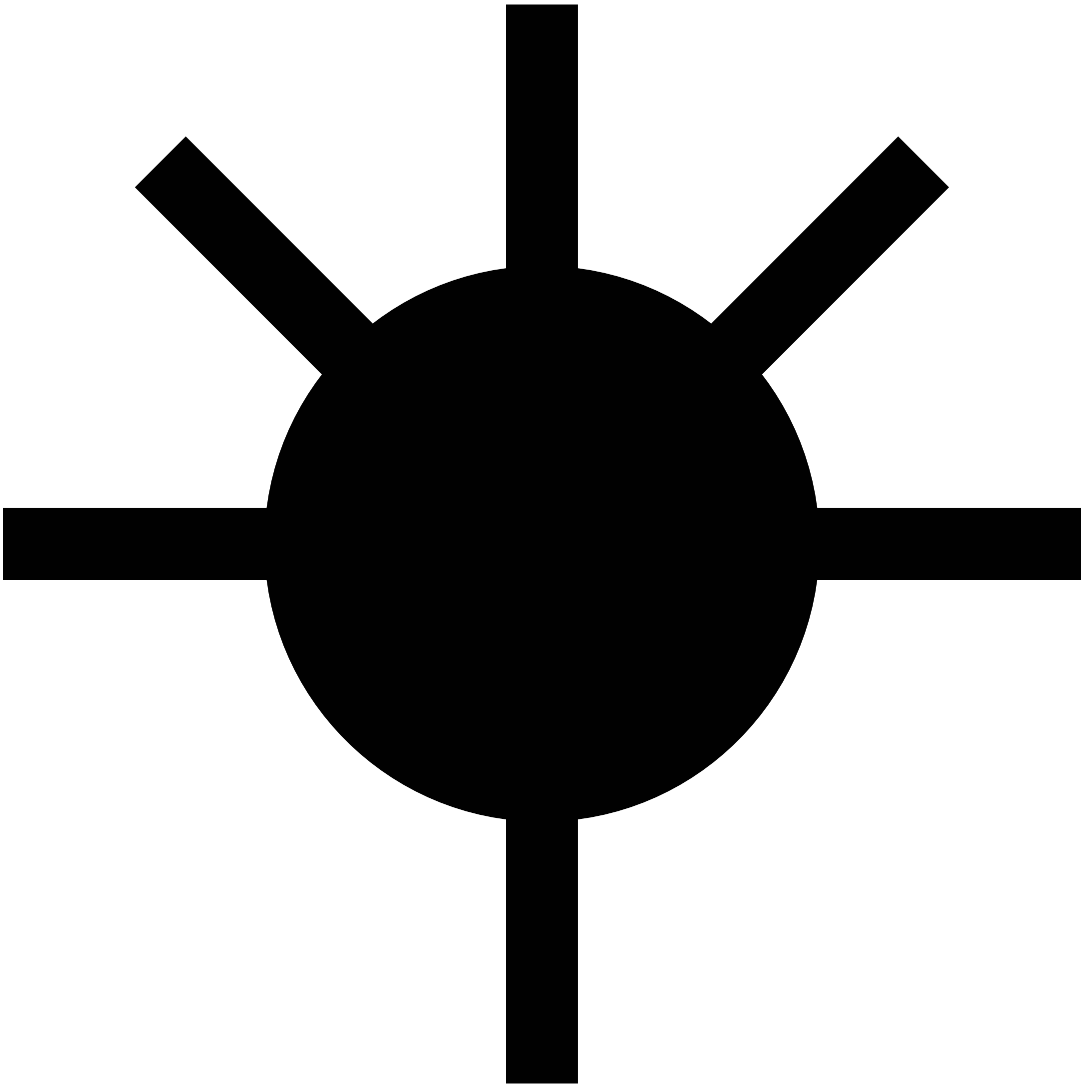
ROCKHOPPER EXPLORATION PLC

INTERIM REPORT 2012



EXPLORE, APPRAISE, DEVELOP.

ROCKHOPPER EXPLORATION PLC

'Rockhopper' (RKH) is the first company to make an oil discovery in the Falkland Islands.

Our strategy is to explore, appraise and develop our acreage in the North Falkland Basin both safely and responsibly.

www.rockhopperexploration.co.uk
AIM: RKH

COVER IMAGE:
SEA LION ASSET, OIL AND GAS WELL SHOWS, WELL PLUGGED AND ABANDONED.

