

**ROCKHOPPER**  
EXPLORATION PLC



# CONTENTS

## STRATEGIC REPORT

- 1 2020 highlights
- 2 North Falkland Basin overview
- 3 Sea Lion Phase 1 development overview
- 4 Market overview
- 6 Chairman and Chief Executive Officer's review
- 9 Key Performance Indicators (KPIs)
- 10 Financial review
- 13 Internal controls and risk management
- 14 Principal risks and uncertainties
- 18 Environmental, social and governance statement
- 19 Directors' Statement under Section 172 (1) of the Companies Act 2006

## GOVERNANCE

- 21 Rockhopper Board
- 22 Board of Directors
- 24 Governance report
- 28 Audit & Risk Committee Chairman's report
- 30 Nomination Committee Chairman's report
- 31 Remuneration report
- 42 Statutory information
- 44 Independent auditors' report to the members of Rockhopper Exploration plc

## FINANCIAL STATEMENTS

### Group financial statements

- 51 Consolidated income statement
- 51 Consolidated statement of comprehensive income
- 52 Consolidated balance sheet
- 53 Consolidated statement of changes in equity
- 54 Consolidated statement of cash flows
- 55 Notes to the consolidated financial statements

### Parent company financial statements

- 73 Company balance sheet
- 74 Company statement of changes in equity
- 75 Notes to the company financial statements

## OTHER INFORMATION

- 79 Key licence interests as at 1 May 2021
- 80 Glossary
- 81 Shareholder information

# ROCKHOPPER – WHO WE ARE

Rockhopper Exploration plc (AIM: RKH) is an oil and gas exploration and production company with key interests in the North Falkland Basin.

The Company has been operating offshore the Falkland Islands since 2004 and discovered the world-class Sea Lion oil field in 2010.

## OUR STRATEGIC AMBITION

Create value for all our stakeholders through building a well-funded, full-cycle, exploration-led E&P company.



## 2020 HIGHLIGHTS

### Sea Lion

- Detailed transaction terms agreed with Navitas Petroleum LP to farm-in for a 30% interest in the Sea Lion project
- Recently completed merger of Premier Oil plc with Chrysaor to create Harbour Energy plc, resulting in a materially larger and financially stronger operator of the Sea Lion project
- Extension of the Company's North Falkland Basin Petroleum Licences, including the Sea Lion Discovery Area, to 1 November 2022

### Corporate and financial

- Ombrina Mare arbitration Tribunal confirms “deliberations and the drafting process have both advanced very considerably”
- Disposal of Rockhopper Egypt Pty Limited to United Oil & Gas plc completed in February 2020
  - Subsequent sale of the Group's entire shareholding in United Oil & Gas plc in August 2020 raised proceeds of US\$4.0 million
- Initiatives implemented to further materially reduce corporate costs
- US\$222.6 million one-off non-cash impairment, based on a decision, in line with the Sea Lion operator, to write off the historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project
- Cash resources of US\$11.7 million as at 31 December 2020

### Outlook

- Targeting completion of the Navitas farm-in
- Outcome in relation to Ombrina Mare arbitration expected in July 2021 – seeking significant monetary damages

# NORTH FALKLAND BASIN OVERVIEW

## Sea Lion Phase 1

(PL032)

- 250 mmbbls gross\*
- 75 mmbbls net to Rockhopper†

## Sea Lion Phase 2

(PL032/PL004)

- 280 mmbbls gross\*
- 84 mmbbls net to Rockhopper†

## Phase 3 Isobel-Elaine

(PL004)

- Isobel-Elaine complex significantly de-risked during 2015/16 exploration campaign

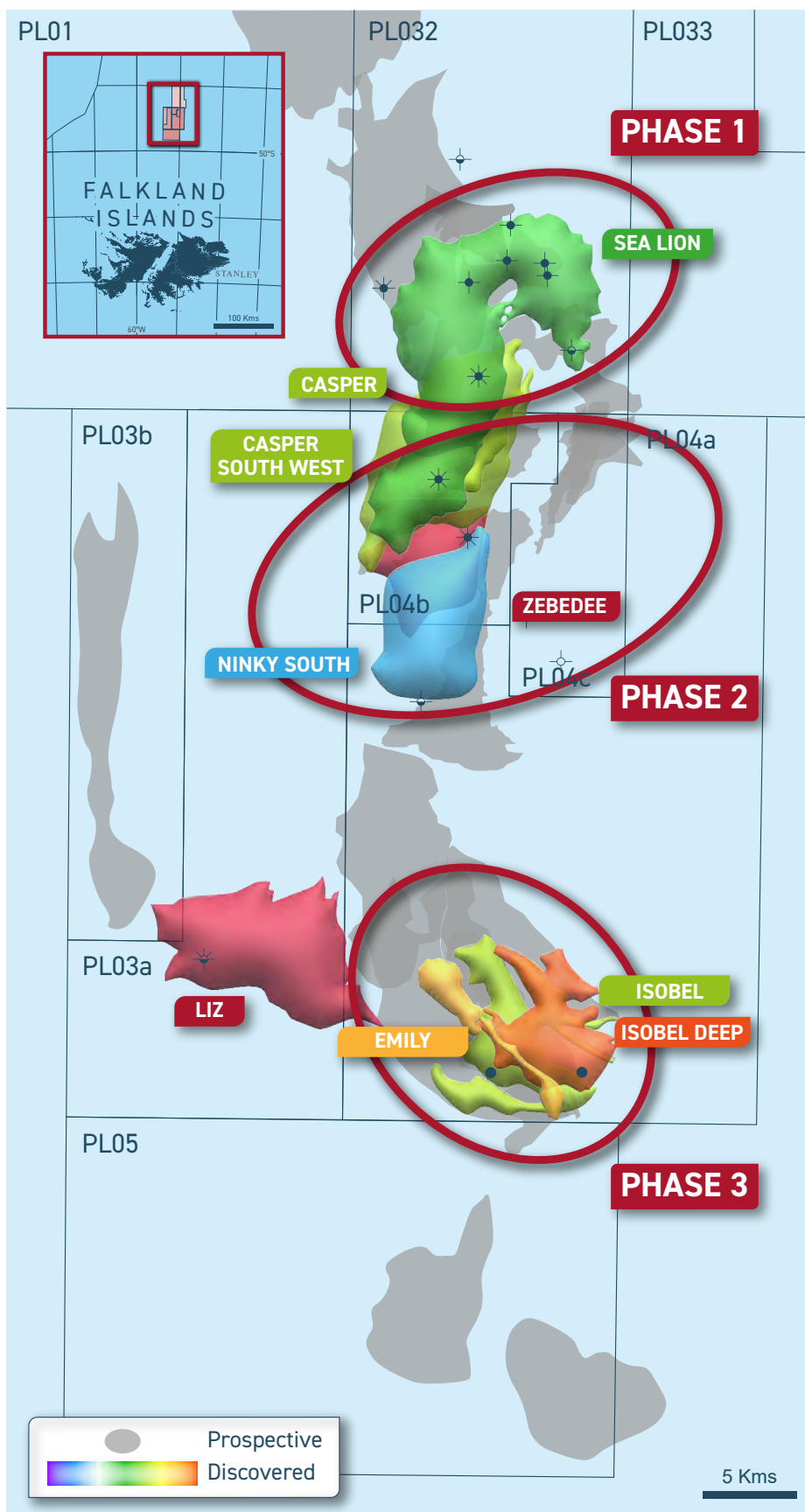
## Acreage position†

	Rockhopper	Premier	Navitas	Operator
PL032	30%	40%	30%	Premier
PL003a	95.5%	4.5%	—	Rockhopper
PL003b	60.5%	4.5%	—	Rockhopper
PL004a‡	64%	36%	—	Premier
PL004b	30%	40%	30%	Premier
PL004c	30%	40%	30%	Premier
PL005	100%	—	—	Rockhopper

\* Operator estimate.

† Post farm-out to Navitas.

‡ Under farm-out additional option to further align PL004a acreage (30%/40%/30%).



# SEA LION PHASE 1 DEVELOPMENT OVERVIEW

## Headline facts and figures

**250 mmbbls**

2C resources in Phase 1

**~80,000 bopd**

Gross annual production at plateau

**US\$42/bbl**

Break even price\*

\*Gross project NPV10 equals US\$ nil

**US\$1.8 bn**

Gross CAPEX to first oil

**US\$1.8bn**

Gross project NPV10 assuming US\$65/bbl

**US\$4.2bn**

Life of field undiscounted free cash flow assuming US\$65/bbl

### World scale resource

- 1.7 billion barrels oil in place
- Well understood reservoir
- Highly marketable crude.

### Proven development concept

- Technically straightforward FPSO development
- Extensive project development and engineering complete
- Supply chain and logistics proven through multiple drilling campaigns.

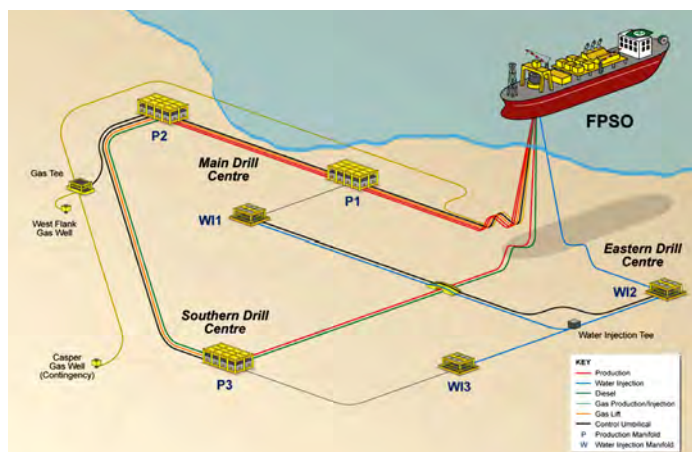
### Regulatory interface well-advanced

- EIS and FDP substantially agreed; final approval at sanction
- Alignment with FIG on key fiscal, commercial and regulatory items.

