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Rockhopper Exploration plc

(“Rockhopper” or the “Company”)

Interim Results for the Six Months Ended 30 September 2011

Rockhopper Exploration plc (AIM: RKH), the North Falkland Basin oil and gas exploration company, is pleased to announce interim results for the six months ended 30 September 2011.

Operational & Financial Highlights

During the Period

- 14/10-5 successfully flow tested
- 14/10-6 successfully appraised
- 14/10-7 successfully appraised
- \$131 million resources available at 30 September 2011

Post 30 September 2011

- 14/10-8 declared a dry hole
- Resource update to 1,297 MMBLS STOIPP mid case
- 14/10-9 declared a successful appraisal
- Casper declared an oil & gas discovery
- \$188 million resources available at 31 October 2011

Dr. Pierre Jungels, Chairman of Rockhopper, commented,

“We continue in the rare position of holding 100% of what we are proving up to be a world-class asset, which makes a range of options available to us. Having established that the field is commercial and that it will be developed, we will now look to proving how, and potentially with whom, best to achieve such a development.”

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CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

We are one well away from completing what has been a very successful appraisal of the Sea Lion field. As our understanding of the field has increased, so too has our view of its value and its status as a world-class asset. To have also made an additional discovery and improved our acreage position in the process has been all the more of an achievement.

To get the best value from the Sea Lion field we need to continue working towards a final investment decision. When I wrote to you last I set out the three key work streams to achieve this as being:

- Appraisal: to define the field size,
- Engineering: to define the field development and
- Financing: to define the field economics.

Appraisal, the first of the three work streams, will be complete by the end of this calendar year. By then, we will have drilled a total of ten wells in the basin and conducted two flow tests. We currently estimate that the in place volumes have increased to 1,297 million barrels in the mid case scenario. We would expect to publish our updated view of these volumes after 14/15-4, the current and final well and then have them confirmed by a competent person's report for publication around the end of March 2012.

Engineering, the second work stream, is proceeding to plan with concept screening completed in the period and concept engineering expected to be completed around the year end. All this will give us a sound basis to launch a pre-selection process for the front-end engineering and design in early 2012.

Financing, the final work stream, has made a promising start despite the current climate and we have been well received by all of the lending banks with whom we have had introductory conversations. For this piece to progress to the next stage we need to conclude on our volumes in place and then work up the detailed development costs and timings expected to get to first oil.

Separately, we have prepared a data room to enable potential industry partners and debt providers access to the Sea Lion data. Collection and analysis of the field data is ongoing, as the current well is yet to be logged, but these results will be added to the data room as they become available.

Conclusion

We continue in the rare position of holding 100% of what we are proving up to be a world-class asset, which makes a range of options available to us. Having established that the field is commercial and that it will be developed, we will now look to proving how, and potentially with whom, best to achieve such a development.

DR PIERRE JUNGELS CBE

CHAIRMAN

7 December 2011

CHIEF EXECUTIVE OFFICER'S REVIEW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The period ended 30 September 2011 has been our busiest yet. We have been using the rig continuously since 28 April, completed an extensive 3D seismic campaign and made good progress with a development concept for the Sea Lion field. The focus has been on the appraisal work that has increased our view of both the amount and certainty of our prospective resource volumes.

Drilling results and prospective volumes

On 4 April 2011, we published an updated management estimate for the Sea Lion low case detailing an areal extent of 22km square, with 516 million barrels of stock tank oil initially in place ("STOIIP"). This update was based on our analysis of the results from well 14/10-4 which indicated its potential to flow at rates greater than those seen during our first drill stem test ("DST"), conducted on well 14/10-2, the discovery well, the previous year.

The objective of 14/10-5 was to demonstrate commercial flow rates in a vertical well by performing a fully engineered DST and so this well was drilled in a location close to 14/10-2. Results showed 94m of net pay and so a DST was carried out as planned during which the well was flowed at a stabilised rate of 5,508 barrels per day on a 48/64" choke and then at a maximum stabilised flow rate of over 9,000 barrels per day.

With potential flow rates established, the aim of 14/10-6 was to increase the area appraised and so this well was the first to be drilled to the western side of the mapped structural low. At the same time the initial interpretation of fast track seismic data had identified the full potential size of Sea Lion as well as two new fans, Casper and Kermit. The well transformed our view of the field and, based on the 36m of net pay encountered in 14/10-6 and the new seismic interpretation, on 15 August 2011 we issued revised estimates of prospective resources as follows:

Million barrels STOIIP:

Low case	608
Mid case	1,086
High case	1,279

Having targeted high amplitude locations up to this point, 14/10-7 was the first well to be drilled at the edge of an area of higher amplitude and was sited just over 3km to the north west of 14/10-2. This well encountered 26.0m of net pay, a good result given its location and supporting our view that areas of lower amplitude could contain suitable reservoir.

The next well, 14/10-8, was drilled in an area of low amplitudes some 4km to the south of 14/10-2 and penetrated Casper, Sea Lion and Kermit. Despite the low amplitude expression the well proved a very thick reservoir package of 42m in Casper, 19m in Sea Lion and 62m in Kermit. All sands were water wet and the well was declared to be a dry hole.

Despite the result of 14/10-8, the combination of the thickness of the reservoir package encountered, the results of 14/10-7 and additional seismic interpretation allowed a further revision to prospective resources and so on 11 October 2011 we announced:

Million barrels STOIIP:

Low case	844
Mid case	1,297
High case	1,428

14/10-9 targeted both Sea Lion and Casper and was our biggest step out since 14/10-3, being drilled almost 6km away from 14/10-2. The well was a significant success, providing our second oil discovery in the basin with 18m of net pay at Casper and a further 36m of net pay at Sea Lion. Following completion of logging we successfully sidetracked the well and cored both Casper and Sea Lion.

14/15-4, spudded on 28 November 2011, represents our biggest step out so far and will be the last well drilled before the Ocean Guardian departs the Islands. The well is over 12km from 14/10-2, over 6km from 14/10-9 and is being drilled in the southernmost extent of the field in licence area PL004b.