KEY EVENTS
OPERATIONAL AND FINANCIAL

During the period:

- Revised CPR published
- Farm out agreement announced
  - Cash of $231 million
  - Net development carry of $722 million
  - Net exploration carry of $48 million

Post 30 September 2012:

- Completion of farm out agreement
- Extension of licences
- Transfer of operatorship

CHAIRMAN'S STATEMENT
GOOD PROGRESS MADE
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Sea Lion field is now fully financed. This means that for its 2C case, Rockhopper has approximately 142 million barrels of financed oil that, from late 2017, should begin generating cash flow with an estimated value to Rockhopper in excess of $2 billion at a 10% discount factor.

We financed Sea Lion through the farm out announced in July and completed in October. The process took place during a time of considerable macro economic uncertainty and throughout it we continued to assess the possible alternatives of a corporate sale, to continue alone or simply to wait for better times.

A sale of the group would have required a willing buyer and, as conversations progressed, it became obvious that candidates preferred a risk sharing approach. Going it alone would have been very dilutive to shareholders, assuming the $2 billion of additional capital was even available to us and, given the potential value of Sea Lion, the economic cost of waiting for better times was simply too high and too uncertain.

The process itself was competitive and in selecting Premier Oil we have chosen a partner with both the financial and operational capacity that a field of this size requires. Sea Lion is of sufficient importance to Premier that, along with the $231 million non-refundable up front payment, they are as motivated as we are to realise its value as soon as possible.

In summary, a combination of financed oil, approximately $270 million of free cash and a $120 million, gross, exploration carry puts your company on an excellent basis for the future to continue along the value creation path that I've set out in previous statements and begin to address the under performance of the current share price.

DR PIERRE JUNGELS CBE
CHAIRMAN

13 December 2012

Exploration carry puts your company on an excellent basis for the future.

CHIEF EXECUTIVE OFFICER'S REVIEW
FULLY FUNDED FOR SEA LION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The six months to 30 September 2012 has seen us announce the farm out and complete the demobilisation of the drilling campaign. The farm out, subsequently completed on 18 October 2012, means that Rockhopper is fully financed for both the development of Sea Lion and for a three well exploration programme targeted for 2014.

Under the terms of the farm out, Premier has acquired 60% of all Rockhopper acreage in the Falkland Islands and assumed operatorship where applicable. The consideration is in three parts, being:

- cash of $231 million payable on completion and now received
- a net development carry of $722 million
- a net exploration carry of $48 million

Operatorship transferred to Premier on 1 November and work is ongoing to deliver concept selection in June 2013 following which front end engineering and design can begin with a view to the submission and approval of the field development plan in 2014.

Whilst operatorship has transferred, Rockhopper has retained the sub-surface lead role and is working with Premier to advance the grading of the wider prospects in the North Falklands Basin.

OTHER ACTIVITY
In addition to the above, activities have included completing geotechnical and baseline surveys, refurbishing and redeploying a current meter and deploying the equipment needed for the static acoustic monitoring survey.

Having consulted extensively with the Falkland Islands Government and local residents, Rockhopper completed its socio-economic impact assessment and delivered the report in August to a very well attended public meeting in the Falkland Islands.

OUTLOOK
With the farm out now completed the Company is in the strongest position in its history. The development is fully funded, we have brought in a proven and highly experienced operator and we have a strong balance sheet, all against a very difficult equity market and financial backdrop. There is a huge amount of work to be done in order that all our knowledge and experience of the North Falkland Basin gained over the last eight years is passed on to Premier so that we can move as swiftly as possible towards a final investment decision and then first oil.

SAM MOODY
CHIEF EXECUTIVE OFFICER

13 December 2012

With the farm out now completed the Company is in the strongest position in its history.

FINANCIAL REVIEW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INCOME STATEMENT

The loss for the period reduced by $26 million to $6 million, almost entirely due to the reduction in exploration and evaluation expenses following the end of the drilling and seismic campaigns.

Exploration and evaluation expenses fell by $25 million to $4 million mainly due to a $15 million decrease in the impairment charge and a $10 million reduction in seismic acquisition costs.

Administrative expenses have increased by $1 million to $4 million largely due to the recruitment of senior management to support the development studies required by Sea Lion. All other costs, with the exception of auditor's remuneration, have increased in line with staff levels.

The share based payment charge has remained static at about $1 million. With the management team now largely in place, share based remuneration will be reviewed annually during January, rather than each time there is a new hire.

Foreign exchange changed by $2 million from a previous loss of $1 million to a gain of $1 million as the value of the sterling cash balances increased in line with sterling's strengthening against the dollar.

BALANCE SHEET

The group capitalised $5 million of expenditure, relating mainly to Sea Lion development studies, against $162 million during the prior period, relating mainly to drilling. Additions have been offset by $1 million of disposals of long lead items such as unused wellheads.

Consistent with the end of the drilling campaign, other receivables have fallen $6 million to $2 million and other payables from $6 million to $3 million.