### World class contractor team

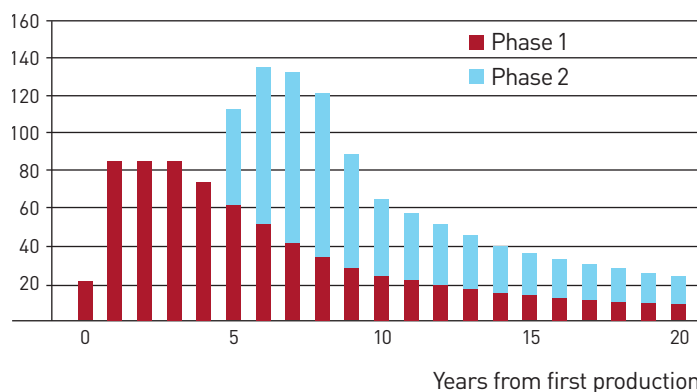
- Experienced in comparable projects
- Opportunity to lock in supply chain at competitive rates
- Alignment via provision of vendor financing.

## Proven development concept



### Projected production profile

Average annual daily oil rate (kbopd)



# MARKET OVERVIEW

This overview, published by McKinsey, gives an external view of the industry in which Rockhopper operates. Global oil outlook to 2040 – Energy Insights by McKinsey – February 2021

## Executive summary

### Recap 2020

Demand has partially recovered since April 2020 but still ended the year approximately 9 million barrels per day (MMb/d) below the 2019 level, with continued COVID-19-related lockdown measures in January 2021 keeping it around 6 MMb/d lower than January 2019.

Supply remained robust until April 2020 and then dropped by 13 to 14 MMb/d in May, driven by OPEC+<sup>1</sup> cuts and shut-ins (that have mostly returned to the market), thus showing the willingness of OPEC+ to continue interventions. The market saw an oversupply of approximately 20 MMb/d in April 2020, pushing Brent prices to \$18 per barrel of oil (bbl) for the month, before recovering to \$50/bbl by the end of the year.

OECD commercial inventories remain at high levels and, although we have seen draws over the past months, they are still 150,000 barrels above pre-COVID-19 levels.

### Short-term up to 2025

Oil demand is expected to take two to four years to return to 2019 levels, depending on the duration of lockdowns and the pace of GDP recovery. Based on our Global Energy Perspective reference-case demand insights, current OPEC+ intervention will be sufficient to help balance the market in 2021, with prices remaining at a sustained level of \$50 to \$55/bbl through to 2025.

If GDP growth recovers faster than expected, we may see a near-term price increase at more than \$55/bbl. However, if demand recovers slower than expected or if OPEC+ stops cutting output, prices could be depressed or highly volatile for the next three to four years.

### Long-term up to 2040

Long-term equilibrium oil prices have decreased by \$10 to \$15/bbl compared with pre-COVID-19 outlooks, as driven by a flattening cost curve and lower demand. Under an OPEC-control scenario, in which OPEC maintains its market share, we see a \$50 to \$60/bbl equilibrium price range in the long term, fueling 10 to 11 MMb/d US shale oil and 11 to 13 MMb/d deepwater production from pre-financial-investment-decision (FID) projects.

While most of the offshore-oil-producing regions will be under pressure in an accelerated energy-transition scenario, the sector will still require new production of nearly 23 MMb/d to meet demand after 2030.

<sup>1</sup> OPEC plus Azerbaijan, Bahrain, Brunei, Kazakhstan, Malaysia, Mexico, Oman, Russia, South Sudan, and Sudan.

## Five key findings

1

**Demand recovery to 2019 levels is in sight**

Liquid demand is likely to return to 2019 levels by late 2021 or early 2022. Slower demand recovery would be due to a slow vaccination rollout or if COVID-19 control remains a potential risk.

2

**Oil capital expenditures are unlikely to fully recover**

Investments in oil capital expenditures are expected to gradually recover but remain below the pre-COVID-19 outlook. We expect a slow rebound in shale and offshore in North America.

3

**Long-term oil demand is exposed to large variations across all scenarios**

After more than 30 years of stable growth of more than 1 percent per year, oil-demand growth slows in the late 2020s and peaks in 2029. Various energy-transition drivers could cause peak demand to occur six to ten years earlier.

4

**New oil drilling is needed to meet demand by 2040**

By 2040, exploration and production companies need to add 38 MMb/d of new crude production from unsanctioned projects to meet demand. Most new supply is expected to come from offshore and shale resources.

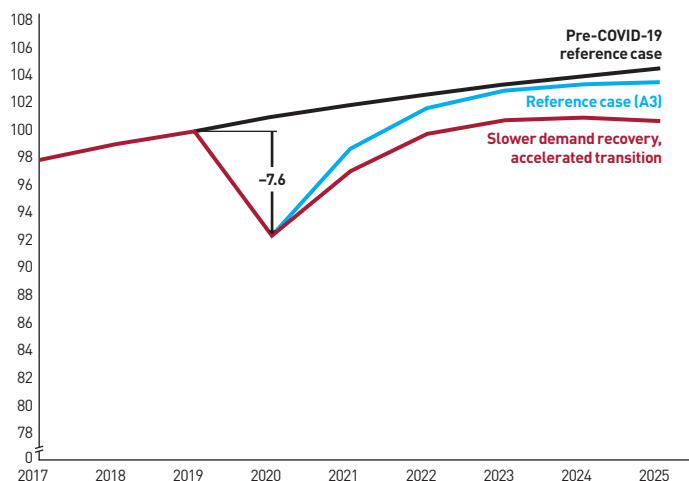
5

**Even in an accelerated energy-transition scenario, we see need for new oil drilling by 2040**

While most offshore-oil-producing regions will be under pressure in an accelerated energy-transition scenario, the sector will still require new production of nearly 23 MMb/d to meet demand by 2040. Demand in a 1.5°C-pathway will force shut-ins.

Liquid demand is likely to recover to 2019 levels by late 2021 or early 2022

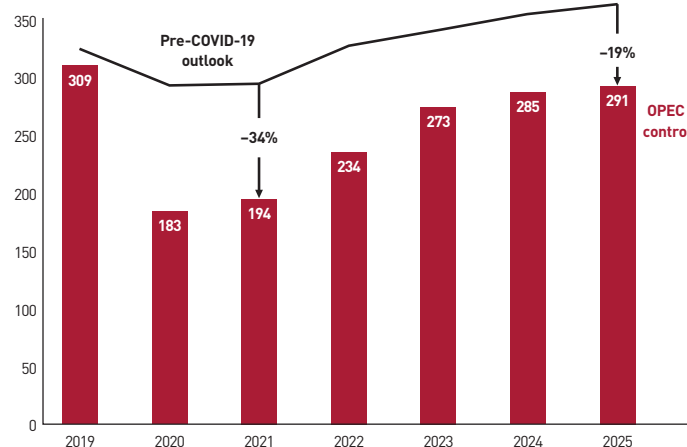
**Global liquid-demand outlook**  
MMb/d



Source: Global Energy Perspective, Energy Insights by McKinsey & Company

Oil investments are expected to gradually recover but remain below the pre-COVID-19 outlook

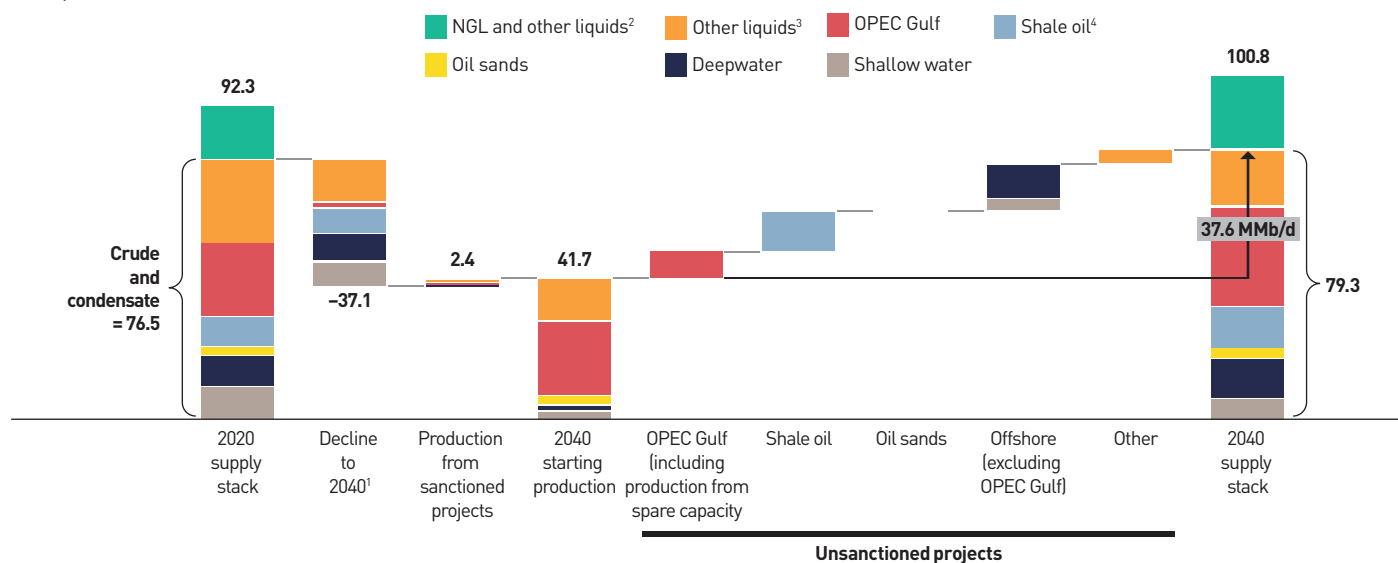
**Development and maintenance capital expenditures in crude and condensate production**  
\$ billion



Source: Rysad Energy, Energy Insights by McKinsey & Company

By 2040, exploration and production companies need to add 38 MMb/d of new crude production from unsanctioned projects

**Global oil-supply growth 2020-2040**  
MMb/d



1. This decline is net of in fill drilling and other work done to fields that are not classified as major projects.  
2. NGL stands for natural gas liquids. Other liquids includes biofuels, processing gains, coal and gas to liquid, methyl tert butyl ether (MTBE), and inventory movements.

3. Other includes onshore conventional and heavy oil, all outside of OPEC Gulf.  
4. Shale oil includes associated oil from unconventional gas wells.

Note: Figures may not sum to 100%, because of rounding.

