



**Rockhopper Exploration plc**

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#### **Introduction**

Rockhopper Exploration plc (AIM : RKH), the North Falkland Basin oil and gas explorer, announces that it has conditionally placed 92,592,593 new Ordinary Shares at 54p per share through Canaccord Adams with institutional investors and certain of the Company's shareholders to raise £50 million before expenses. The Placing Shares equal 115 per cent. of the Ordinary Shares currently in issue. The 54p placing price represents a discount of 16 per cent. to the closing middle market price for an Ordinary Share on Friday 23 October 2009. The Placing has not been underwritten.

The Placing is conditional on (i) the passing of a Resolution at a General Meeting of the Company authorising the allotment of the Placing Shares under the Placing, (ii) the admission of the Placing Shares to trading on AIM becoming effective by 9.00 a.m. on 13 November 2009 (or by such later date or time as the Company and Canaccord Adams may agree), and (iii) a placing agreement dated the date of this announcement between the Company and Canaccord Adams becoming unconditional in all other respects by the same time.

Certain terms used in this announcement have the meanings given to them in the "definitions" section at the end of this announcement.

#### **Background**

Since securing its four North Falkland basin exploration licences in 2004 and 2005, Rockhopper has completed extensive seismic surveying and technical evaluation, resulting in the classification within a Competent Persons Report by RPS Energy commissioned by the Company dated 28 April 2009 (the "RPS" CPR) of the 1998 14/5-1 well as a gas discovery, and the identification of numerous prospects and independent play types on the Company's acreage in the North Falkland Basin. Rockhopper also has a 7.5% licence assignment with Desire Petroleum plc to farm into PL003 and PL004, two of Desire's Falkland Islands exploration licences.

Highlights from the RPS CPR include:

- the top eight oil prospects total approximately 1 billion barrels of prospective (unrisked) oil resources
- an estimated 23% chance of success for the Group's two prospects, Sea Lion and Ernest
- Sea Lion and Ernest each have an NPV10 of US\$2.5 billion at the P50 level (\$80 per barrel assumed)
- gas discovery and contingent gas resource recognised, thereby proving an active hydrocarbon system

Sea Lion and Ernest are Rockhopper's primary oil prospects. Both have direct hydrocarbon indicators - Sea Lion in the form of an AVO anomaly, Ernest in the form of a positive CSEM anomaly - and both are clearly defined on seismic surveys. A further six targets were considered in the RPS CPR which, together with Sea Lion and Ernest, have a potential to contain 3.3 billion barrels of oil in place under the best estimate provided by RPS Energy.

On 30 September this year Desire entered into a four well rig services supply contract with Diamond Offshore Drilling for the use of the Ocean Guardian rig in a 2010 drilling campaign in the North Falkland basin. This contract includes an option for Desire to extend the contract to cover up to an additional six rig slots. Earlier this month Desire agreed to make two of these slots available to the Company, subject to the Company committing to take up the slots and satisfying certain other conditions before the end of November. These include the Company depositing in an escrow account certain amounts to be paid by it for the two slots and

Desire, Diamond Offshore Drilling and Rockhopper having entered into an assignment agreement in respect of the rig services contract in so far as it applies to the two slots. In addition, Rockhopper is required to fund 15% of the dry hole cost of drilling three wells across Desire's licences PL003 and PL004 in accordance with its 2005 7.5% interest farm-in agreement with Desire.

### Reasons for the Placing

The Placing will provide the Company with the necessary funds to finance the drilling in 2010 of two wells on its North Falkland basin prospects and to meet its financial commitments under its 7.5% interest farm-in agreement with Desire in respect of three wells that are to be drilled by Desire in 2010.

### Use of Proceeds

The Company intends to use the proceeds of the Placing for the following purposes:

• Mobilization / Demobilization of the Ocean Guardian and all other drilling related equipment	£10 million
• Drilling the 100% owned prospect Sea Lion	£16 million
• Drilling the 100% owned prospect Ernest	£13 million
• 15% contribution to Desire's drilling of prospect Liz / Ann / Ninky	£6 million
• Other drilling related costs, working capital and expenses	£5 million

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**Total**

**£50 million**

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The expected use of the proceeds of the placing of the Placing Shares referred to above represents the Board's current intentions based on the Company's present plans and business condition. The Company will retain broad discretion in the allocation and use of the proceeds.