On completion of 14/15-4, we will have drilled ten wells in the basin as operator and participated in a further four. We will also have conducted two DSTs, the first without artificial lift, and the second with it. I am particularly pleased to report that all the wells have been drilled with a good health, safety and environmental record with only one lost time incident throughout the entire campaign to date.

Other activity

Based on our drilling success to the western side of the mapped structural low and new seismic interpretation to the south, we increased our holding in the northern parts of licence PL004, into which we believe the Sea Lion field might extend and in which we already held a 7.5% working interest. The terms of the farm in would see the licence sub divided as follows:

Sub-licence Area	Rockhopper Working Interest	Operator
PL004a	7.5%	Desire
PL004b/ Area 1	60.0%	Rockhopper
PL004c/ Area 2	25.0%	Desire

As consideration for the farm in, the Group committed to pay 100% of the cost of a single well drilled by the Ocean Guardian on PL004b. This is well 14/15-4 and is currently being drilled. In order to fund the additional work and to ensure that we were fully funded to final investment decision (“FID”) we raised £46.5 million, before expenses, by way of a placing of new ordinary shares in the company in October 2011.

Development planning for Sea Lion continues and, due to the areal extent of the field, the preferred option remains a floating production, storage and offloading (“FPSO”) facility, rather than a tension leg platform. Engineering is ongoing to optimise the field development plan and reduce uncertainty on costs, particularly those to first oil. Recent engineering work indicates that the Sea Lion field is likely to be produced using approximately 18 production wells, spread across three drill centres, giving a plateau rate of 80,000 to 90,000 barrels per day. Any production from the Casper discovery, the various B sands and any other discoveries could further increase the production rate.

Next steps

By the end of 2011 we expect to have completed both the appraisal drilling and the development concept engineering. We will then be in a position to begin detailed work on a competent person’s report, with a view to its completion around the end of the first quarter 2012.

SAM MOODY

CHIEF EXECUTIVE

7 December 2011

BUSINESS REVIEW

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

OPERATIONAL REVIEW

The six months ended 30 September 2011 have seen continued drilling activity and the conclusion of the 3D seismic campaign that started during the last financial year. During the period we have drilled three wells, one of which was flow tested, and started a further well, which spanned the period end. Since the period end we have agreed to farm-into more of licence PL004, held by Desire Petroleum plc, giving the group operatorship and an aggregate interest of 60% in the north western acreage of licence PL004, known initially as Area 1 and now as PL004b, as well as an aggregate interest of 25% in the north eastern acreage of licence PL004, known initially as Area 2 and now as PL004c. As consideration for the farm-in the group will bear 100% of the costs of a well on PL004b.

EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	6 months to 30 September 2011 \$'million	12 months 31 March 2011 \$'million
Exploration		
– operated wells	42	92
– non-operated wells	1	8
– other campaign costs	13	16
– seismic acquisition	10	14
	66	130
Appraisal	94	29
Other E&E expenditure	16	3
Development	1	—
	177	162

Note: Exploration wells are defined as those drilled outside of the discovery area declared within licence PL032, whilst appraisal wells are those drilled within it.

Including the \$204 million spent on exploration and appraisal at 31 March 2011, total exploration and evaluation costs to 30 September 2011 are \$381 million.

OPERATIONAL PERFORMANCE

The group sets its agreed financial expenditure for the dry hole cost of a well on a probabilistic basis with an aim to drill at the Pmean confidence level and a strong intent to remain within the P90 level. As most operational costs are incurred on a per day basis, the actual days required are a good proxy for judging the likely performance against the agreed expenditure.

	Expected days Pmean	expected days P90	Waiting on weather	Actual days
14/10-2 – Sea Lion	31	38	1	35
26/6-1 – Ernest	30	37	1	34
14/10-2 – Flowtest	27	30	6	32
14/10-3 – Sea Lion	37	46	—	37
14/10-4 – Sea Lion	36	44	1	38
14/10-5 – Sea Lion	62	73	4	76
14/10-6 – Sea Lion	40	49	1	34
14/10-7 – Sea Lion	31	38	5	36
14/10-8 – Sea Lion	27	33	1	32
14/10-9 – Sea Lion	41	51	1	34
TOTAL	362	439	21	388

Well 14/10-5 was the first well drilled in the period and included a successful well test with sustained and maximum rates of approximately 5,000 and 9,000 barrels per day respectively. The well scope was increased by three days to include extended wire-line logging and four days were lost to waiting on weather with the balance of the overrun being due to non-productive time.

Well 14/10-6 had its scope reduced by a day due to the requirement for one less coring run. Otherwise the well was drilled quicker than expected and incurred negligible non-productive time.

Well 14/10-7 was the first well to use a simplified well design, being drilled to a target depth in a 12¼ inch, as opposed to a 9¾ inch, hole. However, the benefits of the simplified well design were subsequently offset by waiting on weather.

Well 14/10-8 was drilled as expected, but a power loss incurred by the rig whilst lifting anchors in preparation for its move to the next well location meant that seven days were lost whilst making the appropriate checks prior to resuming full operations.

Well 14/10-9 was drilled quicker than expected and incurred negligible downtime. The well included a sidetrack to take a core of the reservoir encountered.

FINANCIAL REVIEW

Income statement

The group loss for the six months ended 30 September 2011 increased by \$5.0 million over the prior six months from \$27.5 million to \$32.5 million.

Exploration and evaluation expenses for the period decreased \$1.9 million from £30.9 million to \$29.0 million. This was due to a decrease in the impairment charge from \$30.9 million to \$14.4 million offset by expenditure incurred in the period in relation to seismic acquisition and other exploration and evaluation activity of \$14.7 million. The reallocation of mobilisation costs during the current period, from a straight 50:50 acreage split to a rig days basis, has led to a \$2.7 million write back of certain costs as they have been transferred from impaired wells to unimpaired wells.

Administrative expenses have decreased \$0.1 million from \$2.7 million to \$2.6 million. The main area of expenditure is staff costs. Staff costs have fallen by \$0.5 million, in spite of increasing staff numbers, due to the prior period including an interim bonus to the executive directors of £0.9 million, in recognition of the oil discovery on the Sea Lion field, whereas no such bonus was paid in the period under review. All other costs have increased with the exception of other professional fees which in the prior period included extensive advice provided around considering the financing options for the group following the oil discovery.

