



## **PRESS RELEASE**

For immediate release: 6 June, 2006

Rockhopper Exploration plc

### **Preliminary Results for the Year ended 31 March 2006**

Rockhopper Exploration plc (“Rockhopper” or “the Company”), the oil and gas exploration company focussed on the North Falkland Basin, which listed on AIM in August 2005, has today announced its preliminary results for the year ended 31 March 2006.

#### Highlights:

- Successful placing and listing on AIM
- 2D seismic survey completed
- Electromagnetic surveys completed
- 3D seismic survey commissioned
- Cash at bank 31 March 2006 of £12.5 million
- Pre tax loss of £0.354 million

Executive Chairman, Dr. Pierre Jungels commented:

“We completed a successful listing on AIM in August 2005 raising £15 million before expenses to undertake work on all of our licence areas.

A 2D programme has been completed on licences PL023 and PL024 and a 3D vessel is now secured for licences PL032 and PL033. CGG, one of the world’s leading marine seismic contractors, will undertake the survey.

We have also completed two Controlled Source Electromagnetic surveys in order to give ourselves greater confidence in the prospects over which they were acquired. These are the first such surveys ever completed in the Falkland Islands, the results of which will be fully integrated with all our other technical studies once they are available.

We remain positive about the prospectivity of the basin as a whole and our acreage specifically.”

For further information, please contact:

**Rockhopper Exploration plc**

Sam Moody, Managing Director

Peter Dixon-Clarke, Finance Director

[www.rockhopperexploration.co.uk](http://www.rockhopperexploration.co.uk)

01722 414 419

**Aquila Financial Limited**

Peter Reilly

Yvonne Fraser

[www.aquila-financial.com](http://www.aquila-financial.com)

020 7202 2601

020 7202 2609

**Notes to editors**

Rockhopper Exploration plc 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.

Since listing on AIM in August 2005 Rockhopper has undertaken a 2D seismic survey, a controlled source electro magnetic imaging survey and commissioned a 3D survey to be undertaken in late 2006.

## **Chairman's Statement**

### **Background**

Rockhopper Exploration was established in early 2004 to explore for oil in the North Falkland Basin. We currently have a 100% working interest in and are the Operator of 4 licences, PL023, PL024, PL032 and PL033, which between them cover approximately 5,800 km<sup>2</sup>. In addition, we have a 7.5% working interest in licences PL003 and PL004, which are operated by Desire Petroleum. In total, our net acreage position of over 5,900 km<sup>2</sup> currently makes us the largest acreage holder in the North Falkland Basin.

We are currently in a period of relatively high oil prices and have seen a significant growth in exploration activity across the world. Access to high quality acreage is becoming increasingly difficult and expensive while high quality people and equipment are in high demand and short supply. Against this background, your board has built up an acreage position of real prospectivity and value and has also been able to carry out a significant part of the work programme set out at the time of our listing on the Alternative Investment Market (AIM), with more work already timetabled for later this year.

### **Achievements**

We completed a successful listing on AIM in August 2005 raising £15 million before expenses to undertake work on all of our licence areas. We specified at the time that we would conduct both 2D and 3D seismic acquisition programmes and consider using other exploration technologies in addition to fulfilling our commitment to drilling with Desire Petroleum.

The 2D programme has been completed on licences PL023 and PL024 and the 3D vessel is now secured for licences PL032 and PL033. CGG, one of the world's leading marine seismic contractors, will undertake the survey. We have also completed two Controlled Source Electromagnetic (CSEM) surveys in order to give ourselves greater confidence in the prospects over which they were acquired. These are the first such surveys ever completed in the Falkland Islands. The results of these surveys will be fully integrated with all our other technical studies once they are available.

We are working closely with Desire in moving towards drilling on licences PL003 and PL004 but have experienced a significant tightening in the worldwide market for drilling units.

### **Outlook**

Once the results of the two CSEM surveys have been fully integrated into the seismic studies, our knowledge of the southern, undrilled part of the North Falkland Basin will be taken to a new level.

Processing the new 920km 2D seismic survey data is nearing completion. Once we have the processed data, we will focus on interpreting and integrating it into our existing knowledge of the area.

The next active step in our exploration will be the collection of the new 3D seismic survey in licences PL032 and PL033. Once the data has been acquired, processing and interpretation will carry the work programme into 2007.

The ultimate test of any exploration is, of course, drilling. To this end, not only do we have the 7.5% interest in PL003 and PL004, but we are working on our own 100% acreage with modern seismic techniques and CSEM in order to reduce risk before committing to a drilling programme. It is our intention to co-operate as fully as possible with other operators in the region in order to reduce costs and maximise not only knowledge and experience, but also the chance of success.

We have achieved a great deal in this first year against a background of increasingly difficult markets for services in the oil sector. We look forward to being able to present the full results of our new 2D and CSEM programmes later this year and the results of our significant 3D programme during 2007. At that point, we will need to consider our funding options should we confirm the presence of drillable targets in our acreage.

### **Summary**

We remain positive about the prospectivity of the basin as a whole and of our acreage specifically. We believe a number of completely untested plays remain in the basin which give a better chance of success than the original drilling campaign in 1998. The technical work is progressing as anticipated at the time of the listing and the board as a whole remains strongly supportive of the management team as we move closer to discovering the real potential of the basin.