Resources available consist of term deposits of $50 million and cash & cash equivalents of $43 million. Following the end of the drilling campaign in January, balances within payments on account and restricted cash have been reduced to nil.

The receipt of $231 million in respect of the farm out occurred in October. This payment is non-refundable and, after farm out transaction costs and allowing for an approximation for the first instalment of the resultant CGT liability leaves the group with approximately $270 million of free cash.

The prior period demobilisation provision of $15 million is no longer required as everything had been demobilised by 31 March 2012 with the associated costs either paid for or accrued.

There have been no significant movements in share capital, with movements solely relating to the issue of shares under the Share Incentive Plan.

POST BALANCE SHEET

The completion of the farm out in October crystallised $14 million of transaction costs and a capital gains tax liability with the Falkland Islands Government. The exact size of the liability is yet to be agreed but will be payable at 26% of the taxable gain in two instalments in proportion to the cash element of the taxable consideration. The first instalment is due in 2013 and the balance at the sooner of first oil or October 2017, being five years after completion.

OUTLOOK

Having approximately 142 million financed barrels of oil and $270 million of free cash puts Rockhopper into a very strong position. The current priority is working with the Falkland Islands Government to input into their ongoing 'Oil Readiness Review', particularly in the area of tax where we have already had confirmation that following the review, our CGT position in respect of the farm out will be no worse and may be improved.

PETER DIXON-CLARKE ACA
FINANCE DIRECTOR

13 December 2012

Having approximately 142 million financed barrels of oil and $270 million of free cash puts Rockhopper into a very strong position.

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Notes	**Six months ended 30 September 2012 Unaudited $'000**	Six months ended 30 September 2011 Unaudited $'000	Year ended 31 March 2012 Audited $'000
OPERATING EXPENSES				
Exploration and evaluation expenses	2	**(3,890)**	(29,040)	(47,181)
Administrative expenses	3	**(3,511)**	(2,624)	(7,568)
Charge for share based payments	4	**(530)**	(508)	(1,005)
Foreign exchange movement		**865**	(1,175)	476
Total expenses		**(7,066)**	(33,347)	(55,278)
Finance income		**688**	814	1,496
Loss before tax		**(6,378)**	(32,533)	(53,782)
Income tax expense		**—**	—	—
LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT COMPANY		**(6,378)**	(32,533)	(53,782)
Loss per share: cents (basic & diluted)	5	**(2.24)**	(12.60)	(19.92)

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Six months ended 30 September 2012 Unaudited $'000	Six months ended 30 September 2011 Unaudited $'000	Year ended 31 March 2012 Audited $'000
Loss for the year	**(6,378)**	(32,533)	(53,782)
Other comprehensive income for the period/year	**—**	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	**(6,378)**	(32,533)	(53,782)

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2012

	Notes	**As at 30 September 2012 Unaudited $'000**	As at 30 September 2011 Unaudited $'000	As at 31 March 2012 Audited $'000
ASSETS				
Intangible exploration and evaluation assets	6	**307,385**	239,879	303,296
Property, plant and equipment	7	**626**	401	388
Other receivables	8	**1,614**	7,579	1,787
Payments on account	9	**43**	12,467	3,092
Restricted cash	10	**463**	9,058	802
Term deposits	11	**50,113**	1,563	57,554
Cash and cash equivalents	12	**42,763**	108,281	45,709
TOTAL ASSETS		**403,007**	379,228	412,628
LIABILITIES				
Other payables	13	**2,635**	7,821	6,419
Short term provisions	14	**—**	14,942	—
TOTAL LIABILITIES		**2,635**	22,763	6,419
EQUITY				
Share capital		**4,709**	4,300	4,709
Share premium		**578,689**	508,432	578,658
Share based remuneration		**3,623**	2,596	3,093
Shares held by SIP trust		**(159)**	—	(139)
Merger reserve		**(243)**	(243)	(243)
Foreign currency translation reserve		**4,123**	4,123	4,123
Retained losses		**(190,370)**	(162,743)	(183,992)
ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		**400,372**	356,465	406,209
TOTAL LIABILITIES AND EQUITY		**403,007**	379,228	412,628

These financial statements were approved by the directors and authorised for issue on 13 December 2012 and are signed on their behalf by:

SAMUEL MOODY
CHIEF EXECUTIVE OFFICER

PETER DIXON-CLARKE ACA
FINANCE DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