The share based payment charge has increased \$0.4 million from \$0.1 million to \$0.5 million due to the issuance since the last period end of further share appreciation rights to members of both the executive and senior management.

Foreign exchange movement for the period changed by \$7.3 million from a profit of \$6.1 million to a loss of \$1.2 million as a result of the US\$ strengthening and thereby reducing the period end value of the GB£ balances held at the respective period ends. The group policy is still to match the expected cash balances held against the currency requirements.

Balance sheet

During the period the group capitalised exploration and evaluation costs of \$161.9 million compared to \$67.7 million in the prior period, an increase of \$94.2 million. Of the amounts capitalised \$148.2 million related to wells drilled and tested on operated acreage, \$1.4 million related to wells drilled on non-operated acreage, \$1.0 million related to development costs and \$11.3 million related to other costs yet to be allocated such as long lead items and equipment demobilisation costs.

Other receivables include \$3.7 million in relation to amounts that are to be reimbursed by BHP for their share of the rig and equipment demobilisation costs. Under the terms of the revised assignment agreement these costs are funded 50:50 by the group and Desire with the subsequent recoveries from BHP, when the expense is incurred, allocated on the same basis.

Resources available for the campaign consist of payments on account, restricted cash, term deposits and cash and cash equivalents and these decreased by \$173.6 million from \$305.0 million to \$131.4 million since the year ended 31 March 2011. Payments on account are those made to Desire to fund the elements of the campaign that they operate. Of the \$12.4 million balance, \$12.3 million is earmarked for demobilisation and has been deposited by Desire into escrow accounts managed by Diamond, the rig owner or AGR, the well manager. Restricted cash is mainly cash held by Diamond in respect of committed wells on operated acreage. Term deposits have not been reinvested as they are required to support the drilling for the final quarter.

	30 September 2011 \$'million	31 March 2011 \$'million
Payments on account	12	12
Restricted cash	9	24
Term deposits	2	92
Cash & cash equivalents	108	177
	131	305

A gross provision of \$14.9 million has been made for the cost of demobilising the rig and equipment. Funds have already been deposited for the majority of these costs and are included in payments on account as noted above.

Share capital and share premium increased by \$0.1 million due to the exercise of certain share options.

Outlook

The outlook for the group is very good. Since the period end the group has announced that it has farmed-in to and become operator of PL004b as well as taking an increased stake in PL004c. In addition, it has raised £44.6 million, after expenses, through a placing of

ordinary shares in October 2011. The group therefore, had \$188 million of total resources at 31 October 2011 to fund its ongoing activities beyond the period end.

Drilling is ongoing and at the time of writing the group has completed wells 14/10-8 and 14/10-9 and commenced drilling on well 14/15-4. Concurrent to the drilling activity the Sea Lion field development concept phase work continues and the group aims to complete concept screening by the end of this calendar year and move into the front end engineering design phase of the Sea Lion field in the new year.

The group continues to look at a variety of means of financing the Sea Lion development including lending banks and potential industry partners. Costs for the development will depend on decisions such as whether a purchased or leased FPSO is used or whether the field development is by a full field or phased approach.

Following the placing, the group has sufficient funds to get comfortably to a final investment decision in relation to the Sea Lion field. Inevitably as drilling activity draws to a conclusion and the main focus of the group will shift from the field appraisal to the engineering, regulatory and financing aspects of the field development.

**30 September
2011
\$'million**

Resources available at 30 September 2011	131
Net liabilities at 30 September 2011	(15)
Net funds from shares placed on 12 October 2011	70
	<hr/> 186 <hr/>

PETER DIXON-CLARKE ACA

FINANCE DIRECTOR

7 December 2011

GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September 2011 Unaudited \$'000	Six months Ended 30 September 2010 Unaudited \$'000	Year ended 31 March 2011 Audited \$'000
OPERATING EXPENSES				
Exploration and evaluation expenses	2	(29,040)	(30,942)	(85,735)
Administrative expenses	3	(2,624)	(2,715)	(7,123)
Charge for share based payments	4	(508)	(66)	(237)
Foreign exchange movement		(1,175)	6,052	4,714
Total expenses		(33,347)	(27,671)	(88,381)
Finance income		814	185	1,194
Loss before tax		(32,533)	(27,486)	(87,187)
Income tax expense		—	—	—
LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE PARENT COMPANY				
		(32,533)	(27,486)	(87,187)
Loss per share: cents (basic & diluted)	5	(12.60)	(14.82)	(40.58)

All operating income and operating gains and losses relate to continuing activities.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September 2011 Unaudited \$'000	Six months Ended 30 September 2010 Unaudited \$'000	Year ended 31 March 2011 Audited \$'000
Loss for the year		(32,533)	(27,486)	(87,187)
Other comprehensive income for the period/year		—	—	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR				
		(32,533)	(27,486)	(87,187)

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2011

	Notes	As at 30 September 2011 Unaudited \$'000	As at 30 September 2010 Unaudited \$'000	As at 31 March 2011 Audited \$'000
ASSETS				
Intangible exploration and evaluation assets	6	239,879	52,679	92,383
Property, plant and equipment	7	401	107	340
Other receivables	8	7,579	1,163	3,297
Payments on account	9	12,467	14,457	12,662
Restricted cash	10	9,058	5,046	23,565
Term deposits	11	1,563		92,177
Cash and cash equivalents	12	108,281	48,405	176,580
TOTAL ASSETS		379,228	121,857	401,004
Liabilities				
Other payables	13	7,821	796	12,650
Short term provisions	14	14,942	—	—
TOTAL LIABILITIES		22,763	796	12,650
EQUITY				
Share capital		4,300	3,236	4,297
Share premium		508,432	182,537	508,299
Share based remuneration		2,596	2,033	2,168
Merger reserve		(243)	(243)	(243)
Foreign currency translation reserve		4,123	4,123	4,123
Retained losses		(162,743)	(70,625)	(130,290)
ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		356,465	121,061	388,354
TOTAL LIABILITIES AND EQUITY		379,228	121,857	401,004

These financial statements were approved by the directors and authorised for issue on 7 December 2011 and are signed on their behalf by:

SAMUEL MOODY
CHIEF EXECUTIVE

PETER DIXON-CLARKE ACA
FINANCE DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Share capital \$'000	Share premium \$'000	Share based remuneration \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Retained losses \$'000	Total equity \$'000
For the six months ended 30 September 2011							
Balance at 1 April 2011	4,297	508,299	2,168	(243)	4,123	(130,290)	388,354
Total comprehensive income for the period	—	—	—	—	—	(32,533)	(32,533)
Issue of shares	—	—	—	—	—	—	—
Cost of issue	—	—	—	—	—	—	—
Share based payments	—	—	508	—	—	—	508
Exercise of share options	3	133	(80)	—	—	80	136
Total contributions by and distributions to owners	3	133	428	—	—	80	644
Balance at 30 September 2011	4,300	508,432	2,596	(243)	4,123	(162,743)	356,465

	Share capital \$'000	Share premium \$'000	Share based remuneration \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Retained losses \$'000	Total equity \$'000
For the six months ended 30 September 2010							
Balance at 1 April 2010	2,966	113,874	2,355	(243)	4,123	(43,527)	79,548
Total comprehensive income for the period	—	—	—	—	—	(27,486)	(27,486)
Issue of shares	253	70,699	—	—	—	—	70,952
Cost of issue	—	(2,891)	—	—	—	—	(2,891)
Share based payments	—	—	66	—	—	—	66
Exercise of share options	17	855	(388)	—	—	388	872
Total contributions by and distributions to owners	270	68,663	(322)	—	—	388	68,999
Balance at 30 September 2010	3,236	182,537	2,033	(243)	4,123	(70,625)	121,061

	Share capital \$'000	Share premium \$'000	Share based remuneration \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Retained losses \$'000	Total equity \$'000
For the year ended 31 March 2011							
Balance at 1 April 2010	2,966	113,874	2,355	(243)	4,123	(43,527)	79,548
Total comprehensive income for the year	—	—	—	—	—	(87,187)	(87,187)
Issue of shares	1,313	403,445	—	—	—	—	404,758
Cost of issue	—	(9,960)	—	—	—	—	(9,960)
Share based payments	—	—	237	—	—	—	237
Exercise of share options	18	940	(424)	—	—	424	958
Total contributions by and distributions to owners	1,331	394,425	(187)	—	—	424	395,993
Balance at 31 March 2011	4,297	508,299	2,168	(243)	4,123	(130,290)	388,354

GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September 2011 Unaudited \$'000	Six months ended 30 September 2010 Unaudited represented* \$'000	Year ended 31 March 2011 Audited \$'000
CASH OUTFLOWS FROM OPERATING ACTIVITIES				
Net loss after tax		(32,533)	(27,486)	(87,187)
Adjustments to reconcile net losses to cash utilised				
Depreciation		73	10	60
Share based payment charge		508	66	237
Exploration impairment expenses		14,390	30,942	68,125
Interest		(49)	—	(696)
Foreign exchange		967	—	(3,867)
Operating cash flows before movements in working capital		(16,644)	3,532	(23,328)
Changes in:				
Other receivables		(111)	(993)	(2,309)
Payables		(6,706)	(275)	7,195
Cash utilised by operating activities		(23,461)	2,264	(18,442)
CASH OUTFLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation assets		(149,629)	(67,709)	(140,604)
Purchase of equipment		(134)	(69)	(352)
Interest		440	—	270
Investing cash flows before movements in capital balances		(149,323)	(67,778)	(140,686)
Changes in:				
Payments on account		41	(408)	2,113
Restricted cash		14,055	30,909	13,654
Term deposits		90,965	—	(92,177)
Cash utilised by investing activities		(44,262)	(37,277)	(217,096)
CASH INFLOWS FROM FINANCING ACTIVITIES				
Options exercised		136	872	958
Issue of share capital		—	70,952	404,758
Share issue costs		—	(2,891)	(9,960)
Cash generated from financing activities		136	68,933	395,756
Currency translation differences relating to cash and cash equivalents		(712)	—	1,877
Net cash (outflow)/inflow		(67,587)	33,920	160,218
Cash and cash equivalents brought forward		176,580	14,485	14,485
CASH AND CASH EQUIVALENTS CARRIED FORWARD		108,281	48,405	176,580

* The cash flow statement has been represented to include the payments on account within investing activities as opposed to operating activities resulting in cash utilised by investing activities increasing from \$36.9 million to \$37.3 million.

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

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 certain exploration licences granted in 2004 and 2005 for the exploration and exploitation 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 STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements of the group, as at and for the six months ended 30 September 2011, 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"). 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 March 2011.

The comparative figures for the financial year ended 31 March 2011 are not the company's statutory accounts for that financial year. 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 condensed interim consolidated financial statements were approved by the Board on 7 December 2011.

1.3 BASIS OF PREPARATION

The results upon which these financial statements have been based were prepared using the accounting policies set out below. These policies have been consistently applied unless otherwise stated.

These consolidated financial statements have been prepared under the historical cost convention except, as set out in the accounting policies below, where certain items are included at fair value.

Items included in the results 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 functional and presentational currency of all the companies within the group is considered to be US\$.

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

1.4 GOING CONCERN

These condensed group interim financial statements have been prepared on a going concern basis as the directors are confident that the group will be able to raise funds when required in order to fund development of its assets and to continue in operation for the foreseeable future.

