Half-year Results

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Rockhopper Exploration plc
19 September 2018

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

Half-year results for the six months to 30 June 2018

Rockhopper Exploration plc (AIM: RKH), the oil and gas exploration and production 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 2018.

Year to date highlights

Sea Lion Phase 1 development - contractors in place; further FEED awards; ramping up activity and development team headcount

- Letters of Intent signed with all key contractors for a range of services and vendor financing
- FEED contracts awarded for all outstanding elements of the project scope
- Field Development Plan substantially agreed with the Falkland Islands Government
- Environmental Impact Statement public consultation process completed
- Significant progress made on a number of technical fiscal matters with the Falkland Islands Government
- Project momentum building with budget approved to expand Operator's project development team

Building a production base to maintain balance sheet strength and fund future growth

- Net working interest production averaged 1.1 kboepd in H1 2018
- Successful Al Jahraa-6 development well at Abu Sennan with oil encountered in multiple reservoirs - well currently being completed for testing and production

Strong H1 financial performance with continued focus on managing costs

- Revenue of US$5.2 million; cash flow from operations US$4.9 million
- Cash operating costs of US$11.0 per boe - maintaining a low cost base
- Continued management of G&A costs - US$2.3 million - down over 50% since 2014
- G&A costs covered by operating cash flows
- Balance sheet strength maintained with cash resources of US$46.4 million at 30 June 2018 and no debt

Corporate

- Alison Baker appointed as Independent Non-Executive Director

Outlook

- Ramping up of Sea Lion development towards project sanction; focus for 2018 remains on securing senior debt to allow project sanction in mid 2019
- Year end 2018 cash estimated to be in excess of US$30 million providing continued balance sheet strength
- Ongoing drilling at Abu Sennan with two further wells planned during 2018
- Ombrina Mare arbitration hearing date set for early February 2019
- Continued pursuit of new venture opportunities to add production and cash flow

David McManus, Chairman of Rockhopper, commented:
"We continue to work closely with the Operator to progress Sea Lion and, while much work still needs to be done to finalise the funding of the development, we are very encouraged with the current momentum in the project and to have

agreed the increased activity and headcount proposed by Premier. With oil prices currently above US$75 per barrel we are focussing all of our efforts on doing everything possible to allow project sanction to take place next year.

"Notwithstanding the increased activity and spend on Sea Lion, the Company continues its ongoing focus on cost control and has maintained a strong balance sheet with cash resources at mid 2018 of US$46 million and no debt."

Enquiries:

Rockhopper Exploration plc
Sam Moody - Chief Executive
Stewart MacDonald - Chief Financial Officer
Tel. +44 (0) 20 7390 0234 (via Vigo Communications)

Canaccord Genuity Limited (NOMAD and Joint Broker)
Henry Fitzgerald-O'Connor/James Asensio
Tel. +44 (0) 20 7523 8000

Peel Hunt LLP (Joint Broker)
Richard Crichton
Tel. +44 (0) 20 7418 8900

Vigo Communications
Patrick d'Ancona/Ben Simons
Tel. +44 (0) 20 7390 0234

Note regarding Rockhopper oil and gas disclosure

This announcement has been approved by Rockhopper's geological staff which includes Lucy Williams (Geoscience Manager) who is a Chartered Geologist, a Fellow of the Geological Society of London and a Member of both 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.

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").

Note regarding board appointment of Alison Baker

Alison Claire Baker (aged 47) has confirmed that other than the information disclosed below there are no matters to be disclosed under Rule 17 and paragraph (g) of Schedule 2 of the AIM Rules.

Current Directorships:
Kaz Minerals PLC
Centamin Plc
Alison Baker Associates Limited
Futurewhyse Limited

Shareholding in the Company:
None

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

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

In the Falklands, focus in the first half of 2018 has been on finalising the selection of supply chain contractors through the award of Letters of Intent ("LOIs") for the provision of services and vendor funding as well as progressing the senior debt component of the financing plan, including the appointment of a Pathfinder Bank.

With all the key project contractors now confirmed, LOIs signed and good progress made on a number of issues with the Falkland Islands Government ("FIG"), Rockhopper has recently agreed to the Operator's request to increase the Sea Lion project team headcount, activity and expenditure levels with all efforts during the remainder of 2018 focused on securing the funding required to sanction the project and move into the development phase.

Our Greater Mediterranean portfolio continues to meet its primary objective, namely to provide a production and cash flow base to fund our corporate and operating costs and protect our balance sheet. Balance sheet cash is preserved for capital investment, primarily in the Falkland Islands.

The Company continues to review a range of organic and inorganic growth options with the aim of further expanding our production base - thereby generating additional free cash flow to invest in future exploration and value-accretive growth opportunities both in the Falklands and elsewhere. Opportunities are screened on a highly selective basis.