For the six months ended 30 September 2012	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held by SIP trust $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 April 2012	4,709	578,658	3,093	(139)	(243)	4,123	(183,992)	406,209
Total comprehensive income for the period	—	—	—	—	—	—	(6,378)	(6,378)
Issue of shares	—	—	—	—	—	—	—	—
Cost of issue	—	—	—	—	—	—	—	—
Share based payments	—	—	530	—	—	—	—	530
Shares issues in relation to SIP	—	31	—	(20)	—	—	—	11
Total contributions by owners	—	31	530	(20)	—	—	—	541
Balance at 30 September 2012	**4,709**	**578,689**	**3,623**	**(159)**	**(243)**	**4,123**	**(190,370)**	**400,372**

For the six months ended 30 September 2011	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held by SIP trust $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 April 2011	4,297	508,299	2,168	—	(243)	4,123	(130,290)	388,354
Total comprehensive income for the period	—	—	—	—	—	—	(32,533)	(32,533)
Issue of shares	—	—	—	—	—	—	—	—
Cost of issue	—	—	—	—	—	—	—	—
Share based payments	—	—	508	—	—	—	—	508
Exercise of share options	3	133	(80)	—	—	—	80	136
Total contributions by owners	3	133	428	—	—	—	80	644
Balance at 30 September 2011	**4,300**	**508,432**	**2,596**	**—**	**(243)**	**4,123**	**(162,743)**	**356,465**

For the year ended 31 March 2012	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held by SIP trust $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Retained losses $'000	Total equity $'000
Balance at 1 April 2011	4,297	508,299	2,168	—	(243)	4,123	(130,290)	388,354
Total comprehensive income for the year	—	—	—	—	—	—	(53,782)	(53,782)
Issue of shares	408	73,078	—	—	—	—	—	73,486
Cost of issue	—	(3,021)	—	—	—	—	—	(3,021)
Share based payments	—	—	1,005	—	—	—	—	1,005
Share issues in relation to SIP	1	169	—	(139)	—	—	—	31
Exercise of share options	3	133	(80)	—	—	—	80	136
Total contributions by owners	412	70,359	925	(139)	—	—	80	71,637
Balance at 31 March 2012	**4,709**	**578,658**	**3,093**	**(139)**	**(243)**	**4,123**	**(183,992)**	**406,209**

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Six months ended 30 September 2012 Unaudited $'000	Six months ended 30 September 2011 Unaudited $'000	Year ended 31 March 2012 Audited $'000
CASH OUTFLOWS FROM OPERATING ACTIVITIES			
Net loss after tax	**(6,378)**	(32,533)	(53,782)
Adjustments to reconcile net losses to cash utilised			
Depreciation	**116**	73	155
Share based payment charge	**530**	508	1,005
Exploration impairment (reversals)/expenses	**(161)**	14,390	26,436
Interest	**(559)**	(49)	(653)
Foreign exchange	**(862)**	967	(889)
Operating cash flows before movements in working capital	**(7,314)**	(16,644)	(27,728)
Changes in:			
Other receivables	**9**	(111)	1,430
Payables	**(2,107)**	(6,706)	(4,529)
Cash utilised by operating activities	**(9,412)**	(23,461)	(30,827)
CASH OUTFLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation assets	**(6,345)**	(149,629)	(239,230)
Disposal of exploration and evaluation assets	**855**	—	—
Purchase of equipment	**(354)**	(134)	(203)
Interest	**608**	440	912
Investing cash flows before movements in capital balances	**(5,236)**	(149,323)	(238,521)
Changes in:			
Payments on account	**3,049**	41	9,501
Restricted cash	**330**	14,055	22,398
Term deposits	**7,281**	90,965	34,755
Cash utilised by investing activities	**5,424**	(44,262)	(171,867)
CASH INFLOWS FROM FINANCING ACTIVITIES			
Options exercised	**—**	136	136
Share incentive plan	**11**	—	31
Issue of share capital	**—**	—	73,486
Share issue costs	**—**	—	(3,021)
Cash generated from financing activities	**11**	136	70,632
Currency translation differences relating to cash and cash equivalents	**1,031**	(712)	1,191
Net cash (outflow)	**(3,977)**	(67,587)	(132,062)
Cash and cash equivalents brought forward	**45,709**	176,580	176,580
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**42,763**	108,281	45,709

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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. 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 September 2012, 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 March 2012.

The comparative figures for the financial year ended 31 March 2012 are not the company's statutory accounts for that financial year. 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 13 December 2012.

