



12 October 2011

Rockhopper Exploration plc

("Rockhopper" or the "Company")

Farm-In Agreement

Rockhopper Exploration plc (AIM: RKH), the North Falkland Basin oil and gas exploration company, is pleased to announce that Rockhopper Exploration (Oil) Limited, a subsidiary of the Company ("Rockhopper Oil"), has today agreed the terms of a farm-in agreement, subject to the approval of the Falkland Islands Government, with Desire Petroleum Plc to farm-in to that part of the north-western acreage of licence PL004 known as Area 1, which the Company believes contains the extension to the Sea Lion field and the western part of the "Beverley" prospect, and into the north-eastern part of licence PL004 known as Area 2 which the Company believes contains the "Jayne" prospect and the eastern part of the "Beverley" prospect. The Company has guaranteed Rockhopper Oil's obligations pursuant to the Farm-In Agreement.

Background

As a result of the interpretation of the newly acquired 3D seismic data, the Company believes that Sea Lion extends into the north-western area of licence PL004 operated by Desire Petroleum Plc. The Company also believes that this acreage may contain up to approximately 10-15 per cent of additional volume of prospective resources in addition to the management's estimated High Case STOIP of 1,428 mmbbls. Furthermore, licence PL004 is believed by the Company to contain the attractive prospects "Jayne" and "Beverley", as recently delineated on the new fast-track 3D seismic survey. Accordingly, Rockhopper Oil has today entered into a Farm-In Agreement with Desire to farm-in to that part of the north-western acreage of licence PL004 known as Area 1, which the Company believes contains the extension to the Sea Lion field and the western part of the "Beverley" prospect and, separately, into the north-eastern part of licence PL004 known as Area 2 which the Company believes contains the "Jayne" prospect and the eastern part of the "Beverley" prospect.

Farm-in Terms

In consideration for paying the full cost of the drilling of one well in Area 1 within the current campaign, the Farm-In Agreement will give the Group operatorship of Area 1 and an earned interest of 52.5 per cent and, in aggregate, 60 per cent (when taken together with its existing 7.5 per cent earned interest under license PL004), in that area. The drilling of the well in Area 1 will also give the Group a 17.5 per cent working interest and, in aggregate, 25 per cent (when taken together with its existing 7.5 per cent earned interest under licence PL004), in Area 2. Operatorship of Area 2 will remain with Desire.

By the time that well 14/10-9 is spudded, the Company expects to have exercised its right to take up one additional option on the Ocean Guardian drilling rig. The well in Area 1 is expected to be drilled immediately after well 14/10-9. In addition to the usual approvals, Rockhopper Oil's obligation to drill the well is subject to regulatory approvals including consent from the appropriate authorities to drill the well and the change of operatorship by 11 November 2011. Discussions with the Falkland Islands Government and the other authorities are underway. Rockhopper Oil has agreed to drill the well within 65 days of the Ocean Guardian drilling rig being available to it following the drilling of well 14/10-9. In the event that it fails to do so, Rockhopper Oil will give up its interest in both Area 1 and Area 2 pursuant to the Farm-In Agreement.

Desire may drill one well using the Ocean Guardian drilling rig in Area 2 following the drilling of the well in Area 1. Subject to ongoing technical work and Desire raising the necessary funds Rockhopper Oil will, subject to agreeing the basis upon which the well will be drilled, contribute 25 per cent towards the cost of Desire drilling the well. In the event that Rockhopper Oil does not agree the well plan, outline well design and well budget within seven days of its proposal by Desire, Desire will be free to drill the well alone.

Rockhopper Oil's obligations under the Farm-In Agreement are also conditional upon the Company raising additional capital through an equity placing. Accordingly, as set out in the separate placing announcement to be issued today (the "Placing Announcement"), the Company is intending to place up to 25,814,000 new Ordinary Shares, representing up to approximately 10 per cent. of the Company's existing issued ordinary share capital, with institutional shareholders.



Sam Moody, Chief Executive of Rockhopper said:

"Our technical work to date has shown that the Sea Lion field may extend onto the Desire acreage. We are therefore very pleased to have agreed a farm-in deal with Desire which will allow us to appraise what we believe is the full extent of Sea Lion and to become the Operator of that part of the licence. We are further delighted to have increased our exposure to potential exploration upside from the Jayne and Beverley prospects.

We now look forward to concluding the appraisal drilling campaign of Sea Lion and to progressing the necessary workstreams to the point of a final investment decision on the field."

Defined terms in the announcement have the same meanings as those set out in the Placing Announcement.

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Notes to Editors

Rockhopper was established in February 2004 with a strategy to invest in and carry out an offshore oil exploration programme to the north of the Falkland Islands. The Company floated on AIM in August 2005 and holds a 100 per cent. interest in four offshore production licences: PL023, PL024, PL032 and PL033 which cover approximately 3,800 sq. km. Rockhopper has also farmed in (7.5% working interest) to licences PL003 and PL004, which are operated by Desire Petroleum. These licences have been granted by the Falkland Islands government.

An extensive work programme has been carried out over a number of years on the licences operated by Rockhopper. This has included 2D and 3D Seismic and Controlled Source Electromagnetic Mapping (CSEM). In February 2010, the Ocean Guardian drilling rig arrived in Falkland waters to carry out a multi-well drilling campaign. Rockhopper drilled an exploration well on its Sea Lion prospect during April and May 2010, the result of which was the first oil discovery and Contingent Oil Resource in the North Falkland Basin. The Sea Lion discovery was successfully tested during September 2010 and June 2011 and was the first oil to flow to surface in Falkland Islands waters. Rockhopper contracted seismic vessels MV Polarcus Asima and Nadia to carry out a 3D seismic survey over areas of licences PL024, PL032 and PL033 which were not previously defined by 3D, as well as adjacent areas. Data over the southern portion of licences PL032 and PL033 has been fast track processed and an initial interpretation has now been completed. The balance of the newly acquired 3D seismic data is still being processed and the Company expects it will be available for interpretation before the end of 2011.