Sea Lion Phase 1 - contractors in place; focus on securing project finance to allow sanction

Material progress continues to be made across a range of commercial, fiscal and financing matters as we work towards a final investment decision on the Phase 1 development of the Sea Lion field.

Following a comprehensive tendering exercise, certain project scopes have evolved and work in recent months has focused on the final selection of contractors and the award of LOIs for the provision of key services, including for the FPSO, drilling rig, well services, SURF, subsea production systems and installation services and helicopter services. The LOIs also include associated vendor funding. During the second half of 2018, FEED contracts have or will be awarded for all outstanding elements of the project scope with a corresponding increase in the Operator's project development team to circa 60 people. The process to agree fully termed documentation for the provision of services and vendor finance has commenced.

Engagement continues with FIG on a range of environmental, fiscal and regulatory matters with a view to obtaining the consents and agreements necessary to be in a position to reach a final investment decision. Following submission of a revised Field Development Plan ("FDP") to FIG in March 2018, the FDP is considered substantially agreed. The Environmental Impact Statement ("EIS") public consultation process concluded in March 2018 with no material objections received. The final EIS document is with FIG for its consideration and approval. A public consultation on a number of technical tax matters associated with oil field development in the Falklands has recently concluded with a number of technical amendments and clarifications currently being implemented. These amendments and clarifications provide definition on a number of important regulatory and tax matters which were critical to enabling the project to progress.

With the key project contractors in place the Operator appointed a Pathfinder Bank in July to assist with the development of a senior financing structure. The focus for the project team for the remainder of the year now shifts to securing senior debt funding for the development, including lead commercial banks and export credit funding, ahead of a formal project sanction which continues to be targeted for mid 2019.

Building a material production base to protect balance sheet and fund future growth

Our Greater Mediteranean portfolio continued to perform strongly with production growth in Egypt broadly offsetting declining production in Italy. Production during H1 2018 averaged 1.1 kboepd net to Rockhopper, with operating cash flows again covering the Group's G&A costs.

In June 2018, the Company announced the commencement of a four-well drilling campaign across its Egyptian portfolio, including three wells at Abu Sennan and one at El Qa'a Plain. Whilst the Raya commitment well on the El Qa'a Plain concession encountered good quality sands, no hydrocarbons were encountered. At the Al Jahraa-6 development well within the Abu Sennan concession, mudlogs indicated the presence of oil in the Abu Roash-C, D, E and G levels and the deeper exploration target in the Bahariya Formation. Reservoir pay was confirmed in the Abu Roash C and D levels and the well is currently being completed for testing and production.

During the first half of 2018, the Company continued to see a material improvement in the payment situation in Egypt with a significant decline in outstanding receivables owed by Egyptian General Petroleum Corporation ("EGPC").

Rockhopper commenced international arbitration proceedings against the Republic of Italy in relation to the Ombrina Mare field in March 2017. The hearing has been scheduled for early February 2019. Rockhopper continues to believe it has strong prospects of recovering very significant monetary damages - on the basis of lost profits - as a result of the Republic of Italy's breaches of the Energy Charter Treaty. All costs associated with the arbitration are funded on a non-recourse ("no win - no fee") basis from a specialist arbitration funder.

Corporate matters

As part of the Board's long-term succession planning, Alison Baker has been appointed as an Independent Non-Executive Director. Alison has nearly 25 years' experience in the provision of audit, capital markets and advisory services, having led the UK and EMEA Oil & Gas practice at PricewaterhouseCoopers and prior to that the Energy, Utilities and Mining Assurance practice at Ernst & Young. Alison is currently an Independent Non-Executive Director of KAZ Minerals PLC and Centamin plc.

Alison's appointment will, in the short term, add an additional Non-Executive Director to the Board but, given our continued focus on corporate costs, it is anticipated that Tim Bushell will step down as a Non-Executive Director next year and the Board will return to its current size.

From 28 September 2018, all AIM companies will be required to state which recognised corporate governance code the board of directors has decided to apply and to explain how the Company complies with that code. Following a review of the alternative codes available, the Board has decided to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") and, from the end of September, suitable disclosures will be made accordingly.

Outlook

2018 has seen much activity on progressing Sea Lion and that momentum continues to move the project forward. With oil prices currently above US$75 per barrel and activity increasing in the Falklands, project sanction remains the main focus for the Company. Efforts during the rest of 2018 are focussed on securing the required funding to allow formal project sanction in mid 2019.

Taking into account the increase in activity and expenditure related to Sea Lion as well as the timing of the 2018 Egyptian drilling campaign, the Company's balance sheet is expected to remain strong with a projected year end 2018 cash balance in excess of US$30 million.