1.5 PERIOD END EXCHANGE RATES

The period end rates of exchange actually used were:

	30 September 2011	30 September 2010	31 March 2011	31 March 2010
£ : US\$	1.56	1.58	1.60	1.51

2 EXPLORATION AND EVALUATION EXPENSES

	Six months ended 30 September 2011 \$'000	Six months ended 30 September 2010 \$'000	Year ended 31 March 2011 \$'000
Allocated from administrative expenses (see note 3 below)	713	—	1,249
Capitalised exploration costs impaired (see note 6 below)	14,390	30,942	68,125
Seismic acquisition costs	10,223	—	14,156
Other exploration and evaluation expenses	3,714	—	2,205
	29,040	30,942	85,735

3 ADMINISTRATIVE EXPENSES

	Six months ended 30 September 2011 \$'000	Six months ended 30 September 2010 \$'000	Year ended 31 March 2011 \$'000
Directors' salaries, including bonuses	824	1,698	3,049
Other employees salaries	668	97	399
National insurance costs	187	238	464
Pension costs	63	—	57
Total staff costs	1,742	2,033	3,969
Allocated to exploration and evaluation	(713)	(527)	(1,249)
Total administrative staff costs	1,029	1,506	2,720
Auditor's remuneration	69	44	355
Other professional fees	441	849	2,948
Travel	369	95	362
Office rentals	105	28	92
Depreciation	73	10	60
Other	538	183	586
	2,624	2,715	7,123

4 SHARE BASED PAYMENTS

The charge for share based payments includes options and share appreciation rights ("SARs") granted to employees of the company under the employee share option scheme ("ESOS"), and options granted to other third parties.

	Six months ended 30 September 2011 \$'000	Six months ended 30 September 2010 \$'000	Year ended 31 March 2011 \$'000
Charge for the options granted on 8 August 2005	—	12	12
Charge for the share appreciation rights granted on 25 November 2008	—	32	32
Charge for the share appreciation rights granted on 3 July 2009	—	22	22
Charge for the share appreciation rights granted on 11 January 2011	467	—	171
Charge for the share appreciation rights granted on 14 July 2011	32	—	—
Charge for the share appreciation rights granted on 16 August 2011	9	—	—
	508	66	237

5 BASIC AND DILUTED LOSS PER SHARE

	Six months ended 30 September 2011 Number	Six months ended 30 September 2010 Number	Year ended 31 March 2011 Number
Shares in issue brought forward	258,139,606	174,104,755	174,104,755
Shares issued			
– Issued during the prior period	—	18,434,851	84,034,851
– Issued on 14 July 2011	990	—	—
– Issued on 17 August 2011	200,000	—	—
Shares in issue carried forward	258,340,596	192,539,606	258,139,606
Weighted average shares in issue	258,189,214	185,407,805	214,858,552
	\$'000	\$'000	\$'000
Net loss after tax	(32,533)	(27,486)	(87,187)
Basic and diluted net loss per share – cents	(12.60)	(14.82)	(40.58)

The shares issued on 14 July 2011 were in respect of options exercised that had been granted at 10p per option in 2005 to various inhabitants of the Falkland Islands.

The shares issued on 17 August 2011 were in respect of options exercised that had been granted at 42p per option in 2005 to a former director of the company immediately prior to the Admission to AIM.

The calculation of the basic loss per share is based upon the loss for the period and the weighted average shares in issue. At the period end the group had 4,491,830 of unexercised share options in issue. However, as the group is reporting a loss for all periods then 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. Shares issued since the period end that would have affected the diluted loss per share are disclosed in note 18, post balance sheet events.

6 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Licences PL023 PL024	Licences PL032 PL033	Licences PL003 PL004	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Costs brought forward	25,443	119,981	15,084	160,508	15,912	15,912
Additions/(reallocations)	(1,723)	160,066	3,543	161,886	67,709	144,596
	23,720	280,047	18,627	322,394	83,621	160,508
Impairments brought forward	(25,443)	(27,598)	(15,084)	(68,125)	—	—
Impairments arising in the period	1,723	(14,130)	(1,983)	(14,390)	(30,942)	(68,125)
	(23,720)	(41,728)	(17,067)	(82,515)	(30,942)	(68,125)
Net book value brought forward	—	92,383	—	92,383	15,912	15,912
Net book value carried forward	—	238,319	1,560	239,879	52,679	92,383

With the end of the campaign expected to be within this financial year the group has reallocated operator campaign costs to the licences on the basis of actual or expected rig days on hire. Initial rig and equipment mobilisation costs were split 50:50 between licences PL023/24 and PL032/33 as it was expected there would be one well drilled on each licence, with each well being of similar duration. With the discovery being made on the Sea Lion prospect much of the group's activity has been on licence PL032/33 and the reallocation ensures that the associated costs reflect this activity. Details of the movements on a licence by licence basis are detailed below.

LICENCES PL023 AND PL024

These licences represent the southern acreage that the group holds within the North Falkland Basin. The group holds these licences 100% and is the operator. During the period under review the group reallocated the campaign costs, in relation to mobilisation and demobilisation of rig and equipment, as follows:

- \$1.7 million that had previously been allocated to exploration well 26/6-1, which was drilled on the Ernest prospect, has been reallocated to other licences. The well was declared a dry hole on 25 August 2010 and plugged and abandoned and therefore considered to be impaired. As these costs have been transferred to other licences, where not all of the costs have been impaired, the associated impairment has been reversed and has been credited to the income statement.

LICENCES PL032 AND PL033

These licences represent the northern acreage that the group holds within the North Falkland Basin. The group holds these licences 100% and is the operator. During the period under review the group capitalised, including the allocated and reallocated campaign costs in relation to mobilisation and demobilisation of rig and equipment, the following expenditure:

- \$4.6 million in respect of other costs, including costs provided for demobilisation, relating to wells 14/10-2, 14/10-3 and 14/10-4. On 11 February 2011 the group announced that well 14/10-3 was not commercial on a standalone basis. As it is not on the Sea Lion field the costs associated with this well have been impaired.
- \$69.6 million in respect of appraisal well 14/10-5 and the associated flow test, which was drilled on the Sea Lion field, declared a successful appraisal on 1 June 2011. As the well is on the Sea Lion field, which is pending determination as to its commerciality, the cost of this well is carried as an intangible asset.
- \$32.3 million in respect of appraisal well 14/10-6, which was drilled on the Sea Lion field, declared a successful appraisal on 9 August 2011. As the well is on the Sea Lion field, which is pending determination as to its commerciality, the cost of this well is carried as an intangible asset.
- \$32.5 million in respect of exploration well 14/10-7, which was drilled on the Sea Lion field, declared a discovery on 14 September 2011. As the well is on the Sea Lion field, which is pending determination as to its commerciality, the cost of this well is carried as an intangible asset.
- \$13.0 million in respect of exploration well 14/10-8, which was drilled on the Sea Lion field, declared to be water wet and a dry hole on 11 October 2011. As the well is separated from the Sea Lion field by a fault, the cost of this is considered to be impaired and so has been expensed to the income statement.
- \$1.6 million in respect of exploration well 14/10-9, which was drilled on the Sea Lion field. As the well is on the Sea Lion field, which is pending determination as to its commerciality, the cost of this well is carried as an intangible asset.

