



Press Release

For Immediate Release: 22 November 2007

Rockhopper Exploration (“Rockhopper” or the “Company”)

Interim results for the six months ended 30 September 2007

Rockhopper Exploration plc (AIM:RKH), the North Falkland Basin oil and gas exploration company, today announces its interim results for the six months ended 30 September 2007.

Highlights

- 3D seismic processing completed
- Initial review shows prospects
- Technical work advancing
- Environmental impact assessment started

Commenting on the interpretation work carried out during the period, Managing Director Sam Moody said:

“An initial review of the 3D seismic, which covers some 850km², reveals that both fan shaped amplitude anomalies and structural closures can clearly be seen. These will add to our existing prospect and lead inventory which currently consists of a number of targets in PL023 and PL024 totalling 2.5 billion barrels of recoverable oil.”

For further information, please contact:

Rockhopper Exploration plc
Sam Moody - Managing Director

www.rockhopperexploration.co.uk
01722 414 419

Aquila Financial Ltd
Peter Reilly
Yvonne Fraser

www.aquila-financial.com
020 7202 2601
020 7202 2609

Landsbanki Securities (UK) Limited – Corporate Finance
Tom Hulme

020 7426 9000

Notes to editors

www.rockhopperexploration.co.uk

The Rockhopper Group started trading in February 2004 to invest in and carry out an offshore oil exploration programme to the north of the Falkland Islands. The Group, floated on AIM in August 2005, is currently the largest licence holder in the North Falkland Basin and has a 100 per cent. interest in four offshore production licences which cover approximately 5,800 sq. km. These licences have been granted by the Falkland Islands government.

Chairman's statement

During the six months ending 30th September 2007 we received the fully processed 3D seismic data volume from CGG Veritas. This delivery of processed data, the largest and most modern 3D undertaken to date in the Falklands, represents completion of the data acquisition on our operated acreage set out at the time of the IPO in August 2005.

We have already identified targets in PL023 and PL024 on 2D and CSEM giving a total potential figure of 2.5 billion barrels recoverable. We have significantly reduced the risk associated with exploring in PL023 and PL024, found a number of large prospects and leads and created an increased expected monetary value as a result.

Initial interpretation of the 3D seismic data in licences PL032 and PL033 is hugely encouraging and will add to our prospect and lead inventory while also further de-risking the acreage. The fans identified near the Shell wells on the 3D have the potential to become one of the largest targets in our portfolio.

While oil prices remain high, the market for semi-submersible rigs of the type required in the North Falkland Basin has eased with a number of suitable units becoming available. While these units remain expensive, that cost can be significantly reduced if the mobilisation and demobilisation can be shared with other operators.

At the same time, the market for farm outs is also improving and we have now been asked to present to a number of large oil companies.

We will be in a position to begin that process in earnest once we complete the interpretation of our data which will happen later this year. We are also keeping all other funding options open.

As part of the review undertaken during the conversion to IFRS we have changed our presentational currency to US Dollars. This better reflects both the industry and economic environment in which we operate.

Dr Pierre Jungels
Chairman

Managing Director's review

With the delivery of the final processed 3D seismic data volume from CGG Veritas we are able to take an important step forward in our technical work programme as set out at the time of the IPO.

An initial review of the 3D seismic, which covers some 850km², reveals that both fan shaped amplitude anomalies and structural closures can clearly be seen. These will add to our existing prospect and lead inventory which currently consists of a number of targets in PL023 and PL024 totalling 2.5 billion barrels of recoverable oil.

The 3D was acquired over licences PL032 and PL033 where Shell drilled two wells during 1998, one of which recovered live oil to the surface. Shell had also collected a small 3D programme (300km²) over that acreage during 1997. We have merged our 3D with the previous Shell 3D to give us a total 3D coverage of almost 900km², the equivalent to four North Sea blocks.

In addition to interpreting the 3D seismic, we are undertaking additional technical work designed both to further reduce the risk associated with our acreage and to help us to obtain maximum value for shareholders in any farm out.

The rig market is easier than twelve months ago and we are also seeing signs of an improvement in the farm out market with a number of companies asking us to present to them.

Since we were admitted to trading on AIM in 2005 we have collected over 900km² 2D seismic in licences PL023 and PL024 which has allowed us to map prospects and leads with a total P50 of 2.5 billion barrels of recoverable oil.

We have collected four CSEM lines in licences PL023 and PL024 with positive outcomes on prospects Ernest and Dolphin.

