



Press Release

For immediate release: 18 June, 2007

Rockhopper Exploration plc

Preliminary Results for the year ended 31 March 2007

Rockhopper Exploration plc (AIM:RKH), the North Falkland Basin oil and gas exploration company, today announces its preliminary results for the year ended 31 March 2007.

Highlights

- Successful completion of 3D seismic survey
- Successful completion of Placing
- Integration of 2D and CSEM completed
- Positive results on both CSEM surveys
- De-risking continues
- Moving closer to drilling

Chairman Pierre Jungels commented:

“Rockhopper has made significant progress during the twelve months under review, both in its technical work and also in the continued collection of state of the art exploration data.

“To date, all our technical work points towards a de-risking both of the basin in general and importantly of our 100% operated acreage specifically.

“We have recently seen increasingly strong signs of an improvement in the availability of the type of drilling unit required for our relatively modest water depth. We believe this increases the chance to drill as part of a consortium during 2008.”

NB: This statement has been approved by the Company's geological staff who include David Bodecott (Exploration Director), who is a Member of Petroleum Exploration Society of Great Britain (PESGB) and the American Association of Petroleum Geologists (AAPG) with over 30 years of experience in petroleum exploration and management, for the purpose of the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in respect of AIM companies, which outline standards of disclosure for mineral projects.

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Notes to editors

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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

Rockhopper has made significant progress during the twelve months under review, both in its technical work and also in the continued collection of state of the art exploration data.

We have recently seen increasingly strong signs of an improvement in the availability of the type of drilling unit required for our relatively modest water depth. Oil prices have remained high and until recently the market for services in the oil and gas industry has been very difficult as a result. Despite this and the relatively remote location of the Falkland Islands, we have successfully completed a 3D seismic survey with CGG Veritas. This represents a huge achievement for a pure exploration company in the current climate. We believe this increases the chance to drill as part of a consortium during 2008.

The 3D survey was collected over the locations of the two Shell wells and will therefore allow us to learn a huge amount of information about the basin. This builds on our earlier success with 2D and CSEM in licences PL023 and PL024. We have now completed more data acquisition than was specified at the time of the IPO in August 2005. To date, we have made no effort to farm out our acreage, preferring to concentrate first on completing our technical programme in order to give ourselves the best chance of success.

To date, all our technical work points towards a de-risking both of the basin in general and importantly of our 100% operated acreage specifically. The placing of new shares, which was well supported by our existing institutional shareholders, boosted our cash reserves in early March.

We are delighted to welcome Dave Bodecott to the board as our new Exploration Director. Dave has over 30 years experience in the oil industry and importantly has significant direct experience of the Falkland Islands. His input will be vital as we move into the most technical phase of our development.

I believe that the dynamism displayed by your board since the time of the IPO will be key to starting the next round of drilling which we hope will unlock the potential of the Basin.

Dr Pierre Jungels CBE

Executive Chairman

15 June 2007

Managing Director's Review

During the twelve months under review we have made excellent progress both in data acquisition and technical evaluation.

PL032 and PL033

Work on licences PL032 and PL033 involved the acquisition of a state-of-the-art 3D seismic survey with CGG Veritas in late 2006/early 2007, collecting significantly more data than our minimum licence commitment of 685 km². The survey was designed to overshoot the locations of the two wells drilled by Shell in 1998 and also the undrilled basin margin to the East. While interpretation will not be completed until later this year, indications are that data quality is extremely high.

The area of licences PL032 and PL033 is geologically different to that covered by more southerly licences PL023 and PL024, and the comprehensive logging suites from the Shell wells give us information which we will use in the analysis of our 3D seismic.

As a result of continuing improvements in technology, we now have the most modern 3D survey offshore the Falklands. We are using state of the art processing techniques to extract maximum value from the seismic data and it is vital for us to fully integrate these data with pre-existing well data.

The first Shell well, 14/5-1a drilled to a depth of 4500m and had both oil and gas shows, proving the existence of two mature source rocks.

The second Shell well, 14/10-1 drilled to a depth of 3005m and recovered live oil to the surface from that depth.

Using the logging suites from those wells we will be able to model the physical properties of the rocks associated with specific seismic responses observed on the 3D data. These attribute analyses will include techniques such as AVO studies and seismic inversion. These techniques are commonly used by the larger oil companies in their exploration efforts and it is a huge step forward for us to have a modern 3D survey which overshoots wells having oil and gas shows.