Our Greater Mediterranean portfolio continues to provide the necessary operating cash flow to fund corporate costs while providing low-risk exploration upside opportunities. On a highly selective basis, we seek to further expand our production base with the aim of generating additional free cash flow to invest in future exploration and value-accretive growth opportunities both in the Falklands and elsewhere.

OPERATIONAL REVIEW

Sea Lion, North Falkland Basin

Following the Company's acquisition of Falkland Oil and Gas in 2016, Rockhopper became the leading acreage holder in the North Falkland Basin with a material working interest in all key licences.

The overall strategy to develop the North Falkland Basin remains a phased development solution, starting with Sea Lion Phase 1, which will develop approximately 220 mmbbls in PL032 (in which Rockhopper has a 40% working interest). A subsequent Phase 2 development will recover a further 300 mmbbls from the remaining resources in PL032 and the satellite accumulations in the north of PL004 (in which Rockhopper has a 64% working interest). In addition, there is a further 200 mmbbls of low risk, near field exploration potential which could be included in either the Phase 1 or Phase 2 developments. Phase 3 will entail the development of the Isobel/Elaine fan complex in the south of PL004, subject to further appraisal drilling.

The resources in Sea Lion Phase 1 will be commercialised utilising a conventional FPSO development scheme with approximately 23 subsea wells. Estimated gross capex to first oil remains US$1.5 billion.

Through 2017 and the first half of 2018, work focused on securing agreements with key supply chain contractors and, as a result, LOIs have been signed for the provision of key services, including the FPSO, the drilling rig, well services, subsea production systems and helicopter services, as well as vendor funding. The LOIs will be converted into letters of award as we go through the sanction process.

Through the first half of 2018, discussions continued with FIG on a range of fiscal, environmental and regulatory matters. Following the submission of a revised draft FDP to FIG in early March 2018, the FDP is now considered substantially agreed with a final FDP submission expected in the lead-up to sanction. With the FDP and EIS substantially complete, a 42-day public consultation on the EIS commenced in January 2018. No material objections were raised through the consultation process and various comments identified through the process will be addressed in the final EIS. Engagement with FIG continues with a view to obtaining the consents and agreements necessary to be in a position to reach a final investment decision.

South and East Falkland Basins

Through the acquisition of FOGL, Rockhopper acquired a 52% interest in Noble Energy operated acreage to the South and East of the Falkland Islands. Following the results of the Humpback well, Noble and Edison gave notice to withdraw from this acreage (although they retain an interest in PL001 in the North Falkland Basin). As a result, during 2017 Rockhopper became operator of the South and East Falkland Basin acreage with a 100% working interest. No outstanding financial or operational commitments exist in relation to the Company's South and East Falkland Basins' interests.

Abu Sennan, Egypt (Rockhopper 22%)

Production from the six development leases within the Abu Sennan concession increased during H1 2018 with production during the period averaging approximately 860 boepd net to Rockhopper (H1 2017: 720 boepd).

In July 2018, Rockhopper was pleased to announce the commencement of the 2018 drilling campaign on the Abu Sennan concession which includes the drilling of two development wells ("Al Jahraa-6" and "Al Jahraa-10"), one exploration well ("Prospect S"), and a water injection programme targeting the Al Jahraa field.

The Al Jahraa-6 development well spudded on 4 July 2018 and reached total depth of 3935m MD (-3623m tvdss) in the Kharita Formation on 19 August 2018. Mudlogs indicate the presence of oil in the Abu Roash C, D, E and G levels and the deeper exploration target in the Bahariya Formation. Due to hole problems the full open hole wireline logging programme was not achieved. Reservoir pay is confirmed in the Abu Roash C and D levels. The well is currently being completed for testing and production, and the programme is designed to examine the moveable fluid phase at several levels.

Upon the release of the rig, it will be mobilised to the southeast to drill the Al Jahraa-10 development well. This well will be drilled as a vertical hole to the primary Abu Roash C reservoir objective, in an undrained area of the structure. This well is expected to take approximately 50 days to drill and complete, and will be immediately followed by exploration well ASS-1X on Prospect S. Development wells Al Jahraa-6 and Al Jahraa-10 are both designed to increase reserves and field production rates.

Prospect S is an exploration target in the adjacent fault block to the Al Jahraa field. It has a similar tilted fault block trap and is targeting the same Abu Roash reservoirs that produce at Al Jahraa.

The water injection programme in Al Jahraa began on 14 July 2018. Injection rates have increased steadily over time, with an accompanying reduction in wellhead pressure, indicating that reservoir injectivity has become established. Injection rates into the Al Jahraa-9 well are currently averaging approximately 1,000 barrels of water per day, which is sufficient to replace reservoir voidage.