Source: Rysad Energy, Energy Insights by McKinsey & Company

# CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REVIEW



**Keith Lough**  
Non-Executive  
Chairman

## INTRODUCTION

2020 has been a year of unprecedented uncertainty, volatility and challenge, both from a human and economic perspective. The COVID-19 pandemic caused a sharp economic slowdown with a resultant collapse in oil prices during the first half of the year. Through a combination of OPEC+ supply cuts, relaxation of restrictions related to COVID-19 and positive news related to vaccines, oil prices recovered strongly through the second half of the year and into 2021. With the global balance of oil supply and demand now converging, the outlook is more positive.

Notwithstanding increasing concerns over climate change and the energy transition, absent material advances in technology or radical changes in lifestyle, most external forecasters predict significant oil demand continuing for decades. It is highly unlikely existing oil fields will be able to satisfy such demand and therefore new oil and gas developments, such as Sea Lion, will be required. Against that backdrop, it is our belief that new projects will need to demonstrate not only superior economic and financial returns but also outline how they support the energy transition and support their stakeholders' commitments to achieve net zero.

It is in this context that Environmental, Social and Governance ("ESG") continues to be a key focus for Rockhopper which is committed to developing Sea Lion on an environmentally sensitive basis. Such a commitment is expected to be achieved through reduced emissions from the use of best-in-class technologies and the offsetting of emissions through investment in nature-based carbon-offsetting projects both in the Falklands and elsewhere.

## SEA LION PHASE 1 DEVELOPMENT

Rockhopper has been operating offshore the Falkland Islands since 2004. We are a long-term partner of the Falklands and our aim has always been to support the rights of the Falkland Islanders to develop their natural resources for their own economic benefit.

Having completed the technical definition of the Sea Lion project, at the outset of 2020 the priorities for the year ahead included securing senior debt financing for the project, completing the farm down to Navitas Petroleum LP ("Navitas") and submitting a Field Development Plan for the Sea Lion project to the Falkland Island Government ("FIG").

However, in response to the unprecedented fall in the oil price experienced in March 2020, a decision was made in early April 2020 to reduce costs and scale-back headcount and activity on the project. Through the rest of the year, a reduced team continued to progress a number of regulatory and commercial workstreams, including the development of Sea Lion's net zero emissions plan and finalising the terms of the Navitas farm-in.



The recently completed merger of Premier Oil plc (“Premier”) and Chrysaor Holdings Limited (“Chrysaor”) to create Harbour Energy plc (“Harbour”) results in a materially larger and financially stronger operator of the Sea Lion project. Navitas has confirmed that it remains committed to the proposed farm-in. However, in order to enable the new management of Harbour to make a firm decision on the Sea Lion project, Rockhopper, Premier and Navitas agreed to extend the exclusivity period for the farm-in to 30 September 2021. While there can be no guarantee around Harbour’s future intentions for Sea Lion, Harbour has publicly stated a desire to pursue international growth with a preference for material operated positions and with capital allocated to those projects which best fit its investment strategy.

Rockhopper’s Board remain confident the Sea Lion project benefits from robust economics (at \$65/bbl Brent – NPV10@FID ~\$1.8bn; break-even\* ~\$42/bbl; life of project free cash flow ~\$4.2bn with material upside at higher oil prices) and that it compares favourably to other investment opportunities which may be available in the current environment.

In March 2021, the Company was pleased to announce that, following discussions between the joint venture partners, Harbour and FIG, FIG has agreed to extend each of the Group’s North Falkland Basin Petroleum Licences, including the Sea Lion Discovery Area, until 1 November 2022, with no additional licence commitments.

#### OMBRINA MARE ARBITRATION

Rockhopper commenced international arbitration proceedings against the Republic of Italy in relation to the Ombrina Mare field in March 2017. The hearing took place in early February 2019 in Paris. In June 2019, the Tribunal rejected Italy’s request for the suspension of the arbitration and Italy’s related intra-EU jurisdictional objections.

Post-hearing briefings were submitted in October and November 2019. The Tribunal confirmed in May 2021 that it anticipates being in a position to render its award in the course of July 2021.

\*Break-even defined as gross project NPV10 equals US\$ nil.

Rockhopper continues to believe it has strong prospects of recovering very significant monetary damages – on the basis of lost profits – as a result of the Republic of Italy’s breaches of the Energy Charter Treaty. All costs associated with the arbitration are funded on a non-recourse (“no win – no fee”) basis from a specialist arbitration funder.

#### CORPORATE MATTERS

The Group continues to actively manage its corporate costs and has reduced G&A by circa 50% over the last five years. In light of the sharp reduction in oil prices experienced in the first half of 2020, initiatives to further reduce corporate costs commenced in May 2020 with a target to reduce costs by a further 30%. These measures include, but are not limited to: permanent reduction to executive director base remuneration; employee headcount reductions including certain roles transitioning to part-time; reductions to adviser and contractor costs; and a decrease in head office costs through the relocation to premises outside of London.

The disposal of our Egyptian business, including the subsequent sale of our shareholding in United Oil & Gas plc (“United”), generated a healthy return on investment with sale proceeds of US\$15.5 million and free cash flow during our period of ownership of circa US\$4.0 million, against an original investment of US\$11.9 million in 2016.

#### ESG

As outlined above, ESG, and Corporate Responsibility more generally, continues to be a key focus for Rockhopper.

As an oil and gas exploration and production business our role is to produce hydrocarbons in an environmentally responsible manner.

As part of this strategy, FIG has recently established an independent environment trust to receive and administer future off-setting payments from the Sea Lion project and distribute those funds for activities aimed at ensuring a positive environmental legacy in the Islands.



**Samuel Moody**  
Chief Executive Officer

Once FID on Sea Lion has been achieved, the Company commits to define measures, report transparently, and mitigate our own emissions as far as practicable.

In addition, the Company will in 2021 be undertaking a review of its broader ESG framework to ensure it remains appropriate to its business and increasing stakeholder interest in this area.

#### COVID-19

The human and economic impact of COVID-19 has been very significant. The health and wellbeing of our staff remains a priority. We have adapted our working practices to ensure business continuity. We thank our staff and wider stakeholders for their continued support.

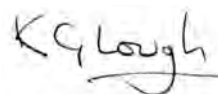
#### OUTLOOK

At 530 million barrels of 2C recoverable resources, Sea Lion is a world-class oil field with the scale and potential to create huge value for Rockhopper, its partners and the Falkland Islands as a whole.

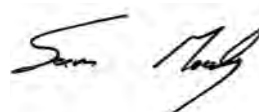
The merger of Premier and Chrysaor to create Harbour results in a financially stronger operator of the project. This, combined with the proposed entry of Navitas to the Sea Lion joint venture, creates a solid operational and financial foundation giving the project the strongest possible chance of progressing.

Based on a recent guidance from the Tribunal, an outcome is expected in relation to the Ombrina Mare arbitration in July 2021. The Company remains of the view it has strong prospects of recovering very significant monetary damages.

Finally, we thank the Falkland Islands Government for its continuing support, and will continue to work closely with all stakeholders to maximise the chance of securing the Navitas farm out and project sanction of Sea Lion. The Board believes that the opportunity to invest in a world-scale fully appraised and engineered project with material additional upside at this point in the cycle presents a compelling opportunity, and one which would lead us towards unlocking the value within the project long-awaited by all stakeholders.



**Keith Lough**  
Non-Executive Chairman



**Samuel Moody**  
Chief Executive Officer

19 May 2021

# KEY PERFORMANCE INDICATORS (KPIs)

The Board monitors the Company’s progress against its Key Performance Indicators to assess performance and delivery against pre-defined strategic objectives.





KPIs have been set based on short-term targets designed to ensure the Company achieves its long-term strategy.

The Company measures a number of operational and financial metrics to ascertain performance.

In 2020, Rockhopper has continued to deliver on a number of its key metrics.

## 2020

### KPIs

Definition	Performance	Attainment
→ <b>Completion of the Navitas farm-out</b>	The proposed farm-out to Navitas could not progress while the proposed merger of Premier and Chrysaor was pending.	 Not achieved
→ <b>Implementation of agreed cost reduction initiatives</b>	Approximately US\$2.0 million of recurring annual corporate costs have been permanently eliminated.	 Fully achieved
→ <b>Liaising with the Sea Lion operator to ensure that the project meets net zero targets</b>	Significant work undertaken to develop a net zero emissions plan for the Sea Lion project.	 Partially achieved
→ <b>Progressing discussions on fiscal matters with FIG to facilitate completion of the Navitas farm-out</b>	Agreement on a number of fiscal matters have been reached with FIG.	 Partially achieved

## 2021

### KPIs

Definition	Performance	Attainment
→ <b>Resumption of Sea Lion project in preparation for future Final Investment Decision</b>		
→ <b>Demonstrate clear progress in relation to ESG objectives</b>		
→ <b>Progress the Ombrina Mare arbitration</b>		
→ <b>Preservation of the Company’s cash position</b>		
→ <b>Continue to explore alternative development and financing options for the Sea Lion project</b>		

# FINANCIAL REVIEW

## OVERVIEW

From a finance perspective, the most significant events in the year include:

- Detailed transaction terms agreed with Premier/Harbour and Navitas in relation to the Sea Lion project
- Disposal of Rockhopper Egypt Pty Limited to United – completed in February 2020 – and subsequent sale of the Group's entire shareholding in United – completed in August 2020
- In response to the COVID-19 pandemic, and the dramatic fall in oil and gas prices experienced through 2020, significant cost reduction programmes implemented both at the Sea Lion project level and corporately at Rockhopper.



**Stewart MacDonald**  
Chief Financial Officer

The revised funding arrangements with Premier/Harbour ensure that Rockhopper is funded for all pre-sanction costs related to Sea Lion (other than licence fees, taxes and project wind down costs). As such, the Company believes the above events materially strengthen the Company's financial position in the short and medium term and significantly enhance the prospects for a successful project financing for Sea Lion once markets recover.

## RESULTS FOR THE YEAR

For the year ended 31 December 2020, the Group reported revenues of US\$2.8 million and loss after tax of US\$236.5 million. The loss after tax primarily arose as a result of non-recurring non-cash impairments associated with previously incurred exploration costs in the North Falkland Basin. The decision was made, in line with the operator, to write off historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project.