We have already mapped a number of structural prospects against the eastern basin margin using existing 2D seismic and we hope that the new 3D will confirm their presence and viability. We also hope to see some stratigraphic prospects which are difficult to see using 2D. Finally, it is possible that further targets on the flank of the large structure tested by the existing wells will emerge from the 3D.

Processing and interpretation of these data is time consuming and is likely to take until later this summer.

PL023 and PL024

No new data have been acquired on the licences during the period. The technical work focuses on the continuing interpretation of our 2D seismic and integration of that with our CSEM results over prospect Ernest, the K lead and others.

Ernest

We believe Ernest is currently the lowest risk prospect in the Rockhopper portfolio. Ernest is a 4 way closure located in only 160m of water. The prospect has closure from ca.900m to 2200m depth sub sea level, with the possibility of multiple pay zones. We successfully collected new 2D seismic and a CSEM survey over Ernest in early 2006.

Following interpretation of the new 2D seismic data, we believe Ernest is larger than originally anticipated with a maximum area of over 10,000 acres. We also believe that Ernest could form two separate targets, both of which exhibit positive CSEM responses that are coincident with areas of structural closure.

The flank of Ernest also exhibits an AVO anomaly which is coincident with one of the CSEM responses. These parameters have continued to reduce the risk associated with the Ernest prospect.

K Graben

Licences PL023 and PL024 contain as many as twenty structural leads, most of which are located on the flanks of the K Graben. This is within the southern area of the licences, in water depths of less than 150m. The seismic data indicate that the K Graben is deep enough to contain a mature source rock, but no wells have been drilled in this area.

The presence of such a large number of leads means that, should any of the targets in the next phase of drilling prove successful, we have very large potential upside. Nine of these leads are large enough to each potentially contain over two hundred million barrels of recoverable oil.

PL003 and PL004

No active exploration work was carried out in the area. Long lead items were delivered in readiness for drilling and the operator continues the search for a rig.

Outlook

We will now focus on extracting the maximum possible value from the large amounts of 2D, 3D, and CSEM data we have collected since our IPO.

We have been encouraged at every stage of the exploration process so far. The combination of robust structural closures, bright amplitudes, an AVO anomaly, flat seismic events and the positive CSEM responses mean that we now consider Ernest the lowest risk prospect currently in our portfolio. The twenty additional leads give us the potential for significant upside should a discovery be made in PL023 and PL024. The recent easing in the rig market indicates that drilling is possible in 2008 and we must now begin planning for that eventuality should a suitable rig become available.

Options for drilling will include farm out or a co-ordinated campaign with other operators in the region. We continue to discuss the possibility of such a co-ordinated campaign with other operators as a way to offer an attractive programme to a drilling contractor in the current rig market.

Interpretation of the new 3D is the next step and following this we will hope to have sufficient drillable prospects in our portfolio to keep driving the exploration effort forwards.

Samuel Moody

Managing Director

15 June 2007

Rockhopper Exploration plc
Group Profit & Loss Account
for the year ended 31 March 2007

	2007 £'000	Restated* 2006 £'000
Turnover	-	-
Cost of Sales	-	-
Gross Profit	-	-
Administrative expenses	(772)	(822)
Share based payment expense	2 (233)	(349)
Foreign exchange movement	(169)	56
Group Operating Loss	(1,174)	(1,115)
Interest receivable	451	412
Loss on ordinary activities before taxation	(723)	(703)
Taxation	3 -	-
Loss for the financial year	(723)	(703)
Loss per share (pence): Basic and diluted	4 (1.01)p	(1.20)p

* The restatement of comparatives applies solely to the charge for share based payment that is required by FRS 20 (see note 2).

The operating loss for the year arises from the group's continuing operations.