Guendalina, Italy (Rockhopper 20%)

Production decline at Guendalina continued to be in line with expectations during H1 2018 with production over the period averaging 34,200 standard cubic metres ("scm") per day of gas net to Rockhopper (approximately 230 boe per day). Plant availability over the period continued to be very strong with production from the side-track well in 2015 continuing to make a material contribution to field production. Efforts continue with the operator to reduce operating costs through optimisation of water disposal.

Civita, Italy (Rockhopper 100%)

In February 2018, a depressurisation event occurred at the Civita pipeline and as a result production was suspended. Following remedial works and reinstatement of the pipeline, production recommenced in July 2018 at pre-incident levels of approximately 20,000 scm per day of gas (approximately 130 boe per day).

As described later in the Financial Review, the Company agreed in June 2017 the terms for the disposal of a package of non-core interests in Italy, including the Civita field, to Cabot Energy plc. Rockhopper and Cabot Energy remain focused on the completion of the previously announced transaction which is now expected during the second half of 2018.

Monte Grosso, Italy (Rockhopper 23%)

Rockhopper transferred the operatorship of the Serra San Bernado permit (which contains the Monte Grosso prospect) to Eni during 2016. Eni is exploring options for the design of a well on the Monte Grosso prospect, whilst working in parallel to secure the necessary regulatory and permitting approvals to drill a well.

El Qa'a Plain, Egypt (Rockhopper 25% working interest)

Exploration commitment well Raya-1X in the El Qa'a Plain concession was spudded on 17 June 2018 and reached TD approximately 2 weeks later. At the primary Nukhul Formation objective, wireline logging confirmed the presence of good porosity sands, although no hydrocarbons were encountered. The well has been plugged and abandoned.

FINANCIAL REVIEW

OVERVIEW

During the first half of 2018, significant progress was made to advance and execute the contracting strategy and financing plan for the Sea Lion Phase 1 development.

Our Greater Mediterranean portfolio continues to provide a low-cost, short-cycle production base which has delivered strong revenues and operating cash flows for the Company and which continues to fund the Group's materially reduced G&A costs.

RESULTS SUMMARY

US$m (unless otherwise specified)	H1 2018	H1 2017
Production (kboepd)	1.1	1.2
Revenue	5.2	5.1
Gross profit	1.6	0.7
Recurring administrative costs ("G&A")	2.3	2.5
Profit / (loss) before tax	(7.4)	(7.0)
Cash in / (out) flow from operating activities	4.9	(0.9)
Cash and term deposits	46.4	62.5

RESULTS FOR THE PERIOD

For the period ended 30 June 2018, the Company reported revenues of US$5.2 million and cash from operating activities of US$4.9 million.

REVENUE

The Group's revenues of US$5.2 million (H1 2017: $5.1 million) during the period relate entirely to the sale of oil and natural gas in the Greater Mediterranean (Egypt and Italy). The increase in revenues from the comparable period reflects an increase in realised oil and gas prices, offset by a modest reduction in production (due to natural field decline and pipeline issues at Civita).

Working interest production averaged approximately 1,100 boepd during H1 2018, a small reduction over the comparable period (H1 2017: 1,170 boepd).

During the period, the Group's gas production in Italy was sold under short-term contract with an average realised price of €0.22 per scm (H1 2017: €0.19 per scm), equivalent to US$7.7 per mscf. Gas is sold at a price linked to the Italian "PSV" (Virtual Exchange Point) gas marker price.

In Egypt, all of the Group's oil and gas production is sold to Egypt General Petroleum Company ("EGPC"). The average realised price for oil was US$68.4 per barrel, a small discount to the average Brent price over the same period. Gas is sold at a fixed price of US$2.65 per mmbtu.

OPERATING COSTS

Cash operating costs, excluding depreciation and impairment charges, amounted to US$2.2 million (H1 2017: US$1.8 million). The increase in underlying cash operating costs is principally due to the costs associated with the development wells and water injection programme being carried out at Abu Sennan. Cash operating costs on a per barrel of oil equivalent basis remain attractive at US$11.0 per boe.

The Group continues to manage corporate costs having achieved an approximate 50% reduction in general and administrative ("G&A") cost, excluding non-recurring expenses related to restructuring and acquisitions, since 2014. G&A costs in H1 2018 amounted to US$2.3 million, a further reduction compared to the comparable period (H1 2017: US$2.5 million).

Following the decision in February 2016 by the Ministry of Economic Development not to award the Group a Production Concession covering the Ombrina Mare field, in March 2017 the Group commenced international arbitration proceedings against the Republic of Italy. All costs associated with the arbitration are funded on a non-recourse ("no win - no fee") basis from a specialist arbitration funder.

CASH MOVEMENTS AND CAPITAL EXPENDITURE

At 30 June 2018, the Company had cash and term deposits of US$46.4 million (31 December 2017: US$50.7 million) and no debt.