## REVENUE

The Group's revenues of US\$2.8 million (2019: US\$10.3 million) during the year relate entirely to the sale of oil and natural gas in the Greater Mediterranean (Egypt and Italy) region. The reduction in revenues from the comparable period reflects the completion of the disposal of the Group's Egypt portfolio in February 2020 as well as a decline in production and gas prices in Italy.

Working interest production averaged approximately 316 boepd during 2020, a reduction over the comparable period (2019: 1,284 boepd), again related to the disposal of the Group's Egyptian portfolio during the period.

During the period, the Group's gas production in Italy was sold under short-term contract with an average realised price of €0.10 per scm (2019: €0.17 per scm). Gas was sold at a price linked to the Italian "PSV" (Virtual Exchange Point) gas marker price.

In Egypt, all of the Group's oil and gas production was sold to Egypt General Petroleum Company ("EGPC").

## OPERATING COSTS

Cash operating costs, excluding depreciation and impairment charges, amounted to US\$2.1 million (2019: US\$4.0 million). Again, the reduction in operating costs reflects the disposal of the Group's Egypt portfolio during the period.

The Group continues to manage corporate costs, having achieved an approximate 50% reduction in general and administrative ("G&A") cost, excluding non-recurring expenses related to restructuring and acquisitions, over the last five years. In light of the sharp reduction in oil prices experienced in the first half of 2020, initiatives to further reduce corporate costs commenced in May 2020 with a target to reduce costs by a further 30%. G&A costs decreased to US\$4.0 million in 2020 (2019: US\$5.3 million), excluding non-recurring expenses related to restructuring and acquisitions and divestments. During the year approximately \$2.0 million of recurring annual corporate costs were identified and permanently removed from the business. The full impact of such cost reduction initiatives is expected in 2021.

Following the decision in February 2016 by the Italian Ministry of Economic Development not to award the Group a Production Concession covering the Ombrina Mare field, in March 2017 the Group commenced international arbitration proceedings against the Republic of Italy. All costs associated with the arbitration are funded on a non-recourse ("no win – no fee") basis from a specialist arbitration funder.

## CASH MOVEMENTS AND CAPITAL EXPENDITURE

At 31 December 2020, the Group had cash and term deposits of US\$11.7 million (31 December 2019: US\$17.2 million).

Cash and term deposit movements during the period:

	US\$m
Opening cash balance (31 December 2019)	17.2
Revenues	2.8
Cost of sales	(2.1)
Falkland Islands (relating to current year)	(1.5)
(relating to pre 1 January 2020)	(12.9)
Greater Mediterranean	(0.2)
Egyptian disposal proceeds	14.8
Administrative expenses	(4.0)
Miscellaneous	(2.4)
<b>Closing cash balance (31 December 2020)</b>	<b>11.7</b>

Following signature of a Heads of Terms in January 2020, Rockhopper's share of pre-sanction costs from 1 January 2020 (other than licence fees, taxes and project wind down costs) are funded by Premier/Harbour and/or Navitas. During 2020, the Group paid US\$12.9 million of Sea Lion costs related to the period prior to 1 January 2020. Post period end, the Company received and subsequently paid a significantly larger than expected tax liability of US\$1.4 million associated with the 2015/16 Falklands drilling campaign. The amount was fully accrued for as at the year end and going forward, limited further costs related to the period prior to 1 January 2020 are expected.

Miscellaneous includes non-recurring restructuring costs, foreign exchange and movements in working capital during the period.

#### IMPAIRMENT OF OIL AND GAS ASSETS

Rockhopper has tested the carrying value of its assets for impairment. Carrying values are compared to the value in use of the assets based on discounted cash flow models. Future cash flows were estimated using a long-term Brent oil price assumption of US\$62.5/bbl (in "real" terms) (2019: US\$70/bbl real). A post-tax nominal discount rate of 10% and 12.5% was used for the Group's Greater Mediterranean and Falkland Islands assets respectively.

Despite the reduction in the long-term oil price assumption, no impairment arose on the Sea Lion Phase 1 project. A range of sensitivities have been considered as part of the impairment testing process. In the event of a US\$2.5/bbl reduction in the Group's long-term oil price assumption, an impairment of \$5 million on Sea Lion Phase 1 arises. No impairment would arise if the Group assumed project sanction was delayed by a further year.

A decision was made, in line with the operator, to write off historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project. This impairment has no impact on the Group's long-term strategy for multiple phases of development in the North Falkland Basin but instead reflects the limited capital which will be invested outside of the Phase 1 project in the near-term. A reversal of the impairment is expected once the Phase 1 project has been sanctioned and investment resumes on the Phase 2 project.

#### MERGERS, ACQUISITIONS AND DISPOSALS

On 23 July 2019, Rockhopper announced the disposal of Rockhopper Egypt Pty Limited which holds a 22% working interest in the Abu Sennan concession to United.

The consideration payable to Rockhopper under the transaction comprised:

- cash of US\$11.5 million; and
- the issue of 114,503,817 Consideration Shares representing approximately 18.5% of United's enlarged ordinary share capital.

The transaction was subject to satisfaction of customary conditions precedent including United shareholder approval, completion of the readmission of United to trading on AIM and receipt of Egyptian government approvals. The transaction completed on 28 February 2020.

In August 2020, the Group disposed of its entire shareholding in United, realising a further US\$4.0 million of cash proceeds.

#### TAXATION

On 8 April 2015, the Group agreed binding documentation ("Tax Settlement Deed") with FIG in relation to the tax arising from the Group's farm-out to Premier.

The Tax Settlement Deed confirms the quantum and deferral of the outstanding tax liability and is made under Extra Statutory Concession 16.

As a result of the Tax Settlement Deed, the outstanding tax liability was confirmed at £64.4 million and is payable on the earlier of: (i) the first royalty payment date on Sea Lion; (ii) the date of which Rockhopper disposes of all or a substantial part of the Group's remaining licence interests in the North Falkland Basin; or (iii) a change of control of Rockhopper Exploration plc.

During the first half of 2017, as a result of the Group receiving the full Exploration Carry from Premier during the 2015/16 drilling campaign, the Falkland Islands

Commissioner of Taxation agreed to reduce the tax liability in line with the terms of the Tax Settlement Deed. As such, the tax liability has been revised downwards to £59.6 million. The outstanding tax liability is classified as non-current and is discounted to a period-end value of US\$40.7 million.

Full details of the provisions and undertakings of the Tax Settlement Deed are disclosed in note 20 of these consolidated financial statements and these include “creditor protection” provisions including undertakings not to declare dividends or make distributions while the tax liability remains outstanding (in whole or in part).

#### LIQUIDITY, COUNTERPARTY RISK AND GOING CONCERN

The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management, with surplus cash held on term deposits with a number of major financial institutions.

At 31 December 2020, the Group had cash resources of US\$11.7 million and \$10.0 million as at the end of Q1 2021 (unaudited). Following the sale of Rockhopper Egypt Pty Limited in 2020, the Group generates limited revenue and cash flow from the sale of oil or gas.

Historically, the Group’s largest annual expenditure has related to pre-sanction costs associated with the Sea Lion development. However, following signature of a legally binding Heads of Terms in January 2020, Rockhopper’s share of all Sea Lion pre-sanction costs from 1 January 2020 (other than licence fees, taxes and project wind down costs) are funded by Premier/Harbour and/or Navitas.

With the recently announced acquisition of Premier (operator of the Sea Lion project) by Chrysaor to create Harbour, management’s base case forecast assumes a final investment decision on the Sea Lion development during 2022, with the Group’s costs funded by Premier/Harbour and/or Navitas during this period.

Management has also considered a number of downside scenarios including (1) the farm-out to Navitas does not proceed and the Heads of Terms lapses; (2) the Sea Lion project does not achieve sanction (which could be due to a number of factors including funding not being achieved) or; (3) Premier deciding to withdraw from the Sea Lion Development which could ultimately result in relinquishment of the acreage. In this scenario the Sea Lion project would need to be wound down including the decommissioning of assets in the Falklands and the Group would be liable for its share of these project wind down costs with no funding support from Premier/Harbour and/or Navitas.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements. However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigating actions, some of which are outside the Group’s control, could include collection of arbitration award proceeds, deferral of expenditure or raising additional equity.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that the cash balance held provides the Group with adequate headroom over forecasted expenditure for the following 12 months – as a result, the Directors have adopted the going concern basis of accounting in preparing these consolidated financial statements.


Nonetheless, these conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s and Company’s ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group and Company were unable to continue as a going concern.

#### PRINCIPAL RISK AND UNCERTAINTIES

A detailed review of the potential risks and uncertainties which could impact the Company are outlined elsewhere in this Strategic Report. The Company identified its key risks at the end of 2020 as being:

- oil price volatility;
- access to capital;
- joint venture partner alignment; and
- failure of joint venture partners to secure the requisite funding to allow a Sea Lion Final Investment Decision.

In 2020, the environmental impact of oil and gas extraction (e.g. climate change) was added to the risk register, reflecting the increased focus on ESG issues which could have an adverse impact on investor and lender sentiment towards the Company and the Sea Lion project.



**Stewart MacDonald**  
Chief Financial Officer

19 May 2021

# INTERNAL CONTROLS AND RISK MANAGEMENT

## The Board is responsible for establishing and maintaining the system of internal controls which has been in place throughout 2020.

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and therefore provides reasonable, rather than absolute, assurance against material misstatement or loss.

The Group operates a series of controls to meet its needs. The Audit Committee considers annually whether there is requirement for an independent internal audit function. It has agreed there is no necessity at present given the current size and complexity of the business. However, an initial internal audit review was conducted during 2016 using an independent third party audit firm.

During 2017 an independent audit firm was commissioned to undertake a review focused on the Group's financial controls which encompassed the key financial transaction cycles including:

- capital projects
- monthly financial reporting
- bank and treasury
- revenue to receivables.

Since the year end the Audit Committee has received an update from management on the findings and recommendations of the report on financial controls. It concluded the existing control environment continued to be fit for purpose.

A further review of the Group's financial controls will be conducted in the event of a change of personnel and/or the business model.

The process of monitoring and updating internal controls and procedures continues throughout the year and a risk management process is in place. Existing processes and practices are reviewed to ensure that risks are effectively managed around a sound internal control structure.