Statement of total recognised gains and losses
for the year ended 31 March 2007

	2007 £'000	Restated 2006 £'000
Losses for the financial year	(723)	(703)
Prior year adjustment re share based payment	(349)	
Total losses recognised since the last annual report	(1,072)	

Rockhopper Exploration plc
Group Balance Sheet
31 March 2007

	2007	Restated*
	£'000	2006 £'000
Fixed assets		
Intangible assets	13,230	2,500
Tangible assets	8	14
	<u>13,238</u>	<u>2,514</u>
Current assets		
Debtors	38	10
Cash at bank	3,235	12,455
	<u>3,273</u>	<u>12,465</u>
Creditors: Amounts falling due within one year	<u>(793)</u>	<u>(59)</u>
Net current assets	2,480	12,406
Total assets less current liabilities	<u>15,718</u>	<u>14,920</u>
Capital and Reserves		
Called up share capital	5 757	718
Share premium account	16,168	14,919
Merger reserve	(140)	(140)
Share based payment reserve	2 569	349
Profit and loss account	(1,636)	(926)
Equity shareholders' funds	<u>15,718</u>	<u>14,920</u>

* The restatement of comparatives applies solely to the charge for share based payment that is required by FRS 20 (see note 2).

Rockhopper Exploration plc
Group statement of changes in share capital and reserves
31 March 2007

	2007 £'000	2006 £'000
Share capital		
Opening balance	718	361
Options exercised	3	-
New shares issued	36	357
Closing balance	<u>757</u>	<u>718</u>
Share premium account		
Opening balance	14,919	1,362
Options exercised	27	-
Premium on new shares issued	1,292	14,643
Share issue costs	(70)	(1,086)
Closing balance	<u>16,168</u>	<u>14,919</u>
Merger reserve		
Opening and closing balance	<u>(140)</u>	<u>(140)</u>
Share based remuneration reserve		
Opening balance (as restated)	349	-
Share based expense charge for the period	233	349
Transferred to profit and loss in respect of options exercised in the year	(13)	-
Closing balance	<u>569</u>	<u>349</u>
Profit and loss account		
Opening balance (as previously reported)	(577)	(223)
Prior year adjustment (see note 5)	(349)	-
Opening balance (restated)	<u>(926)</u>	<u>(223)</u>
Loss for the year	(723)	(703)
Transferred from share based remuneration reserve	13	-
Closing balance	<u>(1,636)</u>	<u>(926)</u>
Equity shareholders' funds	<u>15,718</u>	<u>14,920</u>

Rockhopper Exploration Plc
Group Cash Flow Statement
for the year ended 31 March 2007

	2007 £'000	2006 £'000
Reconciliation of operating (loss) to net cash outflow from operating activities		
Operating (loss)	(1,174)	(1,115)
(Increase)/decrease in debtors	(28)	28
Increase/(decrease) in creditors	734	(47)
Depreciation	9	3
Share based expense charge for the year	233	349
Net cash outflow from operating activities	<u>(226)</u>	<u>(782)</u>
Returns on investment and servicing of finance		
Interest received	451	412
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(10,730)	(2,264)
Purchase of tangible fixed assets	(3)	(15)
Net cash flow from capital expenditure and financial investment	<u>(10,733)</u>	<u>(2,279)</u>
Net cash outflow before financing	<u>(10,508)</u>	<u>(2,649)</u>
Financing		
Options exercised	30	-
Issue of share capital	1,328	15,000
Share issue costs	(70)	(1,086)
Net cash flow from financing	<u>1,288</u>	<u>13,914</u>
Move in net cash	<u>(9,220)</u>	<u>11,265</u>
Reconciliation of net cash flow to movement in net funds		
	2007 £'000	2006 £'000
Opening net funds	12,455	1,190
Movement in year	<u>(9,220)</u>	<u>11,265</u>
Closing net funds	<u>3,235</u>	<u>12,455</u>

Net funds consisted entirely of cash for both years.

NOTES TO THE PRELIMINARY STATEMENT

1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, in accordance with United Kingdom accounting standards and the Statement Of Recommended Practice (SORP) 'Accounting for Oil and Gas Exploration, Development Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001.

The accounting policies used are consistent with those contained in the Group's last annual report and accounts for the year ended 31 March 2006, with the exception that following the implementation of FRS 20 – Share Based Payment, the fair value of share options granted is recognised as a cost on the face of the profit and loss account (see note 2).

2 SHARE BASED PAYMENT EXPENSE

The group has two schemes that have each granted options over the ordinary shares of the company, being an employee share option scheme ("ESOS") and a non-employee share option scheme ("NESOS").