- \$6.5 million of other costs, incurred as part of the ongoing campaign, that will be allocated to specific wells as consumed or allocated at the end of the campaign.

LICENCES PL003 AND PL004

These licences represent the farm-in acreage that the group holds within the North Falkland Basin. The group has a 7.5% working interest in these licences and is not the operator. During the period under review the group capitalised the following expenditure:

- \$0.3 million in respect of other costs, including costs provided for demobilisation, relating to wells 14/15-1 and 14/15-2. As Desire have not announced any firm plans to return to these prospects it is not considered to be pending determination and so the wells are considered to be impaired and have been expensed to the income statement.
- \$1.5 million in respect of exploration well 14/15-3, which was drilled on the Ninky prospect and declared on 18 April 2011 to have generally poor reservoir quality, then plugged and abandoned. As Desire have not announced any firm plans to return to the prospect it is not considered to be pending determination and so the well is considered to be impaired and has been expensed to the income statement.
- \$1.6 million in respect of exploration well 14/15-4, which commenced drilling on the Sea Lion prospect on 28 November 2011. The well results are still pending determination, the cost of this well is therefore carried as an intangible asset until such determination has been made.

7 PROPERTY, PLANT AND EQUIPMENT

	Leashold improvements \$'000	Office equipment \$'000	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Cost brought forward	199	275	474	122	122
Additions	64	70	134	69	352
Cost carried forward	263	345	608	191	474
Accumulated depreciation brought forward	(28)	(106)	(134)	(74)	(74)
Depreciation in the period	(26)	(47)	(73)	(10)	(60)
Accumulated depreciation carried forward	(54)	(153)	(207)	(84)	(134)
Net book value brought forward	171	169	340	48	48
Net book value carried forward	209	192	401	107	340

8 OTHER RECEIVABLES

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Receivables	3,737	—	405
Prepayments	2,750	41	15
Accrued interest	35	—	426
Other	1,057	1,122	2,451
	7,579	1,163	3,297

Receivables include the BHP contribution expected in respect of mobilisation and demobilisation. Further details are set out in note 14.

9 PAYMENTS ON ACCOUNT

This relates to payments made to Desire in respect of the elements of the drilling campaign that they operate. The amount includes payments made in respect of drilling on Desire operated acreage and mobilisation of testing equipment to the area, but mainly relates to the expected cost of the demobilisation of the rig and related equipment.

10 RESTRICTED CASH

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
In respect of own wells	8,611	4,756	23,267
Charged accounts	447	290	298
	9,058	5,046	23,565

Pursuant to certain contracts for the 2011 drilling campaign, the group holds money in escrow accounts, which are treated as restricted cash as they are not under the exclusive control of the group.

The charged accounts relate to the rent deposit for the offices leased by the group and a collateral account at RBS plc, to support the credit risk to that bank stemming from any forward currency purchases. Both amounts are GB£ denominated.

11 TERM DEPOSITS

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
100 day notice	1,563	—	60,115
Six month fixed	—	—	32,062
	1,563	—	92,177

Term deposits relate to monies held in a 100 day notice account with Barclays plc as well as a six month fixed term unbreakable deposit with RBS plc.

12 CASH AND CASH EQUIVALENTS

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Current accounts	3,644	4,939	61,422
Deposit accounts	104,637	43,466	18,096
Breakable fixed term deposits	—	—	97,062
	108,281	48,405	176,580

13 OTHER PAYABLES AND ACCRUALS

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Accounts payable	2,967	454	4,583
Other payable	—	—	101
Exploration and evaluation accruals	4,783	—	7,221
Administrative accruals	71	342	745
	7,821	796	12,650

14 SHORT TERM PROVISIONS

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
In respect of direct costs:			
– Equipment demobilisation	214	—	—
– Vessel demobilisation	789	—	—
In respect of indirect costs:			
– Rig demobilisation	5,250	—	—
– Equipment demobilisation	7,869	—	—
– Share of demobilisation costs in relation to farm-in agreement	820	—	—
Short term provisions	14,942	—	—
Amounts recoverable on demobilisation costs in other receivables (see note 8)	(3,737)	—	—
	11,205	—	—

Equipment demobilisation of \$0.2 million relates to further equipment that was mobilised to test 14/10-5 and those amounts have been funded 100% by the group.

Vessel demobilisation of \$0.8 million relates to the group's share of costs to demobilise the two UOS anchor handlers.

The \$5.3 million is for the commitment to demobilise the rig at the end of the campaign. Rockhopper by virtue of a rig assignment agreement is liable for 50% of the demobilisation of the rig, which is set at a maximum of \$8.0 million and a minimum of \$4.0 million. The provision assumes the maximum amount is more likely to be paid. In addition a variation agreement was signed in May 2011 by which Rockhopper and Desire committed to pay between them a rig loyalty bonus of \$2.5 million.

The \$7.9 million of equipment demobilisation costs relates to demobilising the equipment initially mobilised for the campaign and well test equipment mobilised pre the discovery well on Sea Lion.

Share of demobilisation costs in relation to the farm-in agreement of \$0.8 million relate to the group's share of Desire's demobilisation costs allocated to the wells drilled in licence area PL003 and PL004. The share borne is based on the original earned interest and is not changed by the recent farm-in.

With three operators currently in the campaign, being Rockhopper, Desire and BHP, the group whilst liable with Desire for 50% of the rig and initial campaign equipment costs is also eligible to receive 50% of the amounts reimbursed from BHP as costs are incurred. Amounts included in the provision are shown gross of the reimbursements due from BHP with their contributions being included in other receivables.

Given that the amounts disclosed are likely to unwind in the next six months the provision has not been discounted. All the costs have, where possible, been based on operator estimates or agreed contractual terms but are based on assumptions.