A fundamental element of the internal control structure involves the identification and documentation of significant risks, the likelihood of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks. These assessments are reviewed by the Board. The plans are discussed, updated and reviewed at each board meeting, and any matters arising from internal reviews or external audit are also considered.

## ROCKHOPPER BOARD

### Overall responsibility

- Overall responsibility for risk management and internal control
- Defines risk appetite
- Reviews principal risks register

### Audit & Risk Committee

#### Review and confirm

- Monitors, reviews and confirms Company's risk management system and internal controls

### Senior Management

#### Identification, mitigation and implementation

- Risk assessment, identification and mitigation
- Implementation of risk management system and internal control

# PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC RISKS	Description	Impact
	<b>Delay in Sea Lion Final Investment Decision (due to low oil price outlook, increased project costs or JV partners choosing to prioritise other projects) and potential loss of licence interests.</b>	<ul style="list-style-type: none"> <li>→ Increased costs</li> <li>→ Delay in future cash flow</li> <li>→ Reduced value creation</li> <li>→ Loss of investor confidence</li> <li>→ In extremis, potential loss of licence interests.</li> </ul>
	<b>The sovereignty of the Falkland Islands is disputed.</b>	<ul style="list-style-type: none"> <li>→ Open aggression is not expected</li> <li>→ Certain service providers and financial institutions may choose not to provide services for fear of the impact an association may have on their business in Argentina.</li> </ul>
	<b>Environmental impact (eg. Climate Change) of oil and gas extraction.</b>	<ul style="list-style-type: none"> <li>→ Adverse investor and lender sentiment towards the oil and gas sector</li> <li>→ Disruption to projects and operations as a result of more frequent weather events</li> <li>→ Longer-term reduction in demand for oil and gas, resulting in lower oil and gas prices.</li> </ul>
FINANCIAL RISKS	Description	Impact
	<b>Insufficient liquidity and funding capacity.</b>	<ul style="list-style-type: none"> <li>→ Uncertain financial outcome</li> <li>→ Inability to meet financial obligations</li> <li>→ Restricted work programs due to lack of capital.</li> </ul>
	<b>Uncertainty and volatility of commodity prices.</b>	<ul style="list-style-type: none"> <li>→ Impact on expected future revenues, margins, cash flows and returns</li> <li>→ Impact on future debt capacity.</li> </ul>
	<b>Uncertainty of fiscal regime and regulatory requirements; Sea Lion remains the only commercial oil discovery declared in the Falkland Islands.</b>	<ul style="list-style-type: none"> <li>→ Schedule risk</li> <li>→ Loss of value</li> <li>→ Uncertain financial outcome.</li> </ul>
	<b>Failure by JV partners to fund their financial obligations.</b>	<ul style="list-style-type: none"> <li>→ Increased costs</li> <li>→ Potential failure to meet financial and operational obligations</li> <li>→ In extremis, potential loss of licence interests.</li> </ul>



**Mitigants**

- Active engagement with the operator and regulators to establish constructive and trusted working relationships
- Active participation in technical meetings to challenge, influence and/or support partners to establish a cohesive JV view and decision making
- Active support to operator in its objective of securing funding for the project.

**Recent changes and ongoing initiatives**

- Detailed transaction terms agreed with Navitas Petroleum LP to farm-in for a 30% interest in the Sea Lion project
- Recently completed merger of Premier Oil and Chrysaor to create Harbour Energy plc brings a materially larger and financially stronger operator to the Sea Lion project
- Sea Lion Discovery Area licence extended to 1 November 2022.

- The British Government has issued strong rebuttals to the Argentine claims
- The Company is in regular contact with the Foreign & Commonwealth Office
- In a referendum, conducted in 2013, the Falkland Islands voted unequivocally to remain as a British Overseas Territory.

- In September 2016, the British Government and the Government of Argentina agreed a joint statement on areas of cooperation, including working towards removing restrictive measures affecting the oil & gas industry in the Falkland Islands
- Further to the September 2016 joint statement, a second commercial air link between South America and the Falklands commenced operations in Q4 2019.

- Commitment to developing Sea Lion on an environmentally sensitive basis
- Such a commitment is expected to be achieved through a combination of reduced emissions from the use of best-in-class technologies and the offsetting of emissions through investment in nature-based carbon-offsetting projects.

- In January 2021, FIG established an independent environment trust to receive and administer future off-setting payments from the Sea Lion project and distribute those funds for activities aimed at ensuring a positive environmental legacy in the Islands.

**Mitigants**

- Short-term and long-term cash forecasts are reported to the Board on a regular basis
- The Company has no debt
- The Company has entered a Heads of Terms with Premier and Navitas through which Rockhopper's share of Sea Lion development costs are funded through to project completion (estimated 9-12 months after first oil)
- Agreement reached to defer tax liability associated with 2012 farm-out

**Recent changes and ongoing initiatives**

- Legally binding Heads of Terms signed with Premier in January 2020
- Disposal of Rockhopper Egypt Pty Limited completed in February 2020
- Cash resources of US\$11.7 million as at 31 December 2020.

- Contingency built into planning and budgeting process to allow for downside movements in commodity prices
- Sustained low oil prices typically lead to a reduction in activity levels with a resultant reduction in industry development and exploration costs
- The Company may consider it appropriate in the future to hedge a proportion of its production, particularly if the Company is reliant on such production to service debt.

- As a result of the oil price collapse in H1 2020, industry and service costs have reduced significantly.

- Maintain positive relationships with host governments and key stakeholders through regular dialogue and engagement
- Legal agreements in place to protect interests
- Seek appropriate legal and tax advice if required.

- During 2020, good progress was made with the Falkland Island Government in relation to a range of commercial, fiscal and regulatory matters.

- Partner selection is a critical component of any investment decision
- Joint Operating Agreements and other commercial arrangements provide legal protections in the event joint venture partners fail to meet their obligations.

- Active engagement with joint venture partners to ensure alignment
- Ongoing monitoring and regular review of the Company's financial exposure to joint venture partner credit risk.

**OPERATIONAL RISKS**

Description

Impact

**Reliance on JV operators for asset performance.**

- Cost and schedule overruns
- Poor performance of assets
- HSE performance.

**The assumptions used to estimate hydrocarbon resources may prove incorrect or inaccurate.**

- Exploration and appraisal efforts may target ultimately uncommercial volumes of hydrocarbons.

**HSE AND SECURITY RISKS**

Description

Impact

**Health, safety, environment and security incidents.**

- Serious injury or death
- Environmental impacts
- Loss of reputation
- Regulatory penalties.

**ORGANISATIONAL RISKS**

Description

Impact

**Staff recruitment, development and retention.**

- Disruption to business
- Loss of key knowledge and experience.

**Mitigants**

- Actively engage with all JV partners to establish trusted working relationships
- Active participation in technical meetings to challenge, apply influence and / or support partners to establish a cohesive JV view and decision making

**Recent changes and ongoing initiatives**

- Active involvement by the Company in the evaluation and selection of contractors for the Sea Lion project.

- The Company employs qualified and experienced technical personnel
- External consultants are regularly commissioned to support technical evaluations or provide independent assessments
- A prudent range of possible outcomes are considered within the planning and budgeting process.

- Analysis of commerciality thresholds is inherent in exploration planning and licence acquisition analysis
- In May 2016 the Company announced completion of an independent audit of the contingent and prospective resources in licences PL032 and PL004 in the North Falklands Basin
- Company estimates of recoverable oil & gas resources are generally consistent with those held by the operator and other independent assessments or audits.

**Mitigants**

- Regular review of HSE policies and procedures to ensure full compliance with industry "best practice" as well as all appropriate international and local rules and regulations
- Emergency and oil spill response procedures regularly tested
- Third party specialists in place to assist with security arrangements and travel risks where appropriate

**Recent changes and ongoing initiatives**

- In 2017, the Company successfully completed the removal of the Ombrina Mare tripod structure – understood to be one of the first decommissioning exercises completed in Italian waters and fulfilling all required regulatory and authorization processes
- In 2018/19, the Company successfully completed the two well plug and abandonment program at the Monte Verdesse concession in Italy.

**Mitigants**

- Training and development opportunities are considered for all staff
- Executive directors and senior staff have notice period of between 6 and 12 months to ensure sufficient time to handover responsibilities in the event of a departure
- Succession planning considered regularly at Board level
- The Remuneration Committee regularly evaluates compensation and incentivisation schemes to ensure they remain competitive.

**Recent changes and ongoing initiatives**

- A short-term succession plan is in place for executive directors and key staff members
- Despite a recent reduction in staff levels, all senior managers have been retained on a part-time basis.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

**Rockhopper's strategy is to explore, appraise, develop and produce its operated and non-operated assets both safely and sustainably. As an oil and gas exploration and production business our role is to produce hydrocarbons in an environmentally responsible manner.**

The key elements of this strategy include:

- Maintaining the highest standards of Health, Safety and Environmental protection
- Committing to long-term partnerships with our host governments and communities
- Operating to the highest regulatory and governance standards

The Company fully recognises that the oil and gas industry, alongside other stakeholders such as governments, regulators and consumers, must contribute to reduce the impact of carbon-related emissions on climate change, and is committed to contributing positively towards the drive to net-zero.

Rockhopper is committed to developing Sea Lion on an environmentally sensitive basis. This commitment is expected to be achieved through reduced emissions from the use of best-in-class technologies and the offsetting of emissions through investment in nature-based carbon-offsetting projects both in the Falklands and elsewhere.

An extensive Environmental Impact Statement for the Sea Lion project was completed in 2020 and is available on the Company's website.

## Health, Safety and Environmental protection

Maintaining high standards of Health, Safety and Environmental (HSE) protection is achieved through:

- Strong leadership and clearly defined responsibilities and accountabilities for HSE at all levels of the organisation;
- Selection of competent personnel to manage activities;
- Compliance with regulatory and other applicable requirements, or where regulations do not exist, application of industry standards;
- Identifying, assessing and managing HSE risks and preventing pollution;
- Developing specific HSE plans for each operational project;
- Selecting competent contractors and ensuring that they are effectively managed;
- Preparing and testing response plans to ensure that any incident can be quickly and efficiently controlled, reported and investigated to prevent recurrence;
- Continual improvement of HSE performance through monitoring, regular reporting and periodic audits; and
- Periodic management reviews to identify and implement improvements to our HSE systems.