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"). All 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 September 2012	30 September 2011	31 March 2012	31 March 2011
£ : US$	**1.62**	1.56	1.60	1.60

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

2 EXPLORATION AND EVALUATION EXPENSES

	Six months ended 30 September 2012 $'000	Six months ended 30 September 2011 $'000	Year ended 31 March 2012 $'000
Allocated from administrative expenses (see note 3 below)	**960**	713	2,658
Capitalised exploration costs impaired (see note 6 below)	**(161)**	14,390	26,436
Seismic acquisition costs	**56**	10,223	10,314
Other exploration and evaluation expenses	**3,035**	3,714	7,773
	3,890	29,040	47,181

3 ADMINISTRATIVE EXPENSES

	Six months ended 30 September 2012 $'000	Six months ended 30 September 2011 $'000	Year ended 31 March 2012 $'000
Directors' salaries and fees, including bonuses	**836**	824	2,528
Other employees' salaries	**918**	668	2,367
National insurance costs	**215**	187	632
Pension costs	**110**	63	135
Employee benefit costs	**31**	—	73
Total staff costs	**2,110**	1,742	5,735
Allocated to exploration and evaluation	**(960)**	(713)	(2,658)
Total administrative staff costs	**1,150**	1,029	3,077
Auditor's remuneration	**54**	69	250
Other professional fees	**908**	441	1,973
Travel	**565**	369	852
Office rentals	**137**	105	233
Depreciation	**116**	73	155
Other	**581**	538	1,028
	3,511	2,624	7,568

4 SHARE BASED PAYMENTS

The charge for share based payments includes options and share appreciation rights ("SARs") granted to employees of the company under the employee share option scheme ("ESOS"), and Free and Matching Shares as granted under an HMRC approved Share Incentive Plan ("SIP").

	Six months ended 30 September 2012 $'000	Six months ended 30 September 2011 $'000	Year ended 31 March 2012 $'000
Charge for the share appreciation rights granted on 11 January 2011	**—**	467	689
Charge for the share appreciation rights granted on 14 July 2011	**29**	32	71
Charge for the share appreciation rights granted on 16 August 2011	**15**	9	25
Charge for share appreciation rights granted on 13 December 2011	**34**	—	22
Charge for share appreciation rights granted on 17 January 2012	**427**	—	198
Charge for shares issued under the SIP	**25**	—	—
	530	508	1,005

5 BASIC AND DILUTED LOSS PER SHARE

	Six months ended 30 September 2012 Number	Six months ended 30 September 2011 Number	Year ended 31 March 2012 Number
Shares in issue brought forward	**284,186,936**	258,139,606	258,139,606
Shares issued			
– Issued during the prior period	**—**	200,990	26,047,330
– Issued under the SIP	**8,760**	—	—
Shares in issue carried forward	**284,195,696**	258,340,596	284,186,936
Weighted average shares in issue	**284,190,217**	258,189,214	270,043,689
	$'000	$'000	$'000
Net loss after tax	**(6,378)**	(32,533)	(53,782)
Basic and diluted net loss per share – cents	**(2.24)**	(12.60)	(19.92)

The calculation of the basic loss per share is based upon the loss for the period and the weighted average shares in issue. At the period end the group had the following unexercised options and share appreciation rights in issue.

	Six months ended 30 September 2012 Number	Six months ended 30 September 2011 Number	Year ended 31 March 2012 Number
Share options	**4,491,830**	4,491,830	4,491,830
Share appreciation rights	**3,036,587**	2,664,333	3,036,587

However as the group is reporting a loss for all periods then in accordance with IAS33 the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

6 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Licences PL023 PL024	Licences PL032 PL033	Licences PL003 PL004	**30 September 2012 $'000**	30 September 2011 $'000	31 March 2012 $'000
Costs brought forward	23,636	326,162	48,059	**397,857**	160,508	160,508
Additions/(reallocations)	(24)	4,874	389	**5,239**	161,886	237,349
Disposals	—	(1,311)	—	**(1,311)**	—	—
	23,612	329,725	48,448	**401,785**	322,394	397,857
Impairments brought forward	(23,636)	(53,854)	(17,071)	**(94,561)**	(68,125)	(68,125)
Impairments arising in the period	24	55	82	**161**	(14,390)	(26,436)
	(23,612)	(53,799)	(16,989)	**(94,400)**	(82,515)	(94,561)
Net book value brought forward	—	272,308	30,988	**303,296**	92,383	92,383
Net book value carried forward	—	275,926	31,459	**307,385**	239,879	303,296

On 19 October 2012 the group announced the conclusion of its farm out agreement with Premier Oil plc. As a result 60% of the group's licence interests transfered to Premier Oil plc. Further details are disclosed in note 18 Post Balance Sheet Events. Details of the movements on a licence by licence basis are detailed below.