FRS20: Share based payments became effective for accounting periods beginning on or after 1 January 2006 which was after the schemes had been created and the options granted. Consequently, the accounts for the year ended 31 March 2006, which are disclosed within these accounts as comparatives, require a prior year adjustment to be made to the profit and loss account as well as the creation of a share based payment reserve.

The accounts for the year ended 31 March 2006 have had to be restated to reflect a charge of £349k thereby reducing the bought forward profit and loss reserves at 1 April 2006 by the same amount. An expense of £233k has been charged to the profit and loss account for the year ended 31 March 2007. The result is the creation of a share based payment reserve at 31 March 2007 of £582k, before other transfers, meaning that net assets remain unaffected.

Following the exercise of 300,000 options during the year the related cost of the options exercised, £13k, has been transferred to the profit and loss account reserve reducing the share based payment reserve from £582k to £569k.

3 TAXATION

	2007 £'000	Restated 2006 £'000
Current tax:		
UK corporation tax on losses for the year	-	-
Tax on loss on ordinary activities	-	-
Loss on ordinary activities before tax	(723)	(703)
Loss on ordinary activities multiplied by the rate of corporation tax for small companies of 19%	(137)	(134)
Effects of:		
Expenses not deductible	45	1
Losses carried forward	-	133
Depreciation in excess of capital allowances	1	-
Utilisation of losses brought forward	(16)	-
Schedule 23 deductions	(14)	-
Intra-group interest charges excluded on consolidation	121	-
Current tax charge for the year	-	-

No charge to taxation arises in the year. No deferred tax asset has been recognised in respect of losses carried forward due to the uncertainty in the timing of profits and hence utilisation of these. The schedule 23 deductions relate to corporation tax relief on the exercise of the share options.

4 LOSS PER SHARE

	2007 Number	2006 Number
Shares in issue at 1 April	71,774,605	36,060,320
Shares issued during year		
- Issued on 15 August 2005	-	35,714,285
- Issued on 17 August 2006	225,000	-
- Issued on 22 August 2006	75,000	-
- Issued on 5 March 2007	3,588,700	-
Shares in issue at 31 March	75,663,305	71,774,605
Weighted average shares in issue	71,817,756	58,467,365
		Restated
	2007 £'000	2006 £'000
Net (loss) after tax	(723)	(703)
Basic and diluted net (loss) per share	(1.01p)	(1.20p)

The calculation of the basic loss per share is based upon the loss for the year and the weighted average shares in issue. As the group is reporting a loss for all periods then, in accordance with FRS 22, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

5 SHARE CAPITAL

	2007 £'000	2007 No.	2006 £'000	2006 No.
Authorised:				
Ordinary shares of £0.01p each	1,000	100,000,000	1,000	100,000,000
Called up, issued and fully paid:				
Ordinary shares of £0.01p each	757	75,663,305	718	71,774,605

On 17 August 2006, the company issued 225,000 ordinary shares of £0.01 each at a premium of £0.09 per share. 75,000 shares were issued to S Moody, P Dixon-Clarke and K Williams respectively on exercise of their options for £0.10 under the employee share option scheme.

On 22 August 2006 the company issued 75,000 ordinary shares of £0.01 each at a premium of £0.09 per share to D Bodecott on exercise of his options for £0.10 under the non-employee share option scheme.

On 5 March 2007, the company issued 3,588,700 ordinary shares of £0.01 each at a premium of £0.36 per share following a placing in the market of 5% of ordinary shares currently in issue, being the maximum amount directors were authorised to allot for cash without first offering them to shareholders pursuant to a special resolution passed at the company's AGM of 11 July 2006.

6 COPIES OF THE FINAL REPORT

Copies of the final report will be dispatched to shareholders and will be available to the public at the Registered Office, Hilltop Park, Devizes Road, Salisbury, SP3 4UF.

7 FINANCIAL INFORMATION

The financial information set out above does not constitute the statutory accounts of Rockhopper Exploration plc for the year ended 31 March 2007 and the year ended 31 March 2006. For the year ended 31 March 2007 the financial information is derived from the statutory accounts of the Company. For the year ended 31 March 2006 the financial information is derived from the statutory accounts delivered to the Registrar of Companies. The statutory accounts for the year ended 31 March 2007, which were approved by the Directors and authorised for issue on 15 June 2007, will be delivered following the Company's Annual General Meeting. The auditors have reported on the accounts for both periods; their reports were unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.