This policy is implemented through our HSE Management System, which has been prepared to be consistent with international standards for HSE management including ISO14001 and ISO18001.

Our HSE Management System is used to guide all our activities and will not be compromised by other business priorities. Application of the HSE Management System will include preparation of detailed Environmental Impact Statements ("EISs") for all of the Group's activities. The preparation of the EIS includes consultation with interested parties and the local Government as well as public meetings to present findings and obtain feedback from the local community. For our non operated ventures one of our key roles is to seek to ensure (wherever possible) that the operator maintains high standards of HSE protection in line with our management systems.

## Long-term partnerships with host governments and communities

Rockhopper has been operating offshore the Falkland Islands since 2004. We are a long-term partner of the Falklands and our aim has always been to support the rights of the Falkland Islanders to develop their natural resources for their own economic benefit.

The Falkland Islands has a population of approximately 3,000 people and each member is considered a stakeholder in the Group's strategy. We recognise that a key element in maintaining stakeholder support is regular communication at all levels. Our primary point of contact is the Falkland Islands Government Department for Mineral Resources and since inception we have had good communication with all of the team there. Since the start of operations, we have increasingly liaised with other government departments, such as the Secretariat and the Tax Office as well as the Governor.

## Highest regulatory and governance standards

The Board fully recognises that good governance supports the execution of the Company's strategy and delivery of shareholder value. Rockhopper's Board is committed to maintaining high standards of corporate governance and to ensuring that the Company's values are promoted and its strategy clearly communicated.

The Company has put in place a number of policies and procedures which are designed to promote a healthy corporate culture and ensure that ethical and transparent behaviour is followed.

These include the:

- HSE Policy
- Code of Business Conduct and Social Responsibility
- Anti-Bribery and Corruption Policy and Procedures; and
- Share Dealing Code.

In addition, in 2018, the Board adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which is designed for small to mid-sized companies and which has been adopted by many AIM companies.

# DIRECTORS' STATEMENT UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole.

The section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationship with suppliers, customers and others,
- d) the impact of the Company's operations on the community and environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and the way in which the strategic, operational and risk management decisions have been implemented throughout the business is detailed in this Strategic Report.

## Employees

Our employees are one of the primary assets of our business and the Board recognises that our employees are the key resource which enables the delivery of the Company's vision and goals.

We ensure that:

- Health, Safety and the Environment are considered paramount throughout the organisation
- There is competitive pay and employee benefits
- There is ongoing training provided and development and career prospects are available
- There are freely available company policies and procedures
- Employees are informed of the results and important business decisions and are encouraged to feel engaged and to improve their potential
- Working conditions are favourable.

Engagement during 2020 has been paramount due to the COVID-19 pandemic. The Company has worked to ensure that employees are safe and well, both physically and mentally. The majority of staff have worked remotely during the year.

The Remuneration Committee oversees and makes recommendations on executive remuneration and any long-term share awards. The Board encourages management to improve employee engagement and to provide necessary training in order to use their skills in the relevant areas in the business.

## Suppliers, customers, JV partners and regulatory authorities

The Board acknowledges that a strong business relationship with suppliers, customers and JV partners is a vital part of growth. The Board upholds ethical business behaviour across all of the Company's activities and encourages management to seek comparable business practices from all suppliers, customers and JV partners doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered.

## Community and environment

The Company fully recognises that the oil and gas industry, alongside other stakeholders such as governments, regulators and consumers, must contribute to reduce the impact of carbon-related emissions on climate change, and is committed to contributing positively towards the drive to net-zero.

## Maintaining high standards of business conduct

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the 'QCA Code') and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. The Board has directed that ethical behaviour and business practices should be implemented across the business. Anti-corruption and anti-bribery training are compulsory for all staff and contractors and the anti-bribery statement and policy is provided on the Company's website. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone representing the Company.

The importance of making all employees feel safe in their environment is maintained and a Whistleblowing Policy is in place to enable staff to confidentially raise any concerns freely and to discuss any issues that arise. Strong financial controls are in place and are well documented. The Board regularly considers the key business risks and a risk matrix is discussed by the Board on a regular basis.

**Shareholders**

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with shareholders. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders.

The primary communication tool with our shareholders is through the Regulatory News Service, ("RNS") on regulatory matters and matters of material substance. The Company's website provides details of the business, investor presentations and details of the Board and Board Committees, changes to major shareholder information and QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of the Company's affairs. The Company's Annual Report and Notice of Annual General Meetings (AGM) are available to all shareholders. The Interim Report and other investor presentations are also available on our website.

The Board acknowledges that encouraging effective two-way communication with shareholders encourages mutual understanding and better connection with them. Investor events are also arranged with shareholders throughout the year which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings. By providing a variety of ways to communicate with investors the Company feels that it reaches out to engage with a wide range of its stakeholders. The Board is mindful that during the global COVID-19 pandemic face to face meeting with shareholders has not been possible during 2020. The Company has endeavoured to maintain communication with investors remotely and believes that engagement has been carried out efficiently during these challenging times.

**Approval of Strategic Report**

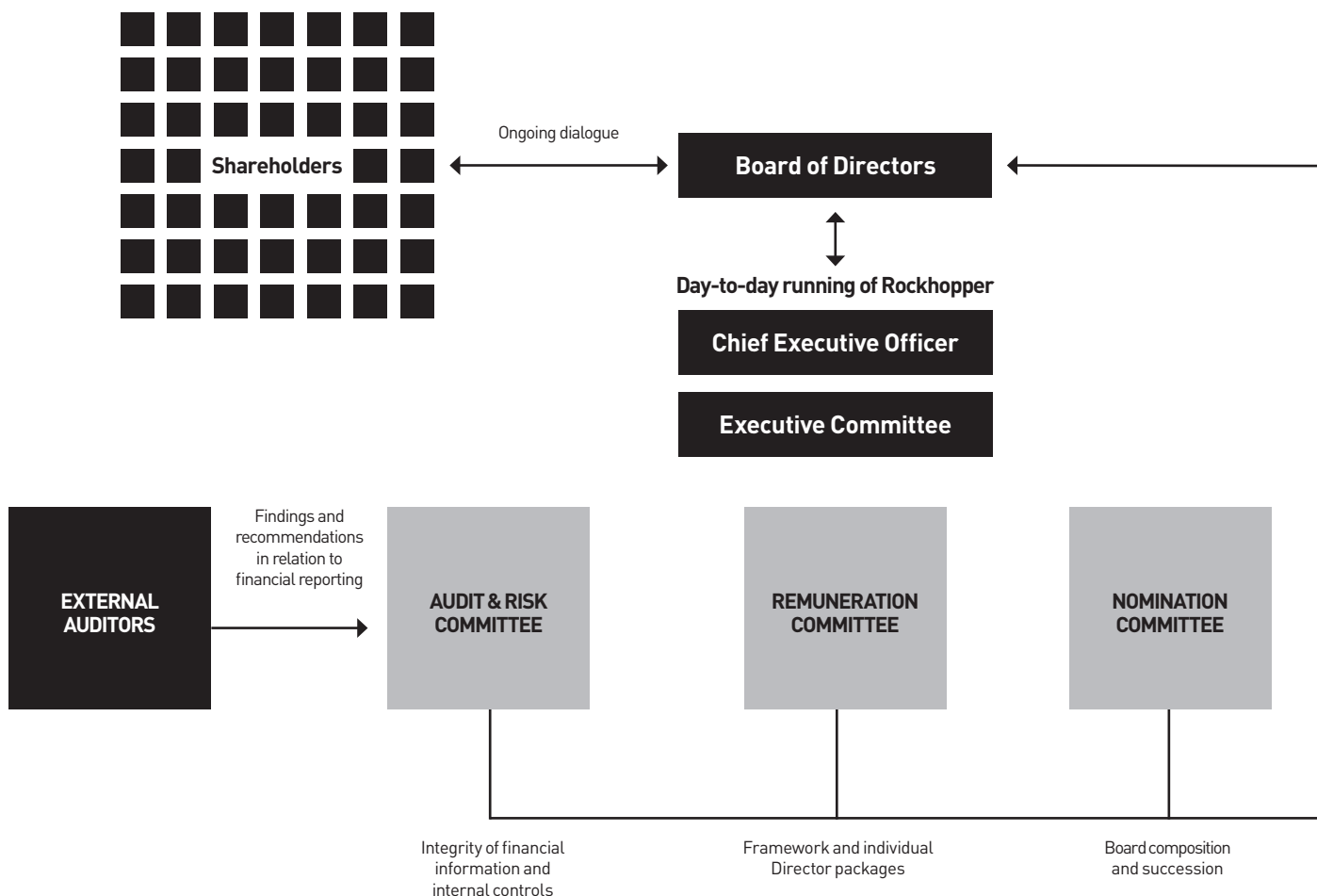
This Strategic Report was approved by the directors and signed on their behalf on 19 May 2021 by:

**Samuel Moody**

Chief Executive Officer

# ROCKHOPPER BOARD

## How your Board works

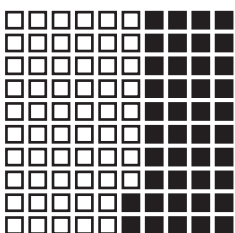


## Corporate diversity

### Company composition

– 12 employees as at 31 December 2020

#### GENDER



58% Male 42% Female

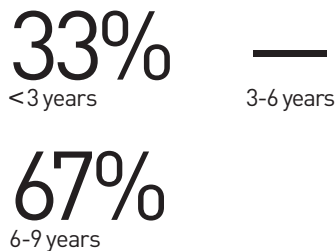
#### NATIONALITY



67% British 33% Italian

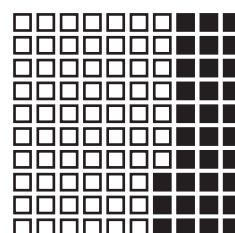
### Non-executive director composition

#### TENURE



33% <3 years  
67% 6-9 years

#### GENDER



67% Male 33% Female

## BOARD OF DIRECTORS



**Keith Lough**  
Non-Executive Chairman 62

**Skills and experience**

Keith has over 30 years experience in the natural resources sector in both senior finance and general management roles with LASMO, Petrokazakhstan, British Energy and Hutton Energy. He was also a founder shareholder and CEO of unconventional gas explorer Composite Energy Limited.