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

6 INTANGIBLE EXPLORATION AND EVALUATION ASSETS CONTINUED

LICENCES PL023 AND PL024

These licences represent the southern acreage that the group holds within the North Falkland Basin. At the period end the group held these licences 100% and was the operator. Movements during the period relate to amounts accrued for the cost of campaign demobilisation which were released without utilisation. As these accruals related to an impaired well the associated impairment has been reversed and has been credited to the income statement

LICENCES PL032 AND PL033

These licences represent the northern acreage that the group holds within the North Falkland Basin. At the period end the group held these licences 100% and was the operator. During the period under review the group capitalised, including the allocated and reallocated campaign costs in relation to mobilisation and demobilisation of rig and equipment, the following expenditure:

- $1.2 million credit in respect of amounts accrued for the costs of campaign demobilisation which were released without utilisation. Where these accruals related to impaired wells the associated impairment has been reversed and has been credited to the income statement.
- $1.3 million credit in respect of proceeds from the disposal of items initially capitalised for use in the campaign.
- $6.1 million of costs in relation to development work on the Sea Lion field.

LICENCES PL003 AND PL004

These licences represent the farm-in acreage that the group holds within the North Falkland Basin. At the period end the group had a working interest of 60% and was operator of licence PL004b. In addition the group had at the period end a 25% interest in licence PL004c and a 7.5% working interest in licences PL004a, and PL003. The group is not the operator of these licences. During the period under review the group capitalised $0.4 million, these amounts principally relate to well 14/15-4. In addition there were amounts accrued for the costs of campaign demobilisation which were released without utilisation. Where these accruals related to impaired wells the associated impairment has been reversed and has been credited to the income statement.

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Office equipment $'000	**30 September 2012 $'000**	30 September 2011 $'000	31 March 2012 $'000
Cost brought forward	276	401	**677**	474	474
Additions	28	326	**354**	134	203
Cost carried forward	304	727	**1,031**	608	677
Accumulated depreciation brought forward	(82)	(207)	**(289)**	(134)	(134)
Depreciation in the period	(29)	(87)	**(116)**	(73)	(155)
Accumulated depreciation carried forward	(111)	(294)	**(405)**	(207)	(289)
Net book value brought forward	194	194	**388**	340	340
Net book value carried forward	193	433	**626**	401	388

8 OTHER RECEIVABLES

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
Receivables	**555**	3,737	571
Prepayments	**641**	2,750	578
Accrued interest	**118**	35	167
Other	**300**	1,057	471
	1,614	7,579	1,787

9 PAYMENTS ON ACCOUNT

This relates to payments made to Desire in respect of the demobilisation of the rig and equipment. The demobilisation was finally invoiced in September and as such these amounts either have been, or are expected to be, received post period end.

10 RESTRICTED CASH

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
In respect of own wells	**—**	8,611	344
Charged accounts	**463**	447	458
	463	9,058	802

The charged accounts relate to the rent deposit for the offices leased by the group and a collateral account at RBS plc, to support the credit risk to that bank stemming from any forward currency purchases. Both amounts are GB£ denominated.

11 TERM DEPOSITS

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
95 day notice	**32,331**	—	23,981
100 day notice	**1,617**	1,563	1,599
Six month fixed	**16,165**	—	31,974
	50,113	1,563	57,554

Term deposits relate to monies held in various fixed term unbreakable notice accounts and deposits. Details of the institutions which hold these monies are included in note 19 Risk Management Policies.

12 CASH AND CASH EQUIVALENTS

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
Current accounts	**182**	3,644	152
Deposit accounts	**42,581**	104,637	37,563
Unbreakable short term fixed deposits	**—**	—	7,994
	42,763	108,281	45,709

13 OTHER PAYABLES AND ACCRUALS

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
Accounts payable	**1,657**	2,967	2,987
Exploration and evaluation accruals	**815**	4,783	1,531
Administrative accruals	**163**	71	1,901
	2,635	7,821	6,419

14 SHORT TERM PROVISIONS

The short term provision related to the direct and indirect costs of demobilising the rig and equipment at the end of the campaign. This work was completed by 31 March 2012 and so any outstanding costs either then or at 30 September 2012 have been accrued.

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

15 OPERATED (UNTIL 1 NOVEMBER 2012) LICENCE DETAILS

	PL004b	PL023 PL024	PL032 PL033
Licence type	Competitive round	Open-door	Open-door
Relevant Model Clauses	1995	2000	2000
% holding at period end	60%	100%	100%
Awarded	*28 October 2011	18 November 2004	1 May 2005
Area covered	103km^2	2,100km^2	1,680km^2
Number of phases in licence	3	2	2
Currently in phase	2	2	1
Conclusion of current phase	1 May 2013	18 November 2012	1 May 2013
Conclusion of subsequent phase	1 May 2023	—	1 May 2018
Annual rent	$6,180	$40,000	$30,000
Annual rent per discovery area	N/A	$375,000	$375,000
Annual rent per production field	$375,000	$375,000	$375,000

*Date relates to approval of farm-in agreement by Falkland Islands Government.

All commitments have been fulfilled for the current phases on both competitive round and open-door licences.