Once we complete the interpretation of the 3D seismic in licences PL032 and PL033 we will update our prospect and lead inventory, rank our targets to decide drilling locations and then carefully consider our options in terms of financing our drilling programme.

Samuel Moody
Managing Director

Financial review for the first half of the financial year

The group has declared a loss for the six month period to 30 September 2007 of \$725k (\$681k: 2006) which equates to a loss per share of 0.96 cents (0.95 cents: 2006). The loss has increased over the comparative period primarily as a function of lower investment income earned, offset to a degree by lower charges for share based payment and foreign exchange movement.

Investment income for the period fell to \$160k (\$502k: 2006) despite rising interest rates in both the UK and the USA. The reduction is due to the reducing cash balances held as a result of the 3D work undertaken during the second half of last year. However, as a percentage the group enjoyed a better return on the funds it did hold of 5.75% for the current period against 4.88% for the prior period.

Administrative expenses were \$761k against \$725k for the comparative period, the apparent increase being due to the weakening of the US\$. Expenses are almost exclusively incurred in GB£ but being presented in US\$ means they are influenced by exchange rate movements. Translating expenses back into GB£ results in a charge of £381k for the current period against £394k for the comparative period. The lower actual expenses were the result of a lower charge in respect of executive bonuses and lower professional fees incurred.

The share based expense of \$117k compares to \$223k for the previous period. The lower charge reflects the first tranche of options that have now vested.

Group net assets have reduced by \$320k since the year ended 31 March 2007 with a loss of \$725k for the period offset by the movement of the share based charge of \$117k to reserves and currency gains on shareholders' equity brought forward of \$288k.

Financial outlook for the second half of the financial year

Whilst the base rate in the UK and the federal fund rate in the USA both rose during the six months ended 30 September 2007, the recent concerns as to the strength of both economies saw the federal fund rate cut by 50 basis points with further near term cuts possible in both the UK and USA. Cuts in either rate will reduce the group's future investment income on the current account as the group funds earn a fixed margin relative to the UK base rate and US federal funds rate. In anticipation of falling rates £1,750k of the group's cash was placed on fixed deposit prior to the period end, at up to 6%, to mitigate the immediate effect of rate cuts. However, all deposits are for less than 90 days as liquidity remains the key group priority and so if rates do indeed fall they will have an effect once the fixed deposits expire.

Overheads are expected to remain stable for the second half of the year and should be less than the first half year as the entire charge for the annual bonuses is taken in the first six months. Possible areas of increased expenditure would be travel costs and professional fees.

Unless the underlying assumptions change, the charge for share based remuneration will continue at a consistent level until the six month period ending 30 September 2010 when it will be fully expensed.

Cash balances at 30 September 2007 stood at \$4,897k and cash requirements from exploration expenditure over the coming six months are expected to be modest with the emphasis on interpretation of the 3D data acquired during the year ended 31 March 2007. Of the total cash balances, \$862k was held in US\$ and so should insulate the group for a time against possible currency fluctuations, particularly a strengthening of the US\$.

Conversion to International Financial Reporting Standards (“IFRS”)

This is the first time the group has had to report under IFRS, an obligation placed on it by its admission to trading on AIM. Whilst there have been a number of presentational changes in this report and a greater level of disclosure and analysis is anticipated for the year end report, there has been no impact to the actual results and the comparatives contained within this report. Consequently, no IFRS reconciliations have been presented.

Change of presentational currency from GB£ to US\$

As part of the review undertaken during the conversion to IFRS, the group also took the opportunity to review its presentational currency and concluded that the US\$ was now more suitable given that it better reflects the economic environment in which the group operates.

The most notable feature of this conversion is to emphasise the benefit the group has enjoyed by being capitalised and holding funds in GB£ over a period when the US\$ has weakened considerably. At the effective date of transition to IFRS, 1 April 2006, the US\$ was trading at 1.74 to the GB£ as opposed to the rate of 2.02 used for this report. However, whilst the group presents its results in US\$, the functional currency of the parent company remains GB£ and so changes to shareholders' equity, where the impact is greatest, are taken straight to reserves rather than through the income statement.

IAS 21: The effects of changes in foreign exchange rates requires that reserve elements of shareholders' equity are reconverted at the end of each period and the currency translation differences reflected within that reserve. However, in the case of share capital and share premium these are fixed at their historic rate, at the date of issue or 1.74 if issued prior to the effective date of transition to IFRS, and the difference taken to a currency translation reserve that would unwind were the US\$ to strengthen against GB£.