Dr Pierre Jungels CBE  
Executive Chairman  
5 June 2006

NB: This statement has been approved by the Company's geological staff who include Keith Williams (Exploration Director), who is a Member of The European Association of Geoscientists & Engineers (EAGE) 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.

**Rockhopper Exploration plc**  
**Group profit and loss account**  
for the year ended 31 March 2006

	Year ended 31 March 2006 £'000	Fourteen months ended 31 March 2005 £'000
<b>Group turnover</b>	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Administrative expenses	(822)	(228)
Foreign exchange movement	56	-
<b>Group operating loss</b>	(766)	(228)
Interest receivable	412	5
<b>Loss on ordinary activities before taxation</b>	(354)	(223)
Taxation	2	-
<b>Loss for the financial year / period</b>	(354)	(223)
Loss per share (pence): Basic	3	(0.61)p
Loss per share (pence): Diluted	3	(3.27)p

The operating loss for the year/period arises from the group's continuing operations. No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

**Rockhopper Exploration plc**  
**Group balance sheet**  
31 March 2006

	As at 31 March 2006 £'000	As at 31 March 2005 £'000
<b>Fixed assets</b>		
Intangible assets	2,500	236
Tangible assets	14	2
	<u>2,514</u>	<u>238</u>
<b>Current assets</b>		
Debtors	10	38
Cash at bank	12,455	1,190
	<u>12,465</u>	<u>1,228</u>
Creditors: amounts falling due within one year	(59)	(106)
Net Current assets	<u>12,406</u>	<u>1,122</u>
<b>Total assets less current liabilities</b>	<u>14,920</u>	<u>1,360</u>
<b>Capital and reserves</b>		
Called up share capital	4 718	361
Share premium account	5 14,919	1,362
Merger reserve	5 (140)	(140)
Profit and loss account	5 (577)	(223)
<b>Equity shareholders' funds</b>	<u>14,920</u>	<u>1,360</u>

**Rockhopper Exploration Plc**  
**Group cash flow statement**  
for the year ended 31 March 2006

	Year ended 31 March 2006 £'000	Fourteen months ended 31 March 2005 £'000
Net cash flow from operating activities	(782)	(147)
Returns on investments and servicing of finance	412	5
Capital expenditure and financial investment	(2,279)	(238)
	<hr style="border-top: 1px solid black;"/> (2,649)	<hr style="border-top: 1px solid black;"/> (380)
Financing	13,914	1,570
<b>Movement in cash in the year/period</b>	<hr style="border-top: 1px solid black;"/> 11,265	<hr style="border-top: 1px solid black;"/> 1,190

**Reconciliation of Net Cash Flow to Movement in Net Funds**

	Year ended 31 March 2006 £'000	Fourteen months ended 31 March 2005 £'000
Movement in cash in the year/period	11,265	1,190
Movement in net funds	<hr style="border-top: 1px solid black;"/> 11,265	<hr style="border-top: 1px solid black;"/> 1,190
<b>Opening Net Funds</b>	1,190	-
<b>Closing Net Funds</b>	<hr style="border-top: 1px solid black;"/> 12,455	<hr style="border-top: 1px solid black;"/> 1,190

## NOTES TO THE PRELIMINARY STATEMENT

### 1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, in accordance with applicable 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 principal accounting policies of Rockhopper Exploration plc are set out in the Admission document.

### 2 TAXATION

The effective rate of tax is based on the estimated tax charge for the year at a rate of 0% (2005 – 0%).

### 3 LOSS PER SHARE

The calculation of the basic loss per share is based upon the loss for the year of £354,000 (2005: £223,000) and the weighted-average number of shares in issue during the year ended 31 March 2006 of 58,467,365 (2005: 6,816,486). As the group is reporting a loss for all periods then, in accordance with Financial Reporting Standard number 22, the share options are not considered dilutive. This is because the exercise of the share options would have the effect of reducing the loss per share.

### 4 SHARE CAPITAL

	2006 £'000	2006 No.	2005 £'000	2005 No.
Authorised:				
Ordinary shares of £0.01 each	1,000	100,000,000	1,000	100,000,000
Called up, issued and fully paid:				
Ordinary shares of £0.01 each	718	71,774,605	361	36,060,320

On 15 August 2005 the Company issued 35,714,285 ordinary shares of £0.01 each at a premium of £0.41 per share on the Admission of the Company to trading on AIM. Issue costs of £1.1 million have been charged against the share premium arising.

## 5 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Share premium	Merger reserve	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At 1 February 2004	140	-	(140)	-	-
Issue of shares	221	1,362	-	-	1,583
Loss for the period	-	-	-	(223)	(223)
At 1 April 2005	361	1,362	(140)	(223)	1,360
Issue of shares	357	13,557	-	-	13,914
Loss for the year	-	-	-	(354)	(354)
At 31 March 2006	718	14,919	(140)	(577)	14,920

## 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 2006 which are the first to be prepared by the Group. The statutory accounts for the year ended 31 March 2006, which were approved by the Directors and authorised for issue on 5 June 2006, will be delivered following the Company's Annual General Meeting. The auditors have reported on the accounts; their report was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.