Keith was previously Chairman of Gulf Keystone Petroleum and Director of UK Gas and Electricity Markets Authority.

**Appointed to board:** January 2014

**Committee membership:**

→ Nomination (Chairman)

**External appointments:**

Chairman:  
→ Southern Water  
Director:  
→ Cairn Energy plc  
→ Hunting PLC



**Samuel Moody**  
Chief Executive Officer 51

**Skills and experience**

Sam is a co-founder of Rockhopper and has been responsible for building and managing the group from its formation in early 2004.

He previously worked in several roles within the financial sector, including positions at AXA Equity & Law Investment Management and St Paul's Investment Management.

**Appointed to board:** February 2005

**Committee membership:**

—

**External appointments:**

Director:  
→ Greenland Gas & Oil Limited



**Stewart MacDonald**  
Chief Financial Officer 40

**Skills and experience**

Stewart has almost 20 years of energy industry and investment banking experience.

Prior to joining Rockhopper, Stewart was a Director in Rothschild's global Energy and Power group and spent 12 years advising clients in the sector on a range of M&A transactions as well as debt and equity financings. He was previously non-executive director of United Oil & Gas plc.

**Appointed to board:** March 2014

**Committee membership:**

—

**External appointments:**

—





### Alison Baker

**Senior Independent Director** 50

#### Skills and experience

Alison has 25 years' experience in provision of audit, capital markets and advisory services. She previously led the UK and EMEA Oil & Gas practice at PricewaterhouseCoopers and prior to that the UK Energy, Utilities and Mining Assurance practice at Ernst & Young.

**Appointed to board:** September 2018

#### Committee membership:

- Audit & Risk (Chairman)
- Remuneration
- Nomination

#### External appointments:

- Director:
- Helios Towers plc
  - Endeavour Mining Corporation



### John Summers

**Non-Executive Director** 65

#### Skills and experience

Dr John Summers is a geologist with degrees from the University of Liverpool. He worked for British Gas/BG Group plc for 29 years holding a variety of roles from Exploration Manager, Vice President Exploration, Chief Geologist, General Manager Technology and Performance and VP New Ventures.

**Appointed to board:** February 2014

#### Committee membership:

- Audit & Risk
- Remuneration
- Nomination

#### External appointments:

—



### Jan Davies

**Company Secretary**

#### Skills and experience

- Qualified Company Secretary with law degree
- Joined Rockhopper as a consultant in 2010 and became an employee in 2011
- Over 20 years experience in the independent oil and gas sector
- Previous roles with Monument Oil and Gas, Indago Petroleum and Serica Energy.

# GOVERNANCE REPORT

## Introduction from the Chairman on the Governance Report

Rockhopper is listed on the Alternative Investment Market of the London Stock Exchange (AIM) and as such is required to apply a recognised corporate governance code. The Board has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which is designed for small to mid-sized companies and which has been adopted by many AIM companies.

The Board has considered how the Company applies the ten principles of the QCA Code and the Governance Report includes the required disclosures and explanations. Further details of the Company's corporate governance practices are provided on the Company's website under the corporate governance section of the AIM Rule 26 disclosure.

## Corporate Governance Statement

The Board recognises that good governance supports the execution of the Company's strategy and delivery of shareholder value. Rockhopper's Board, led by the Chairman, is committed to maintaining high standards of corporate governance and to ensuring that the Company's values are promoted and its strategy clearly communicated across the Group and to shareholders and stakeholders.

## Corporate culture

The Company is committed to ensuring that there is a healthy corporate culture and has put in place a number of policies and procedures which are designed to ensure that ethical and transparent behaviour is recognised and followed across the Group. These include the HSE Policy, Code of Business Conduct and Social Responsibility, Anti-Bribery and Corruption Policy and Procedures and Share Dealing Code.

## Board composition

The Board currently consists of a Non-Executive Chairman, two Executive Directors and two Non-Executive Directors including the Senior Independent Director. Tim Bushell, former Non-Executive Director, stepped down from the Board at the end of April 2020.

The Board considers that the Chairman and the Non-Executive Directors are all independent. Other than any shareholdings in the Company and the receipt of fees for acting as Directors, the Chairman and Non-Executive Directors have no financial interests in the Company or business relationships that would interfere with their independent judgement.

## Board composition during the year

Name	Role	Independent	Length of service as at 19 May 2021	Date of appointment	Date of resignation
<b>Non-Executives</b>					
Keith Lough	Chairman	Yes	7 yrs 4 mths	14 January 2014	—
Alison Baker	Senior Independent Director	Yes	2 yrs 7 mths	18 September 2018	—
John Summers	Non-Executive Director	Yes	7 yrs 3 mths	1 February 2014	—
<b>Executives</b>					
Sam Moody	Chief Executive Officer	No	16 yrs 2 mths	21 February 2005	—
Stewart MacDonald	Chief Financial Officer	No	7 yrs 2 mths	10 March 2014	—
<b>Former Director</b>					
Tim Bushell	Non-Executive Director	N/A	N/A	18 January 2016	30 April 2020

All Directors stand for re-election by shareholders at each Annual General Meeting and each Director is subject to election by shareholders at the first Annual General Meeting following their appointment. All Directors will be standing for re-election at the 2021 Annual General Meeting.

### Senior Independent Director

Alison Baker is the Senior Independent Director.

The main responsibilities of the Senior Independent Director are as follows:

- to provide a sounding board for the Chairman and to act as an intermediary for Board members;
- to act as a point of contact for shareholders who have concerns which have not been adequately addressed by the Chairman; and
- to coordinate the Chairman's appraisal.

The Group's website contains an email contact for the Senior Independent Director should shareholders have concerns which have not been adequately addressed by the Chairman or Chief Executive Officer. The email address is also disclosed at the back of these accounts.

### Role of the Board

The Board is collectively responsible for delivery of the strategy which is designed to promote the long-term success of the Company and to deliver shareholder value. The Board is responsible for monitoring progress against the agreed strategic objectives and ensuring that major business risks are actively monitored and mitigated where appropriate. There is a schedule of matters reserved for the Board to ensure that the Board exercises control over the key matters which could impact on delivery of the Company's strategy. Details are provided on the Company's website under the corporate governance section of the AIM rule 26 disclosure.

### Board skills and responsibilities

The Directors have a wide range of experience and skills across the oil and gas industry including technical, operational, commercial and financial both in the UK and internationally. The Chairman and Non-Executive Directors have held senior management/board/advisory positions in the industry and bring relevant experience from their current and previous positions.

There is a clear division of responsibilities between the Chairman and Chief Executive Officer which is set out in writing and has been approved by the Board. Details are given on the Company's website. A clearly defined organisational structure exists across the Group, with lines of responsibility and delegation of authority to executive management.

### Board meetings and processes

The Board has between six and seven scheduled meetings each year with other meetings held as required. During 2020, the majority of meetings were held by video conference call due to the COVID-19 pandemic. Informal meetings also take place between the Chairman and the Non-Executive Directors without the Executive Directors present.

At the beginning of each Board meeting, the Board receives an update from the CEO on key current activities and issues together with Operations and Finance Reports and any papers relating to specific matters requiring consideration or approval. The Board considers any changes to the principal risks facing the Group at the start of the meeting and discussions take place in this context.

The appointment letters of the Non-Executive Directors detail the expected time commitment which is around 20 days a year. Non-Executive Directors undertake on joining the Company that they are able to allocate sufficient time to discharge effectively their responsibilities and are required to keep the Board updated of any changes in respect of their other commitments.

**Board meeting attendance**

Director	Board meetings attended
Keith Lough – Chairman	6/6
Sam Moody	6/6
Stewart MacDonald	6/6
Alison Baker	6/6
John Summers	6/6
Former Director	
Tim Bushell (resigned 30 April 2020)	1/2*
<b>Total meetings during year</b>	<b>6</b>

\*Absent from one meeting due to illness

**Board performance evaluation**

An internal performance evaluation of the Board is generally undertaken each year according to the following processes:

**Board** Each Board member is requested to consider a questionnaire which is focused on strategy, risks, performance against objectives, board processes, relationships and communication and board structure and development. The key conclusions are tabled and discussed at a Board meeting and follow up action is agreed if necessary.

An external performance evaluation of the Board has been previously undertaken with specific focus on the skillset and structure of the Board. This has been used as the basis for discussions on succession planning in recent years.

**Chairman** The Senior Independent Director consults each individual Director for their view on the Chairman's performance and feeds back any issues to the Chairman/Board as appropriate.

**Audit & Risk Committee** The Chairman of the Audit & Risk Committee/Senior Independent Director and Company Secretary review the performance of the Audit & Risk Committee based on the Financial Reporting Council's guidance to listed companies on the composition, role and responsibilities of the audit committee. The key conclusions are discussed by the Audit & Risk Committee and follow up action is agreed if thought necessary.

**Board induction, training and outside advice**

There is no formal induction process in place but new Directors receive an appropriate induction according to their requirements which is coordinated by the Company Secretary. This usually includes the following:

**Board** Board papers and minutes for prior 12 months

Schedule of matters reserved for the Board

Delegated financial authorities

**Committees** Terms of reference for all Board Committees

Minutes of relevant Committee meetings for prior 12 months

**Policies** Copies of current policies and procedures including Anti-Bribery and Corruption, Code of Business Conduct, Share Dealing Code, Internal Control and Financial Procedures and Market Abuse Regulation

**Organisation** Group structure chart

**Governance** Briefing on AIM obligations from the NOMAD

**Commercial** Management summaries of key transactions

**Insurance** Details of Directors' and officers' liability cover

**Shareholders** Overview of the breakdown of the share register including details of major shareholders

New directors are also encouraged to meet with members of the senior management team to get a thorough understanding of the Group's assets and operations.

The Board supports Directors who wish to receive ongoing training and education relating to their duties.

Independent legal advice is available at the Group's expense if necessary.

### External directorships and interests

Executive Directors are permitted to engage in other activities and businesses outside the Group providing that there is no risk of conflict with their executive duties and subject to full Board disclosure.