Cash and term deposit movements during the period:

	US$m
Opening cash balance (31 December 2017)	51
Revenues	5
Cost of sales	(2)
Falkland Islands	(6)
Greater Mediterranean	(3)
Admin and miscellaneous	1
Closing cash balance (30 June 2018)	**46**

Falkland Islands spend of US$6 million relates primarily to pre-development activities on Sea Lion.

Spend in the Greater Mediterranean largely relates to the Egyptian drilling campaigns at Abu Sennan and El Qa'a Plain.

Admin and miscellaneous includes G&A, foreign exchange, movements in working capital as well as a non-recurring VAT credit received during the period.

Taking into account the increase in Sea Lion project development team headcount, activity and expenditure levels, full year 2018 expenditure in the Falkland Islands is estimated at approximately US$15 million, net to Rockhopper.

MERGERS, ACQUISITIONS AND DISPOSALS

On 8 June 2017, Rockhopper announced the disposal of a portfolio of non-core interests onshore Italy to Northern Petroleum Plc ("Northern"). Northern has subsequently undertaken a corporate name change to Cabot Energy plc ("Cabot").

Under the terms of the transaction, Cabot will acquire all the assets (30 June 2018: US$4.2 million) and assume all future abandonment and decommissioning liabilities (30 June 2018: US$9.1 million) associated with the interests. In consideration, Rockhopper will make a cash payment to Cabot at completion of US$1.6 million plus the usual working capital adjustments.

The effective date for the transaction is 1 January 2017 and, under the terms of the transaction, Rockhopper retained the benefit of a €1.2 million Italian VAT refund which was received during Q1 2018. The transaction is expected to complete before the end of 2018.

TAXATION

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

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 is payable on the earlier of: (i) the first royalty payment date on Sea Lion; (ii) the date of which Rockhopper disposes of all or a substantial part of the Group's remaining licence interests in the North Falkland Basin; or (iii) a change of control of Rockhopper Exploration plc.

During the first half of 2017, as a result of the Group receiving the full Exploration Carry from Premier during the 2015/16 drilling campaign, the Falkland Islands Commissioner of Taxation agreed to reduce the tax liability in line with the terms of the Tax Settlement Deed. As such, the tax liability has been revised downwards to £59.6 million. The outstanding tax liability is classified as non-current and is discounted to a period-end value of US$42.0 million.

Full details of the provisions and undertakings of the Tax Settlement Deed were disclosed in the Group's 2014 Annual Report and these include "creditor protection" provisions including undertakings not to declare dividends or make distributions while the tax liability remains outstanding (in whole or in part).

LIQUIDITY, COUNTERPARTY RISK AND GOING CONCERN

The Group 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.

Following the Group's acquisition of production and exploration assets in Egypt, the Group is exposed to potential payment delay from EGPC, which is an issue common to many upstream companies operating in the country. As at 31 August 2018, Rockhopper's EGPC receivable balance was US$2.0 million (unaudited).
The Directors have assessed that the cash balance held provides the Group with adequate headroom over forecasted expenditure for the following 12 months - as a result, the Directors have adopted the going concern basis of accounting in preparing these interim financial statements.

PRINCIPAL RISK AND UNCERTAINTIES

A detailed review of the potential risks and uncertainties which could impact the Company are outlined in the Strategic Report of the Group's 2017 Annual Report. The Company identified its principal risks at the end of 2017 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; and
- insufficient liquidity and funding capacity in the event of a protracted delay to the Sea Lion Final Investment Decision.

There has been no change in the principal risks and uncertainties since the year-end.

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Six months Ended 30 June 2018 Unaudited $'000**	Six months Ended 30 June 2017 Unaudited $'000	Year ended 31 December 2017 Audited $'000
Revenue		**5,204**	5,055	10,401
Other cost of sales		**(2,173)**	(1,823)	(4,100)
Depreciation of oil and gas assets		**(1,384)**	(2,504)	(5,473)
Total cost of sales		**(3,557)**	(4,327)	(9,573)
Gross profit		**1,647**	728	828
Exploration and evaluation expenses		**(3,975)**	(2,188)	(3,422)
Administrative expenses		**(2,285)**	(2,529)	(5,282)
Charge for share based payments		**(622)**	24	(864)
Foreign exchange movement		**377**	(483)	(966)
Results from operating activities and other income		**(4,858)**	(4,448)	(9,706)
Finance income		**397**	369	783
Finance expense		**(2,955)**	(2,878)	(39)
Loss before tax		**(7,416)**	(6,957)	(8,962)
Tax	3	**(25)**	2,813	2,823
LOSS FOR THE PERIOD ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT COMPANY		**(7,441)**	(4,144)	(6,139)
Loss per share: cents				
Basic	4	**(1.64)**	(0.91)	(1.34)
Diluted	4	**(1.64)**	(0.91)	(1.34)

