilities in the Company's financial statements.

9 Acquisition of subsidiary

Acquisition of Falkland Oil and Gas Limited

In January 2016 Rockhopper completed the acquisition of the entire issued share capital of Falkland Oil and Gas Limited ("FOGL").

The boards of Rockhopper and FOGL believe that a combination of the Rockhopper and FOGL Groups (together, the "Combined Group") represents a significant value opportunity arising from the combination of their highly complementary portfolios. Specifically, the Combined Group is expected to:

- be the largest North Falkland Basin licence and discovered resource holder with a material working interest in all key licences;
- have enhanced prospects of progressing the Sea Lion project through final investment decision;
- have greater exposure to exploration and appraisal upside potential; and
- benefit from enhanced scale and capabilities creating value in the current market environment.

Under the terms of the agreement announced on 24 November 2015, shareholders of FOGL received 0.2993 shares of the company per FOGL share.

The transaction has been accounted for by the purchase method of accounting with an effective date of 18 January 2016 being the date on which the group gained control of FOGL. Information in respect of the assets and liabilities acquired and the fair value allocation to the FOGL assets in accordance with the provisions of "IFRS3 - Business Combinations" has been determined on a provisional basis, and is as follows:

	Recognised values on acquisition $'000
Intangible exploration and appraisal assets	216,000
Property, plant and equipment	58
Inventories	162
Trade and other receivables	3,231
Trade and other payables	(20,422)
Net identifiable assets and liabilities	199,029
Fair value in excess of consideration	(138,842)
Satisfied by:	
Equity instruments 159,684,668 ordinary shares	65,499
Less cash acquired	(5,312)
Total consideration	60,187

All of the recognised values have been finalised with the exception of those relating to the intangible exploration and appraisal assets. The fair value of intangible exploration and appraisal assets are inherently subjective and a difficult exercise to determine. The work to determine the fair value is still ongoing and pending further information and as such has been measured on a provisional basis at 30 June 2016. All necessary information is expected to be received by 31 December 2016 in order to finalise the fair value within the annual report and financial statements for the year then ended.

The fair value of equity instruments has been determined by reference to the closing share price on the trading day immediately prior to the completion of the acquisition.

The fair value in excess of consideration arises due to the difference between the fair value of the net assets and the consideration transferred and relates to the fact that the financial position of FOGL had deteriorated due to cost overruns at the Humpback exploration well as well as merger terms being agreed prior to the Isobel Elaine well results, which substantially de-risked the Isobel-Elaine complex.

Acquisition costs of $1,430,000 arose as a result of the transaction in this and the prior period. These have been recognised as part of administrative expenses in the statement of comprehensive income.

Since the acquisition date, FOGL has contributed $nil to group revenues and added $873,000 to the group loss. If the acquisition had occurred on 31 December 2015, group revenues and group profit for the period would be materially the same.

10 Post balance sheet events

Acquisition of Beach Egypt Pty Limited

In August 2016 Rockhopper completed the acquisition of the entire issued share capital of Beach Egypt Pty Limited ("BEPL") in exchange for cash consideration of $11.9 million based on cash flow effective date of 1 January 2016. BEPL holds a 22% interest in the Abu Sennan concession and a 25% interest in the El Qa'a Plain concession.

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 half-yearly report for the six months ended 30 June 2016 which comprises group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of changes in equity, the group cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly 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 UK. 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 half-yearly report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

LYNTON RICHMOND
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

14 September 2016

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