Competitive round licences

PL004b was part of a competitive round of licence awards and is currently in phase 2. Under competitive round licence awards 50% of the licence notionally must be relinquished at the conclusion of phase 2, though the actual % is subject to negotiation.

The licence can then enter a third exploration period, phase 3. Phase 3 lasts for 10 years and allows for further exploration and appraisal drilling and requires a renewed drilling commitment on the acreage, and is therefore on a drill or drop basis. During phase 3 acreage rentals escalate each year from $1,500 to $8,250 per km^2.

Open-door licences

At the commencement of phase 2, which for PL032 & PL033 is expected to be 1 May 2013, the group will have to relinquish 50% of the combined licences and will be required to drill on a prospect that differs from phase 1.

At any time during the term of the licences, but prior to any appraisal or development work, the group may declare a discovery area. This was done on 22 December 2010 for part of licence PL032 so that appraisal work could be undertaken following the discovery on well 14/10-2. The resultant annual fee of $375,000 was paid on 24 December 2010 and falls due on 15 April, the anniversary of the discovery spud date, of each year thereafter.

Any area that is declared a discovery area must either have a field development plan submitted within three years of the anniversary of the discovery well's spud date if no further appraisal work is conducted or within five years of that anniversary if further appraisal work has been undertaken. As further appraisal work has been undertaken on the declared discovery area a field development plan must be submitted by 15 April 2015 otherwise the licencee's interests in the licence area return to the Falkland Islands Government.

At the conclusion of phase 2, for any licence areas not declared a discovery area, then licencee's interests in the area return to the Falkland Islands Government. This was due to be the 18 November 2012 for licences PL023 & PL024, however, as disclosed in note 18 Post Balance Sheet Events this has been extended to 18 November 2013. The group understands that the Falkland Islands Government may be willing to extend the licence period in return for additional exploration activity and will be pursuing this possibility.

The exploitation phase is for thirty-five years, or longer if needed to complete production. Approval of a field development plan will expire if production has not been commenced within five years of approval being granted, and the licencee's interests in the discovery area will be forfeited.

The group also holds a 25% working interest in licence PL004c and 7.5% working interest in licences PL003 and PL004a.
On 1 May 2006 the licences moved into their second phase, which is due to conclude on 1 May 2013.

On 19 October 2012 the group announced it had concluded its farm out agreement with Premier Oil plc. As a result, 60% of the group's licence interests were transferred and, where the group operated, the operatorship was then transferred on 31 October 2012. Further details are disclosed in note 18 Post Balance Sheet Events.

16 OPERATING COMMITMENTS

Operating commitments in force at the period end were as follows:

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
In respect of:			
– Assigned rig slots on operated wells	**—**	12,744	—
	—	12,744	—

Under the terms of the rig assignment the group was required to pay the total expected rig rental for each of the options exercised at the point of exercise. At 30 September 2011, that represented a total commitment of $12.7 million for the well being drilled over the period end and an additional drilling slot.

17 LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings were as follows:

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
Total committed within 1 year	104	100	115
Total committed between 1 and 5 years	16	93	55
	120	193	170

18 POST BALANCE SHEET EVENTS

COMPLETION OF FARM OUT AGREEMENT ON 19 OCTOBER 2012

On 19 October 2012 the group announced the completion of the farm out agreement (the'transaction") with Premier Oil plc ("Premier"). Under the terms of the transaction Premier acquired 60% of the group's interest in its North Falklands Basin and, where applicable, became operator. As consideration the group received or receives the following:

- $231 million upfront cash payout (received 19 October 2012)
- $722 million Sea Lion development carry (net to Rockhopper)
- $48 million exploration carry (net to Rockhopper)

Premier will also provide standby financing at the group's election to cover any additional development capital expenditure beyond the development carry.

Completion of the farm out transaction has crystalised associated deal costs of around $14 million. In addition the transaction will be subject to capital gains tax in the Falkland Islands.

As part of the transaction, an area of mutual interest agreement was signed for future co-operation in the North Falklands Basin and South Africa, Namibia and Southern Mozambique. The group will take the sub surface lead on exploration activities in the North Falkland Basin.

EXTENSION OF LICENCES

On 2 November 2012 the group announced that the Falkland Island Government had granted a one year extension (to 18 November 2013), with no further work commitments, of Production Licenses PL023 and PL024, in which following the farm out transaction to Premier, Rockhopper has a 40% interest.

The group also noted that Production Licences PL003 and PL004 had been extended until 1 May 2016 with a one well work commitment during the period.

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

19 RISK MANAGEMENT POLICIES

RISK REVIEW

The risks and uncertainties facing the group which require quantification are set out below.