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Six months Ended 30 June 2018 Unaudited $'000**	Six months Ended 30 June 2017 Unaudited $'000	Year Ended 31 December 2017 Audited $'000
Loss for the period		(7,441)	(4,144)	(6,139)
Items that may be reclassified to profit and loss				
Exchange differences on translation of foreign operations		238	(713)	(1,151)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(7,203)	(4,857)	(7,290)

GROUP BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	**As at 30 June 2018 Unaudited $'000**	As at 30 June 2017 Unaudited $'000	As at 31 December 2017 Audited $'000
NON CURRENT ASSETS				
Intangible exploration and evaluation assets	5	**433,909**	428,257	432,147
Property, plant and equipment		**10,310**	14,075	11,585
Goodwill		**10,508**	10,283	10,789
CURRENT ASSETS				
Inventories		**1,579**	1,545	1,621
Other receivables		**9,385**	13,985	16,840
Restricted cash		**586**	520	540
Term deposits		**30,000**	30,000	30,000
Cash and cash equivalents		**16,437**	32,549	20,729
Assets held for sale	8	**4,160**	3,118	3,814
TOTAL ASSETS		**516,874**	534,332	528,065
CURRENT LIABILITIES				

	Note			
Other payables		**6,739**	15,272	12,772
Tax payable	6	**-**	10	-
Liabilities directly associated with assets held for sale	8	**9,064**	9,006	9,450
NON-CURRENT LIABILITIES				
Tax payable	6	**41,980**	41,319	40,057
Provisions		**5,834**	7,398	5,986
Deferred tax liability		**39,225**	39,199	39,202
TOTAL LIABILITIES		**102,842**	112,204	107,467
EQUITY				
Share capital	7	**7,204**	7,198	7,200
Share premium	7	**3,383**	3,239	3,282
Share based remuneration	7	**4,803**	6,227	5,609
Shares held by SIP trust	7	**(3,373)**	(3,486)	(3,383)
Merger reserve	7	**74,332**	74,332	74,332
Foreign currency translation reserve	7	**(9,881)**	(9,681)	(10,119)
Special reserve	7	**460,077**	462,549	460,077
Retained losses	7	**(122,513)**	(118,250)	(116,400)
ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		**414,032**	422,128	420,598
TOTAL LIABILITIES AND EQUITY		**516,874**	534,332	528,065

These financial statements were approved by the directors and authorised for issue on 18 September 2018 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 2018

For the six months ended 30 June 2018	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 2018	7,200	3,282	5,609	(3,383)	74,332	(10,119)	460,077	(116,400)	420,598
Total comprehensive expense for the period	-	-	-	-	-	238	-	(7,441)	(7,203)
Transfers	-	-	(1,428)	100	-	-	-	1,328	-
Share based payments	-	-	622	-	-	-	-	-	622
Share issues in relation to SIP	4	101	-	(90)	-	-	-	-	15
Balance at 30 June 2018	**7,204**	**3,383**	**4,803**	**(3,373)**	**74,332**	**(9,881)**	**460,077**	**(122,513)**	**414,032**

For the six months ended 30 June 2017	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 2017	7,194	3,149	6,251	(3,407)	74,332	(8,968)	462,549	(114,106)	426,994
Total comprehensive expense for the period	-	-	-	-	-	(713)	-	(4,144)	(4,857)
Share based payments	-	-	(24)	-	-	-	-	-	(24)
Share issues in relation to SIP	4	90	-	(79)	-	-	-	-	15
Balance at 30 June 2017	**7,198**	**3,239**	**6,227**	**(3,486)**	**74,332**	**(9,681)**	**462,549**	**(118,250)**	**422,128**

For the year ended 31 December 2017	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 2017	7,194	3,149	6,251	(3,407)	74,332	(8,968)	462,549	(114,106)	426,994
Total comprehensive income for the year	-	-	-	-	-	(1,151)	-	(6,139)	(7,290)
Share based payments	-	-	864	-	-	-	-	-	864
Share issues in relation to SIP	6	133	-	(109)	-	-	-	-	30
Other transfers	-	-	(1,506)	133	-	-	(2,472)	3,845	-
Balance at 31 December 2017	7,200	3,282	5,609	(3,383)	74,332	(10,119)	460,077	(116,400)	420,598