If shareholders were not to approve the Resolution at the General Meeting, the Placing would not proceed, and the Company would therefore not be able to participate in Desire's drilling campaign or take up the slots on the Ocean Guardian to drill its own prospects.

### Drilling Programme

The Ocean Guardian is due to depart from the UK North Sea by early December and is expected to commence drilling in the North Falkland Basin in February 2010.

Rockhopper anticipates using the Ocean Guardian to drill the Ernest and Sea Lion prospects located within its exploration licences PL024 and PL032 respectively. These are 100% owned by the Group, represent the Company's principle oil targets and are estimated by RPS Energy (as set out in the RPS CPR) to contain P50 recoverable prospective resources of 156 mmbbls and 170 mmbbls respectively.

Rockhopper has received approval from the Falkland Islands Government on its Environmental Impact Statements submitted in relation to planned drilling on its North Falkland Basin licences. This approval is subject to the further approval by the Mineral Resources Committee of an Operational Addendum once the rig details and timing of drilling campaign are finalised.

A summary of the two 100% owned prospects that Rockhopper anticipates drilling and the three Desire prospects in which Rockhopper has a 7.5% farmed in interest are set out below.

Prospect	Rockhopper Earning Interest	Best Estimate  Prospective Resource	Chance of Success	NPV10 (Unrisked)  (net to Rockhopper)	Net Cost to Drill Well
Sea Lion	100.0%	170 mmbbls	23%	US\$2.5 billion	US\$24.8 million
Ernest	100.0%	156 mmbbls	23%	US\$2.5 billion	US\$20.3 million
Liz	7.5%	358 mmbbls	18%	US\$0.5 billion	US\$3.3 million
Ann	7.5%	145 mmbbls	11%	US\$0.2 billion	US\$2.8 million
Ninky	7.5%	94 mmbbls	27%	-	US\$3.5 million

#### *Prospect Sea Lion*

Sea Lion is a basin floor fan located in Licence PL032 on the undrilled Eastern basin margin of the North Falkland Basin. Sea Lion is located within the barremian source rock interval with close proximity to the Shell well 14/10-1 which has previously recovered live oil, lending itself to a straightforward migration route into the reservoir. The prospect is yet to be drilled. AVO studies carried out by Rock Physics Associates concluded that "convincing hydrocarbon indicators are present on the Sea Lion prospect"

Sea Lion resource estimates (by RPS Energy in the RPS CPR):

	Low Estimate	Best Estimate	High Estimate
Prospective Resources (mmbbls)	58	170	472
NPV10 (US\$m)	548	2,498	8,366

#### *Prospect Ernest*

Ernest is a robust 4-way closure located in licence PL024 in a previously undrilled part of the basin. Amplitude studies carried out by Rock Physics Associates have identified a number of possible hydrocarbon indicators, including an AVO anomaly and seismic features which could indicate a tuning effect at the edge of a hydrocarbon wedge.

Offshore Hydrocarbon Mapping plc collected CSEM data over Ernest and concluded that "target resistivities recovered are consistent with hydrocarbon filled marine sediments"

Ernest resource estimates (by RPS Energy in the RPS CPR):

	Low Estimate	Best Estimate	High Estimate
Prospective Resources (mmbbls)	56	156	417
NPV10 (US\$m)	665	2,457	7,459

#### *Prospect Liz (7.5% interest)*

Liz is a fan/channel system located on the western margin of the North Falkland Basin. There is a high level of confidence in the presence of potential reservoir sands. The prospect is located immediately beneath the source interval leading to straightforward migration.

Liz resource estimates (by RPS Energy in the RPS CPR):

	Low Estimate	Best Estimate	High Estimate
Prospective Resources (mmbbls)	159	358	791
NPV10 (US\$m) (net to Rockhopper)	179	469	978

*Prospect Ann (7.5% interest)*

Ann is a North South trending anticlinal closure which is up-dip from Amerada well 14/9-1. The Amerada well 14/9-1 has previously had oil shows.