The currency translation reserve also holds the differences that arise from translating the capitalised amounts in respect of exploration licenses. Whilst previously the expenditure on exploration licenses was fixed at the exchange rate prevailing at the time and carried forward as a converted GB£ amount, this exaggerates the rate of exchange impact when translated directly into US\$. Accordingly, the values presented in the balance sheet have been adjusted so that they reflect the actual currency in which they were spent.

Peter Dixon-Clarke

Consolidated income statement – unaudited
for the period ended 30 September 2007

		6 months ended 30 September 2007	Restated* 6 months ended 30 September 2006	Restated* Year ended 31 March 2007
	Notes	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000
Revenue				
Investment income		160	502	852
Total revenue		160	502	852
Expenses				
Administrative expenses		761	725	1,459
Charge for share based remuneration		117	223	440
Foreign exchange movement		7	235	367
Total expenses		885	1,183	2,266
Loss before tax		(725)	(681)	(1,414)
Income tax expense		-	-	-
Net loss after tax arising from continuing activities and attributable to equity holders of the parent company		(725)	(681)	(1,414)
Loss per share basic and diluted – cents	2	(0.96)	(0.95)	(1.97)
Weighted average number of shares: basic and diluted		75,663,490	71,800,154	71,817,756

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US\$ and not the transition to IFRS.

The results for the period relate wholly to continuing operations.

Consolidated balance sheet – unaudited
as at 30 September 2007

	As at 30 September 2007 Unaudited \$'000	Restated * As at 30 September 2006 Unaudited \$'000	Restated * As at 31 March 2007 Unaudited \$'000
Assets			
Capitalised exploration expenditure	25,442	5,163	24,946
Office equipment	13	24	16
Receivables	19	9	74
Cash and cash equivalents	4,897	22,326	6,341
Total assets	30,371	27,522	31,377
Liabilities			
Payables	868	125	1,554
Total liabilities	868	125	1,554
Equity			
Share capital	1,325	1,254	1,325
Share premium	28,403	26,008	28,403
Currency translation reserve	2,820	1,930	2,460
Reserve for share based remuneration	1,267	879	1,115
Other reserves	(283)	(262)	(274)
Retained losses	(4,029)	(2,412)	(3,206)
Total equity attributable to group shareholders	29,503	27,397	29,823
Total liabilities and equity	30,371	27,522	31,377

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US\$ and not the transition to IFRS.

These interim results were approved by the directors and authorised for issue on 21 November 2007 and are signed on their behalf by:

Samuel Moody
Managing Director

Peter Dixon-Clarke ACA
Finance Director

Consolidated statement of changes in equity – unaudited
for the period ended 30 September 2007

	6 months ended 30 September 2007	Restated* 6 months ended 30 September 2006	Restated* Year ended 31 March 2007
	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000
Share capital			
Opening balance	1,325	1,249	1,249
Options exercised	–	5	5
New shares issued	–	–	71
Closing balance	1,325	1,254	1,325
Share premium			
Opening balance	28,403	25,959	25,959
Premium on options exercised	–	49	49
Premium on new shares issued	–	–	2,532
Issues costs	–	–	(137)
Closing balance	28,403	26,008	28,403
Currency translation reserve			
Opening balance	2,460	9	9
Movement on capitalised exploration expenditure	(654)	(114)	(994)
Movement on share capital	45	94	159
Movement on share premium	969	1,941	3,286
Closing balance	2,820	1,930	2,460
Share based remuneration			
Opening balance	1,115	607	607
Share based expense charge for the period	117	223	440
Transferred to retained losses in respect of options exercised in the year	–	–	(24)
Currency translation difference	35	49	92
Closing balance	1,267	879	1,115
Other reserves			
Opening balance	(274)	(244)	(244)
Currency translation difference	(9)	(18)	(30)
Closing balance	(283)	(262)	(274)
Retained losses			
Opening balance	(3,206)	(1,611)	(1,611)
Loss for the period	(725)	(681)	(1,414)
Transferred from share based remuneration reserve	–	–	24
Currency translation difference	(98)	(120)	(205)
Closing balance	(4,029)	(2,412)	(3,206)
Equity shareholders' funds	29,503	27,397	29,823

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US\$ and not the transition to IFRS.