GROUP CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	**Six months Ended 30 June 2018 Unaudited $'000**	Six months ended 30 June 2017 Unaudited $'000	Year Ended 31 December 2017 Audited $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss before tax		(7,416)	(6,957)	(8,962)
Adjustments to reconcile net losses to cash utilised				
Depreciation		1,407	2,700	5,687
Share based payment charge		622	(24)	864
Exploration impairment expenses		3,257	1,584	2,321
Finance expense		2,830	2,866	40
Finance income		(389)	(367)	(783)
Foreign exchange		(430)	413	3,331
Operating cash flows before movements in working capital		(119)	215	2,498
Changes in:				
Other receivables		7,868	2,063	(964)
Payables		(2,733)	(3,181)	110
Movement on other provisions		(135)	-	(14)
Cash generated/(utilised) by operating activities		4,881	(903)	1,630
CASH FLOWS FROM INVESTING ACTIVITIES				
Capitalised expenditure on exploration and evaluation assets		(8,305)	(16,437)	(25,366)
Purchase of property, plant and equipment		(455)	(910)	(1,451)
Acquisition of Beach Egypt		(658)	(1,005)	(6,266)
Interest		258	259	566
Investing cash flows before movements in capital balances		(9,160)	(18,093)	(32,517)
Changes in:				
Restricted cash		(46)	(25)	(45)
Cash utilised by investing activities		(9,206)	(18,118)	(32,562)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share incentive plan		15	15	30
Finance expense		(5)	(3)	(43)
Cash generated/(utilised) from financing activities		10	12	(13)
Currency translation differences relating to cash and cash equivalents		23	539	655
Net cash outflow		(4,315)	(19,009)	(30,945)
Cash and cash equivalents brought forward		20,729	51,019	51,019
CASH AND CASH EQUIVALENTS CARRIED FORWARD		16,437	32,549	20,729

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 interests in the Falkland Islands and the Greater Mediterranean. The registered office of the Company is 5 Welbeck Street, London, W1G 9YQ.

1.2 Statement of compliance and basis of preparation
These condensed consolidated interim financial statements of the Group, as at and for the six months ended 30 June 2018, 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"). The accounting policies applied in the preparation of this interim financial information are consistent with the policies applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2017 which were prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 2017.

The comparative figures for the year ended 31 December 2017 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 preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017 except for the adoption of new standards effective as of 1 January 2018. The transition to the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers has not had a material impact on the amounts disclosed in the condensed consolidated interim financial statements.

The condensed interim consolidated financial statements were approved by the Board on 18 September 2018.

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

1.3 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.

1.4 Period end exchange rates

The period end rates of exchange actually used were:

	30 June 2018	30 June 2017	31 December 2017
£ : US$	**1.32**	1.30	1.35
€ : US$	**1.17**	1.14	1.20

2 Revenue and segmental information

Six months ended 30 June 2018

	Falkland Islands $'000	**Greater Mediterranean $'000**	**Corporate $'000**	**Total $'000**
Revenue	-	5,204	-	5,204
Cost of sales	-	(3,557)	-	(3,557)
Gross profit/(loss)	-	1,647	-	1,647
Exploration and evaluation expenses	134	(3,361)	(748)	(3,975)
Administrative expenses	-	(735)	(1,550)	(2,285)
Charge for share based payments	-	-	(622)	(622)
Foreign exchange movement	1,005	(98)	(530)	377
Results from operating activities and other income	1,139	(2,547)	(3,450)	(4,858)
Finance income	-	8	389	397
Finance expense	(2,947)	(3)	(5)	(2,955)
Loss before tax	(1,808)	(2,542)	(3,066)	(7,416)
Tax	-	(25)	-	(25)
Profit/(loss) for period	(1,808)	(2,567)	(3,066)	(7,441)
Reporting segments assets	429,122	42,212	45,540	516,874
Reporting segments liabilities	(83,415)	(17,946)	(1,481)	(102,842)

Six months ended 30 June 2017

	Falkland Islands $'000	**Greater Mediterranean $'000**	**Corporate $'000**	**Total $'000**
Revenue	-	5,055	-	5,055
Cost of sales	-	(4,327)	-	(4,327)

Gross profit/(loss)	-	728	-	728
Exploration and evaluation expenses	-	(1,583)	(605)	(2,188)
Administrative expenses	-	(658)	(1,871)	(2,529)
Charge for share based payments	-	-	24	24
Foreign exchange movement	(2,318)	238	1,597	(483)
Results from operating activities and other income	(2,318)	(1,275)	(855)	(4,448)
Finance income	-	-	369	369
Finance expense	(2,704)	(170)	(4)	(2,878)
Loss before tax	(5,022)	(1,445)	(490)	(6,957)
Tax	2,866	(53)	-	2,813
Profit/(loss) for period	(2,156)	(1,498)	(490)	(4,144)
Reporting segments assets	421,812	50,082	62,438	534,332
Reporting segments liabilities	(80,456)	(21,194)	(10,554)	(112,204)

3 Taxation

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000	Year ended 31 December 2017 $'000
Current tax:			
Overseas tax	-	-	14
Adjustment in respect of prior periods	-	2,866	2,866
Total current tax	-	2,866	2,880
Deferred tax:			
Overseas tax	(25)	(53)	(57)
Total deferred tax	(25)	(53)	(57)
Tax on ordinary activities	(25)	2,813	2,823

The adjustment in respect of prior period in the prior periods is due to the full benefit of the exploration carry being received from Premier on the 2015/16 drilling campaign and the Falkland Islands Commissioner of Taxation agreeing to reduce the liability on that basis in line with the terms of the Tax Settlement Deed. As such the tax liability was revised downwards to £59.6 million with a tax credit being recognised in the period of $2.9 million.