Ann resource estimates (by RPS Energy in the RPS CPR):

	Low Estimate	Best Estimate	High Estimate
Prospective Resources (mmbbls)	52	145	292
NPV10 (US\$m) (net to Rockhopper)	34	157	353

*Prospect Ninky (7.5% interest)*

Ninky is a faulted anticlinal closure with Barremian sandstone reservoir targets. The reservoir is supported by a seismic amplitude response.

Ninky resource estimates (by Senergy (GB Limited) in its report on "Prospective Resources and Economic Assessment of the Falkland Islands Assets of Desire Petroleum plc" dated 30 September 2009):

	Low Estimate	Best Estimate	High Estimate
Prospective Resources (mmbbls)	34	94	244

### General Meeting

A circular convening a General Meeting of the Company in connection with the Placing is expected to be posted to shareholders today.

### Contacts

For further information contact:

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**Resource update**

Information in this announcement about the Group's contingent and prospective oil and gas resources amounts to a "resource update" for the purpose of the London Stock Exchange's "AIM Rules for Companies" and its "AIM Note for Mining, Oil and Gas Companies". All such information has been approved for such purposes by Dave Bodecott, the Company's 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. The resource estimates in this announcement have been determined in accordance with the definitions and guidelines set out by the 2007 Petroleum Resource Management System.

**General**

Canaccord Adams, which is authorised and regulated by the Financial Services Authority, is acting exclusively for the Company and no-one else in relation to the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for any matter concerning the Placing or for providing advice in relation to the Placing or in relation to the contents of this announcement or any other transaction, arrangement or matter referred to in it.

This announcement is for information purposes only and does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or acquire, any securities to any person in any jurisdiction, including without limitation in the United States, Canada, Australia or Japan. This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended or an exemption therefrom. The Company has not registered and does not intend to register any of its Ordinary Shares under such Act.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required by the Company and Canaccord Adams, to inform themselves about and to observe any such restrictions.

**Forward-Looking Statements**

**This announcement contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as 'believe', 'could', 'envisage', 'potential', 'estimate', 'expect', 'may', 'will' or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this announcement.**

**DEFINITIONS**

In this announcement:

"AIM" means the AIM market of the London Stock Exchange;

"AVO" means Amplitude Versus Offset;

"Best Estimate" is considered to be, with respect to resource categorisation, the best estimate of the quantity that will actually be recovered from the accumulation by the project. It is the most realistic assessment of

recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate;

"Board" means the board of directors of the Company;

"Canaccord Adams" means Canaccord Adams Limited;

"Company" or "Rockhopper" means Rockhopper Exploration plc;

"Contingent Resource" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies;

"CSEM" Controlled Source ElectroMagnetic imaging;

"Desire" means Desire Petroleum plc (AIM: DES);

"Diamond Offshore Drilling" means Diamond Offshore Drilling (UK) Limited;

"Directors" means the directors of the Company;

"General Meeting" means the General Meeting of the Company proposed to be held on or around 12 November 2009;

"Group" means the Company and its subsidiaries;

"High Estimate" is considered to be, with respect to resource categorization, an optimistic estimate of the quantity that will actually be recovered from an accumulation by a project. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate;

"Low Estimate" is considered to be, with respect to resource categorisation, a conservative estimate of the quantity that will actually be recovered from the accumulation by a project. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate;

"mmbbls" means millions of barrels;

"NPV" means net present value (being the total present value of a series of cash flows discounted at a specified rate, to a specified date);

"NPV 10" means NPV calculated at the discount rate of 10 per cent;

"Ordinary Shares" means ordinary shares of one penny each in the share capital of the Company;

"Placing" means the placing of the Placing Shares described in this announcement;

"Placing Shares" means 92,592,593 new Ordinary Shares;

"Resolution" means the resolution to be set out in the notice of Extraordinary General Meeting pursuant to which it is proposed that the Directors be authorised to allot the Placing Shares;

"RPA" means Rock Physics Associates Ltd;

"RPS Energy" means RPS Energy Pty Limited, a company incorporated in Australia;

"United States" or "US" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"\$" means the lawful currency of the United States; and

"£" means the lawful currency of the United Kingdom.