Consolidated cash flow statement – unaudited
for the period ended 30 September 2007

	6 months ended 30 September 2007	Restated* 6 months ended 30 September 2006	Restated* Year ended 31 March 2007
	Unaudited \$'000	Unaudited \$'000	Unaudited \$'000
Cash flows from operating activities			
Net (loss)	(725)	(681)	(1,414)
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation	7	7	17
Share based remuneration expense	117	223	440
Foreign exchange movement	7	235	367
Changes in:			
Receivables	55	8	(57)
Trade payables	(201)	22	109
Cash (utilised) by operating activities	(740)	(186)	(538)
Cash (outflow) for capital expenditure			
Capitalised exploration expenditure	(801)	(583)	(18,709)
Office equipment	(4)	(10)	(10)
Cash flows (used) for capital expenditure	(805)	(593)	(18,719)
Cash inflow from financing activities			
Options exercised	–	54	54
Issue of share capital	–	–	2,603
Share issue costs	–	–	(137)
Cash inflow from financing activities	–	54	2,520
Net cash (outflow)	(1,545)	(725)	(16,737)
Net foreign exchange differences	101	1,379	1,406
Cash and cash equivalents brought forward	6,341	21,672	21,672
Cash and cash equivalents carried forward	4,897	22,326	6,341

* The restatement applies solely to the decision to change the presentational currency from that of GB£ to US\$ and not the transition to IFRS.

Notes to the consolidated interim results – unaudited

1 Accounting policies

1.1 Group and its operations

Rockhopper Exploration plc ('the company'), a public limited company incorporated and domiciled in the United Kingdom ('UK'), together with its subsidiaries (collectively, 'the group') holds certain licences granted in 2004 and 2005 for the exploration of oil and gas in the North Falkland Basin. The registered office of the Company is Hilltop Park, Devizes Road, Salisbury, SP3 4UF.

1.2 Basis of preparation

From 1 January 2007 all companies on the Alternative Investment Market ("AIM") are required to prepare their consolidated financial statements using standards issued by the International Accounting Standards Board ("IASB") as adopted by the European Union. The effective date of transition to IFRS is therefore 1 April 2006. The results upon which this announcement has been based were prepared using the accounting policies set out below.

The interim results are reviewed but not audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 March 2007 included in the interim statement have been extracted from the UK GAAP financial statements and restated into IFRS. The UK GAAP financial statements for the year ended 31 March 2007 have been reported on by the company's auditor and have been delivered to the registrar of companies. The auditor's report on the UK GAAP financial statements for the year ended 31 March 2007 was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

This interim report is not required to be prepared in accordance with IAS 34: Interim financial reporting and therefore does not comply with IFRS. The IFRS accounting policies adopted are the ones that will apply for the year ended 31 March 2008.

The Company has elected to take the exemption offered within IFRS1: First time adoption of International Financial Reporting Standards in relation to business combinations.

Items included in the financial statements of each of the group's entities are measured in the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements are stated in US dollars. The functional and presentation currency of the subsidiaries, where the licences are held, is US dollars whilst the functional currency of the holding company is £ sterling. All values are rounded to the nearest thousand dollars (\$'000), also stated as 'k', except when otherwise indicated.

1.3 Significant accounting policies

Basis of accounting

The group has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to the capitalisation of intangible assets. In each case, the determination of these is

fundamental to the financial results and position and requires management to make complex judgments based on information and data that may change in future periods.

Since these involve the use of assumptions and subjective judgments as to future events and are subject to change, the use of different assumptions or data could produce materially different results.

The measurement basis that has been applied in preparing the interim results is historical cost with the exception of financial assets which are held at fair value.

2. Basic and diluted loss per share

	6 months ended 30 September 2007 Number	6 months ended 30 September 2006 Number	Year ended 31 March 2007 Number
Shares in issue brought forward	75,663,305	71,774,605	71,774,605
Shares issued during the period			
– Issued on 17 August 2006	–	225,000	225,000
– Issued on 22 August 2006	–	75,000	75,000
– Issued on 5 March 2007	–	–	3,588,700
– Issued on 13 September 2007	1,980	–	–
Shares in issue carried forward	75,665,285	72,074,605	75,663,305
Weighted average shares in issue	75,663,490	71,800,154	71,817,756
	\$'000	\$'000	\$'000
Net (loss) after tax	(725)	(681)	(1,414)
Basic and diluted net (loss) per share – cents	(0.96)	(0.95)	(1.97)

The calculation of the basic loss per share is based upon the loss for the period and the weighted average shares in issue. As the group is reporting a loss for all periods then in accordance with IAS 33 the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

3 Copies of the interim report

Copies of the interim report will be dispatched to shareholders shortly and will also be posted to the Company's website www.rockhopperexploration.co.uk.