4 Basic and diluted loss per share

	Six months ended 30 June 2018 Number	Six months ended 30 June 2017 Number	Year ended 31 December 2017 Number
Shares in issue brought forward	**457,116,500**	456,659,052	456,659,052
Shares issued			
- Issued under the SIP	**276,166**	305,906	457,448
Shares in issue carried forward	**457,392,666**	456,964,958	457,116,500
Weighted average number of Ordinary Shares	**454,444,571**	453,782,925	456,945,871

	$'000	$'000	$'000
Net loss after tax for purposes of basic and diluted earnings per share	**(7,441)**	(4,144)	(6,139)
Earnings per share - cents			
Basic	**(1.64)**	(0.91)	(1.34)
Diluted	**(1.64)**	(0.91)	(1.34)

As the Group is reporting a loss in each period 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.

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

	Six months ended 30 June	Six months ended 30 June	Year ended 31 December

	2018 Number	2017 Number	2017 Number
Long term incentive plan	20,334,386	20,575,953	16,312,330
Share appreciation rights	1,333,011	1,420,531	1,333,011

5 Intangible exploration and evaluation assets

During the period additions of $3.0 million relate to the Group's interests in the Falkland Islands. The remaining additions of $2.0 million relates to the Group's interests in the Greater Mediterranean particularly in Egypt.

Exploration commitment well Raya-1X in the El Qa'a Plain concession reached TD on 30 June. At the primary Nukhul Formation objective, wireline logging confirmed the presence of good porosity sands, although no hydrocarbons were encountered and hence an impairment has been recognised. The well has been plugged and abandoned.

6 Tax payable

	Six months ended 30 June 2018 $'000	Six months ended 30 June 2017 $'000	Year ended 31 December 2017 $'000
Current tax payable	-	10	-
Non current tax payable	41,980	41,319	40,057
	41,980	41,329	40,057

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.

The outstanding tax liability is £59.6 million and payable on the first royalty payment date on Sea Lion. Currently the first royalty payment date is anticipated to occur within six months of first oil production which itself is estimated to occur three and a half years after project sanction. As such the tax liability has been discounted at 15%.

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 Disposal group held for sale

On 8 June 2017, the Group announced the disposal of a portfolio of non-core interests in onshore Italy. The transaction is expected to complete by the year end 2018 and accordingly the assets and associated liabilities are presented as a disposal group.

As at 30 June 2018, the disposal group comprised assets of $4.2 million less liabilities of $9.1 million, detailed as follows.

	$'000
Intangible exploration and evaluation	946

assets	
Property, plant and equipment	3,003
Inventories	211
Provisions	(9,064)
	(4,904)

9 Post balance sheet events

On 5 July 2018, Rockhopper provided a corporate and operational update which outlined (i) the appointment of a Pathfinder Bank in relation to the proposed senior debt project financing of the Phase 1 development of the Sea Lion project; (ii) that development well Al Jahraa-6 on the Al Jahraa field was expected to spud that week; and (iii) Exploration commitment well Raya-1X in the El Qa'a Plain concession had reached TD, at the primary Nukhul Formation objective wireline logging had confirmed the presence of good porosity sands, although no hydrocarbons were encountered and that the well had been plugged and abandoned.

INDEPENDENT REVIEW REPORT TO ROCKHOPPER EXPLORATION PLC

Conclusion

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 2018 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.

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 2018 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the AIM Rules.

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. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review work and to whom we owe our responsibilities

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.

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

E14 5GL

18 September 2018

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
EGPC	Egyptian General Petroleum Company
EIS	Environmental Impact Survey
ERCE	ERC Equipoise Limited
Farm-down	to assign an interest in a licence to another party
FEED	Front End Engineering and Design
FDP	Field Development Plan
FID	Final Investment Decision
FIG	Falkland Islands Government
FOGL	Falkland Oil and Gas Limited
FPSO	Floating Production, Storage and Offtake vessel
G&A	General and administrative costs
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
kboepd	thousand barrels of oil equivalent per day
Low	a low estimate category of Prospective Resources also used as a generic term to describe a low or conservative estimate
LOI	Letter of Intent
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
SURF	Subsea, Umbilicals, Risers and Flowlines
tvdss	true vertical depth subsea