Foreign exchange risks: Whilst the functional currency of the group is US$, approximately half of the drilling costs of the current campaign are expected to be incurred in GB£ which means that for the group to meet its policy of matching assets against liabilities by currency then it has to hold material cash balances in GB£, which exposes the income statement to foreign exchange movements.

At 30 September 2012, if the GB£ had weakened 10% against the US$, with all the other variables held constant, post tax profit and equity would have been US$8.7 million (2011: US$7.8 million) lower. Conversely, if the GB£ had strengthened 10% against the US$ with all other variables held constant, post tax profit and equity would have been US$8.7 million higher (2011: US$7.8 million).

The impact of movements in the Euro € exchange rate would have an immaterial impact on the results for the year.

Foreign exchange movements on monetary assets and liabilities are taken to the income statement and the potential exposure to such at the period end is set out in the table below:

As at 30 September 2012	**US$ denominated $'000**	**GB£ denominated $'000**	**Euro € denominated $'000**	**Total $'000**
Non-monetary assets	**308,011**	**—**	**—**	**308,011**
Monetary assets	**5,866**	**88,309**	**821**	**94,996**
	313,877	**88,309**	**821**	**403,007**
Monetary liabilities	**897**	**1,738**	**—**	**2,635**
Equity	**583,398**	**—**	**—**	**583,398**
Reserves	**(183,026)**	**—**	**—**	**(183,026)**
	401,269	**1,738**	**—**	**403,007**

As at 30 September 2011	US$ denominated $'000	GB£ denominated $'000	Euro € denominated $'000	Total $'000
Non-monetary assets	240,280	—	—	240,280
Monetary assets	47,377	89,564	2,007	138,948
	287,657	89,564	2,007	379,228
Monetary liabilities	9,148	11,948	1,667	22,763
Equity	512,732	—	—	512,732
Reserves	(156,267)	—	—	(156,267)
	365,613	11,948	1,667	379,228

As at 31 March 2012	US$ denominated $'000	GB£ denominated $'000	Euro € denominated $'000	Total $'000
Non-monetary assets	303,684	—	—	303,684
Monetary assets	5,737	102,345	862	108,944
	309,421	102,345	862	412,628
Monetary liabilities	477	5,910	32	6,419
Equity	583,367	—	—	583,367
Reserves	(177,158)	—	—	(177,158)
	406,686	5,910	32	412,628

Capital risk management; the group manages capital to ensure that it is able to continue as a going concern whilst maximising the return to shareholders. The capital structure consists of cash and cash equivalents and equity. The board regularly monitors the future capital requirements of the group, particularly in respect of its ongoing exploration and appraisal programme.

Credit risk; the group makes certain payments on account or deposits into escrow accounts in respect of the drilling campaign. Should the company holding these accounts become insolvent then the liquidator of that company may move to seize these funds. Amounts held at the period end were as follows:

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
Desire Petroleum	**43**	12,467	3,092
AGR Petroleum Services	**—**	—	344
Diamond Offshore	**—**	8,611	—
	43	21,078	3,436

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, with rates now at historic lows there is not much further that they could fall. The group is not dependent on its finance income and given the current interest rates the risk is not considered to be significant.

Counter-party risk; rather than keep all its funds with one bank, the group splits its funds across a number of banks, two of which are part owned by the British government.

	30 September 2012 $'000	30 September 2011 $'000	31 March 2012 $'000
RBS plc	**463**	447	802
JPMorgan Chase N.A.	**—**	8,611	—
Total restricted cash	**463**	9,058	802
RBS plc	**32,331**	—	—
Barclays plc	**1,617**	1,563	1,599
Lloyds	**16,165**	—	55,955
Total term deposits	**50,113**	1,563	57,554
RBS plc	**24,140**	50,573	43,756
Barclays plc	**45**	18,425	1,860
Lloyds TSB plc	**18,501**	39,259	37
Standard Chartered plc	**77**	24	56
Total unrestricted cash	**42,763**	108,281	45,709
Total cash	**93,339**	118,902	104,065

Post year end following the successful completion of the farm out transaction with Premier the group has received $231 million, $75 million of these funds are currently being held with Barclays plc and $156 million with RBS plc.

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 Report for the six months ended 30 September 2012 which comprises the 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 Interim 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 Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim 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 Interim 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 interim 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 Interim Report for the six months ended 30 September 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

ADRIAN JOHN WILCOX
for and on behalf of KPMG Audit Plc
Chartered Accountants
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13 December 2012

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SHAREHOLDER CONCERNS:
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WHISTLE-BLOWING PROCEDURES:
Should employees, consultants, contractors or other interested parties have concerns which have not been adequately addressed by the chairman or chief executive, please contact the chairman of the audit committee at:

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