15 OPERATED LICENCE DETAILS

	PLO23 PLO24	PLO32 PLO33
% holding	100%	100%
Awarded	18 November 2004	1 May 2005
Area covered	2,100km ²	1,680km ²
Currently in phase	2	1
Conclusion of current phase	18 November 2012	1 May 2013
Conclusion of subsequent phase	—	1 May 2018
Annual rent	\$40,000	\$30,000
Annual rent per discovery area	\$375,000	\$375,000
Annual rent per production field	\$375,000	\$375,000
Work commitment for the current phase:		
– seismic	640km ² of 2D	685km ² of 3D
– exploration well(s)	1	1

All commitments have been fulfilled for the current phases. Phase 2, which is expected to begin on 1 May 2013, of licences PL032 and PL033 requires an exploration well to be drilled on a prospect that differs from the one drilled in phase 1. There is no phase 3.

The group gave formal notice to enter phase 2 of licences PL023 and PL024 on 30 July 2007 and confirmed that it intended to drill a well during that phase. As part of the conditions of moving to phase 2 the group relinquished 50% of its acreage held under licences PL023 and PL024.

Under the initial terms of the licences for PL032 and PL033, phase 1 was due to expire after five years. However, on 4 February 2009 the Department for Mineral Resources of the Falkland Islands Government confirmed that for all open-door production licences, in recognition of a commitment to drill an exploration well on the licence that it would extend phase 1, being the current phase, from five to eight years. The expiry date of phase 1 will therefore be 1 May 2013, at which time the group will be expected to relinquish 50% of its acreage. As the group has completed its remaining commitments in phase 1, phase 2 will be extended from three to five years so that it expires on 1 May 2018.

Current legislation states that at any time during the term of the licences, but prior to any appraisal or development work, the group may declare a discovery area, covering the limits of the potentially developable field or fields. The licence will then continue in force in respect of any declared discovery area for up to five years, so long as a field development plan is submitted within three years of the spudding date of the discovery well, being 15 April 2010 in the case of well 14/10-2 on the Sea Lion field. The declaration of the discovery area was made on 22 December 2010 and the resultant annual fee of \$375,000 was paid on 24 December 2010 and then, in respect of the following year, 15 April 2011 and will continue to fall due on 15 April of each year thereafter.

The exploitation phase is for 35 years, or longer if needed to complete production. Approval of a field development plan will expire if production has not been commenced within five years of approval being granted, and the licensee's interests in the discovery areas will be forfeited.

At the period end the group also held a 7.5% working interest in licences PL003 and PL004. On 1 May 2006 the licences moved into their second phase, which is due to conclude on 1 May 2013. All commitments under the current phase have been fulfilled.

On 12 October 2011 the group took over the operatorship of PL004b, part of licence PL004, whilst also increasing its working interest in PL004c, also part of licence PL004. Further details are disclosed in note 18 Post Balance Sheet Events.

16 OPERATING COMMITMENTS

Operating commitments in force at the period end were as follows:

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
In respect of:			
– Assigned rig slots on operated wells	12,744	3,407	23,937
– Desire operated rig slots	—	7,205	—
– 3D seismic acquisition	—	—	1,265
– Rig and equipment demobilisation	—	6,658	8,799
	12,744	17,270	34,001

Under the terms of the rig assignment the group is required to pay the total expected rig rental for each of the options exercised at the point of exercise. At 30 September 2011, that represented a total commitment of \$12.7 million for the well being drilled over the period end and an additional drilling slot.

All costs associated with the rig and equipment demobilisation were previously disclosed as commitments rather than a provision within the balance sheet, due to the uncertainty surrounding the probability of the outflow. With the current campaign nearing its conclusion there is now much greater certainty around the final cost of demobilisation to the group and hence a provision has been recognised and details are included in note 14.

17 LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings were as follows:

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Total committed within 1 year	100	16	103
Total committed between 1 and 5 years	93	14	122
	193	30	225

18 POST BALANCE SHEET EVENTS

RESULT OF WELL 14/10-8 ANNOUNCED ON 11 OCTOBER 2011

On 26 September 2011 the group announced that on 25 September 2011 it had spudded well 14/10-8, 4.1km to the south-south-east of 14/10-2, the discovery well. On 11 October 2011 the group announced that whilst they had encountered good quality thick reservoir packages in all three targets, the sands were water wet and the well a dry hole. The well was subsequently plugged and abandoned.

FARM-IN AGREEMENT ANNOUNCED ON 12 OCTOBER 2011

On 12 October 2011 the group announced it had agreed the terms of a farm-in agreement, subject to a placing and 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 or PL004b, 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 or PL004c which the company believes contains the “Jayne” prospect and the eastern part of the “Beverley” prospect.

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% and, in aggregate, 60% when taken together with its existing 7.5% earned interest under licence PL004, in that area. The drilling of the well in Area 1 will also give the group a 17.5% working interest and, in aggregate, 25% when taken together with its existing 7.5% earned interest under licence PL004, in Area 2. Operatorship of Area 2 will remain with Desire Petroleum Plc.

The condition relating to a placing was satisfied on 12 October 2011 and to Falkland Island’s Government approval on 28 October 2011.

PLACING AND ISSUING OF ADDITIONAL STOCK ANNOUNCED ON 12 OCTOBER 2011

On 12 October 2011, the group announced that it had placed 25,814,000 new ordinary shares at a price of 180 pence per ordinary share. This increased the number of shares in issue by 10% to 284,154,596. The funds were received in respect of the shares on 17 October 2011 and the shares were admitted for trading on the same day. The price of 180 pence represented a 6% discount to the mid-market closing price of the day before.

DIRECTORS’ DEALINGS ANNOUNCED ON 12 OCTOBER 2011

On 12 October 2011 the company announced that all directors had participated in the days placing. The price of the shares subscribed for was 180 pence, the placing price. The percentage holdings are based on the issued share capital following admission of the placing shares of 284,154,596.

	Number of Placing Shares subscribed for	Number of Ordinary shares held following Admission	% of share capital held after Admission
PJ Jungels	27,778	933,075	0.33
SJ Moody	16,667	1,154,626	0.41
PJ Dixon-Clarke	16,667	283,004	0.10
D Bodecott	27,778	239,986	0.08
KJ Crowle	13,889	55,742	0.02
CJ Walton	27,778	66,236	0.02
R Peters	11,111	14,286	0.01
D McManus	83,333	96,031	0.03
	225,001	2,842,987	1.00

In addition to the directors, certain members of senior management also subscribed to a total value of £70,000.

ADDITIONAL DRILLING SLOT

On 17 October 2011 the group announced it had entered into a further assignment agreement to secure an additional well slot using the Ocean Guardian drilling rig. The group intends to utilise the additional well slot to drill the farm-in well on the north-western acreage of licence PL004b, and previously known as Area 1.

RESULTS OF WELL 14/10-9 ANNOUNCED ON 9 NOVEMBER 2011

On 26 October 2011 the group announced that on 25 October 2011 it had spudded well 14/10-9 which is located approximately 5.9km to the southwest of 14/10-2, the discovery well. On 9 November 2011, the group announced the well was successful both in Casper and Sea Lion prospects proving a high quality reservoir package and oil column. They also announced their intention to sidetrack the well in order to core both the Casper and Sea Lion formations. On 21 November 2011 the group announced that the coring operations were completed successfully.

DRILLING OF WELL 14/15-4 ANNOUNCED ON 28 NOVEMBER 2011

On 28 November 2011 the group announced that it had spudded well 14/15-4 which is located approximately 12.1km to the south west of the 14/10-2, discovery well.

19 RISK MANAGEMENT POLICIES

RISK REVIEW

The risks and uncertainties facing the group are which require quantification are set out below.

Foreign exchange risks: Whilst the functional currency of the group is US\$, approximately half of the drilling costs of the current campaign are expected to be incurred in GB£ which means that for the group to meet its policy of matching assets against liabilities by currency then it has to hold material cash balances in GB£, which exposes the income statement to foreign exchange movements.

At 30 September 2011, if the GB£ had weakened 10% against the US\$, with all the other variables held constant, post tax profit and equity would have been US\$7.8 million (2010: US\$5.7 million) lower. Conversely, if the GB£ had strengthened 10% against the US\$ with all other variables held constant, post tax profit and equity would have been US\$7.8 million higher (2010 US\$5.7 million).

The impact of movements in the Euro € exchange rate would have an immaterial impact on the results for the year.

Foreign exchange movements on monetary assets and liabilities are taken to the income statement and the potential exposure to such at the period end is set out in the table below:

As at 30 September 2011	US\$ denominated \$'000	GB£ denominated \$'000	Euro € denominated \$'000	Total \$'000
Non-monetary assets	240,280	—	—	240,280
Monetary assets	47,377	89,564	2,007	138,948
	287,657	89,564	2,007	379,228
Monetary liabilities	9,148	11,948	1,667	22,763
Equity	512,732	—	—	512,732
Reserves	(156,267)	—	—	(156,267)
	365,613	11,948	1,667	379,228

As at 30 September 2010	US\$ denominated \$'000	GB£ denominated \$'000	Euro € denominated \$'000	Total \$'000
Non-monetary assets	52,786	—	—	52,786
Monetary assets	10,809	58,262	—	69,071
	63,595	58,262	—	121,857
Monetary liabilities	—	796	—	796
Equity	185,773	—	—	185,773
Reserves	(64,712)	—	—	(64,712)
	121,061	796	—	121,857
As at 31 March 2011	US\$ denominated \$'000	GB£ denominated \$'000	Euro a denominated \$'000	Total \$'000
Non-monetary assets	92,723	—	—	92,723
Monetary assets	133,284	174,997	—	308,281
	226,007	174,997	—	401,004
Monetary liabilities	4,521	8,129	—	12,650
Equity	512,596	—	—	512,596
Reserves	(124,242)	—	—	(124,242)
	392,875	8,129	—	401,004

Capital risk management; the group manages capital to ensure that it is able to continue as a going concern whilst maximising the return to shareholders. The capital structure consists of cash and cash equivalents and equity. The group is not subject to any externally imposed capital requirements other than the requirement of the Falkland Islands Government that it hold free cash of \$5.0 million to suspend an existing well and \$12.0 million, above the expected drilling requirements to spud a new well. The board regularly monitors the future capital requirements of the group, particularly in respect of its ongoing exploration and appraisal programme.

Credit risk; the group makes certain payments on account or deposits into escrow accounts in respect of the drilling campaign. Should the company holding these accounts become insolvent then the liquidator of that company may move to seize these funds. Amounts held at the period end were as follows:

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
Desire Petroleum	12,467	14,457	12,662
AGR Petroleum Services	—	4,642	75
Diamond Offshore	8,611	114	23,192
	21,078	19,213	35,929

Interest rate risks; there are a number of instruments available to protect against falling interest rates reducing the investment income enjoyed by the group but, with rates now at historic lows there is not much further that they could fall. The group is not dependent on its finance income and given the current interest rates the risk is not considered to be significant.

Liquidity risks; the group is required to place the anticipated cost of the drilling into restricted cash accounts prior to the related drilling.

Counter-party risk; rather than keep all its funds with one bank, the group splits its funds across a number of banks, two of which are part owned by the British government.

	30 September 2011 \$'000	30 September 2010 \$'000	31 March 2011 \$'000
RBS plc	447	4,932	373
JPMorgan Chase N.A.	8,611	114	23,192
Total restricted cash	9,058	5,046	23,565
RBS plc	—	—	32,062
Barclays plc	1,563	—	60,115
Total term deposits	1,563	—	92,177
RBS plc	50,573	11,846	160,180
Barclays plc	18,425	—	246
Lloyds TSB plc	39,259	35,560	16,154
HSBC plc	—	999	—
Standard Chartered plc	24	—	—
Total unrestricted cash	108,281	48,405	176,580
Total cash	118,902	53,451	292,322

INDEPENDENT REVIEW REPORT TO ROCKHOPPER EXPLORATION PLC

INTRODUCTION

We have been engaged by the company to review the condensed set of financial statements in the Interim Report for the six months ended 30 September 2011 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. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

DIRECTORS' RESPONSIBILITIES

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the AIM Rules.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting 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 interim report based on our review.

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the AIM Rules.

ADRIAN JOHN WILCOX

for and on behalf of KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London
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7 December 2011