Non-Executive Directors are required to advise the Chairman as soon as practicable of any proposed Board appointments which could give rise to a conflict with their position as a Director of the Company. Details are circulated to other Board members who are invited to advise the Chairman or Company Secretary if they have any concerns about the proposed appointment.

### Conflicts of interest

The Board has in place a procedure for dealing with the consideration and authorisation of any actual or potential conflicts of interest. All Directors are aware of the requirement to advise the Chairman and Company Secretary of any situations which could give rise to a conflict or potential conflict of interest. If requested by the Chairman, a Director will absent themselves from any Board discussions and decisions on matters where there is an actual or perceived conflict of interest.

### Company Secretary

The Board has a qualified Company Secretary and all Directors have access to her for advice and services. The Company Secretary is responsible for ensuring that there is a good information flow within the Board and committees and between the Executive and Non-Executive Directors. The Company Secretary advises the Board on corporate governance matters and provides support as required to ensure that members of the Board and committees can discharge their duties properly and effectively.

### Political and charitable donations

The Group made no charitable or political donations during the year (2019: £nil).

### Communication with shareholders

The Company engages with shareholders in a variety of ways:

**Meetings** Executive Directors meet regularly with major shareholders and the investment community which allows exposure to new investors. This process includes presentations, one-to-one meetings, analyst briefings and press interviews. The Chief Executive Officer regularly briefs the Board on these contacts and relays the views expressed. Copies of analyst research reports, press reports and industry articles are circulated to all Directors and ensures that the Board is aware of the views of its major shareholders

### Website

The Company's website is updated regularly with external presentations and corporate updates which ensures that existing and potential investors have access to up to date and relevant information

### Annual Report

The Company's annual report gives a detailed overview of the Company's strategy, operations, financial position, risk profile and remuneration structure and is available in hard copy and on the website. This ensures that existing and potential investors are provided with the information that they need to make an assessment of the Company's performance and prospects

### AGM

The AGM is attended by all Directors. The Chairman gives an overview of the Company's performance in the period since the previous AGM and the Chief Executive Officer gives a detailed operational and financial update. The AGM is mainly attended by retail investors and gives them the opportunity to address questions to the Board. During 2020, it was not possible to hold a physical meeting due to Government restrictions in relation to the COVID-19 pandemic.

### Keith Lough

Non-Executive Chairman

19 May 2021

# AUDIT & RISK COMMITTEE CHAIRMAN'S REPORT

## Introduction by the Audit & Risk Committee Chairman, Alison Baker

I am pleased to present the report of the Audit & Risk Committee for the year ended 31 December 2020. The report includes details of the committee's activities during the financial year and since the year end.

## Committee composition

The members of the Audit & Risk Committee are Alison Baker as Chairman and John Summers. Tim Bushell was a member of the committee until he stepped down from the Board at the end of April 2020. The Board considers both members of the Committee to be independent and is satisfied that at least one member of the Audit & Risk Committee, Alison Baker, has recent and relevant financial experience.

The Company Secretary acts as secretary of the committee.

## Meetings

The Audit & Risk Committee met four times during the year and informal discussions were also held both with and without management present. The external auditors had discussions with the Chairman of the committee during the course of the year. The external auditors also met the committee members without management present.

Only members of the committee have the right to attend the meetings of the committee but the committee can invite the Chairman of the Board, Executive Directors, members of senior management and representatives of the external auditors to attend its meetings.

Following each meeting, the Chairman of the committee reports formally to the Board on the main matters discussed by the committee.

Details of the meetings attended during the financial year were as follows:

Director	Audit & Risk Committee meetings attended
Alison Baker – Chairman	4/4
John Summers	4/4
Keith Lough	4 <sup>†</sup>
Stewart MacDonald	4 <sup>†</sup>
Sam Moody	4 <sup>†</sup>
Former Director	
Tim Bushell (resigned 30 April 2020)	1/2 <sup>*</sup>
<b>Total meetings during year</b>	<b>4</b>

<sup>†</sup> Invitee

<sup>\*</sup> Absent from one meeting due to illness.

## Role

The core terms of reference of the Audit & Risk Committee include reviewing and reporting to the board on matters relating to:

- the audit plans of the external auditors;
- the Group's overall framework for financial reporting and internal controls;
- the Group's overall framework for risk management;
- the accounting policies and practices of the Group; and
- the annual and periodic financial reporting carried out by the Group.

The committee is responsible for notifying the Board of any significant concerns that the external auditors may have arising from their audit work, any matters which may materially affect or impair the independence of the external auditors, any significant deficiencies or material weaknesses in the design or operation of the Group's internal controls and any serious issues of non-compliance. No such concerns were identified during the financial period.

During 2020, the Audit & Risk Committee's terms of reference were updated with reference to the guidance and model terms of reference issued by the Chartered Governance Institute UK & Ireland and to reflect current practice. The Audit & Risk Committee's terms of reference are available on the Company's website and on request from the Company Secretary.

## Key matters considered by the committee

During the year, the issues considered by the committee included:

- Group financial disclosures and accounting matters including impairment and going concern;
- audit plan of the external auditors for the 2020 financial year;
- reports of the external auditors concerning its audit and review of the financial statements of the Group and the status of follow-up actions with management;
- external auditors' fees;
- process and outcomes of the committee performance review;
- process for the review by the committee and the Board of the Group's systems of internal controls and risk management;
- effectiveness of the systems and processes that management has developed pertaining to risk identification, classification and mitigation;
- committee's terms of reference;
- policy on non-audit services/auditor independence and objectivity;
- emerging accounting issues; and
- whistleblowing procedures and shareholder concerns.

### Going concern

As part of the year end reporting process, management prepares a detailed report including detailed cashflow forecasts with a number of potential scenarios and sensitivity assumptions. The committee reviews and challenges management's assumptions and conclusions in order that it can provide comfort to the Board that management's assessment has been challenged and is supported and that it is appropriate to prepare the financial statements on a going concern basis although material uncertainties exist. Further details of the going concern assessment process are contained in Note 1.5 of the Group financial statements.

### External auditors

The committee recommends to the Board the appointment of the external auditors, subject to the approval of the Company's shareholders at a general meeting. Shareholders in a general meeting authorise the Directors to fix the remuneration of the external auditors.

The committee is responsible for the approval of the provision of all audit services and permitted non-audit services undertaken by the external auditors. During 2020, the committee approved a revised policy on auditor independence and objectivity in the light of the Ethical Standard issued in December 2019 by the Financial Reporting Council (FRC). This includes a list of permitted and prohibited non-audit services which can be provided by the external auditors. A copy is available on the Company's website.

The Committee actively considers the effectiveness and quality of the external auditors. This included consideration of the FRC external report on PwC published on 1 July 2019.

### Audit & Risk Committee performance

The Chairman of the committee and Company Secretary undertake an annual review of the committee's performance and effectiveness with reference to the Financial Reporting Council's guidance to listed companies on the composition, role and responsibilities of the audit committee. The key conclusions are discussed by the committee and follow up action is agreed if necessary.

A number of actions had been agreed and actioned as a result of the prior year performance review including:

- updating the terms of reference of the Audit & Risk Committee;
- scheduling an additional committee meeting prior to the commencement of the annual audit to consider emerging accounting and corporate governance issues and the annual review on risks and internal controls;
- producing an updated policy on the objectivity and independence of the external auditors; and
- agreeing a revised process for the review of principal risks and internal controls.

The committee agreed a number of actions in respect of the committee performance review undertaken in 2020;

- undertaking a high level review of the external auditors' performance;
- expanding the scope of the internal controls review; and
- offering training to committee members where appropriate with the Chairman of the committee providing input on the areas of FRC focus.

### Whistleblowing and anti-bribery

The Company has in place a whistleblowing policy and procedure which encourages staff to raise in confidence any concerns about business practices.

The Company is committed to conducting all of its business dealings in a responsible, honest and ethical manner. All employees, directors and consultants are required to have regard to the Company's Code of Business Conduct and Corporate Social Responsibility in their day to day business behaviour. The Company also has in place an Anti-Bribery and Corruption Policy and related procedures which are kept under review and communicated to staff who have joined since the initial training session.

### Alison Baker

Audit & Risk Committee Chairman

19 May 2021

# NOMINATION COMMITTEE CHAIRMAN'S REPORT

## Introduction by the Nomination Committee Chairman, Keith Lough

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2020 which includes details of the committee's activities during the financial year.

## Committee composition

The Committee is chaired by the Chairman of the Board with both Non-Executive Directors as its members. Tim Bushell was a member of the committee until he stepped down from the Board at the end of April 2020. The Board considers the Chairman and both Non-Executive Directors to be independent.

The Company Secretary acts as secretary of the committee.

## Meetings

The committee met once during the year. Only members of the committee have the right to attend the meetings of the committee but the committee can request the attendance of the Chief Executive Officer.

Details of the meetings attended during the financial year were as follows:

Director	Nomination Committee meetings attended
Keith Lough – Chairman	1/1
Alison Baker	1/1
John Summers	1/1
Former Director	
Tim Bushell (resigned 30 April 2020)	0/1*
<b>Total meetings during year</b>	<b>1</b>

\* Absent from one meeting due to illness.

## Role

The role of the committee is to consider Board member succession, review the structure and composition of the Board and its Committees and identify and make recommendations for any changes to the Board. Any decisions relating to the appointment of Directors are made by the entire Board based on the merits of the candidates and the relevance of their background and experience, measured against objective criteria, with care taken to ensure that appointees have enough time to devote to the job.

## Key matters considered by the committee

The issues considered by the committee during the financial year included:

- Resignation of Tim Bushell
- Extension of the tenure of John Summers; and
- Timing of review of Board composition and succession planning.

## Succession planning

The Company is committed to appointing, retaining and developing an experienced team which can effectively manage the Company's objectives and deliver its strategy. When considering succession planning, the Nomination Committee will evaluate the balance of skills and experience on the Board and make recommendations to the Board on the basis of what it considers that the Company needs in order to support delivery of the agreed strategic objectives.

The committee also recognises the need for progressive refreshing of the Board and the benefits of diversity and the committee has regard to these when considering succession planning. The committee has agreed that discussions on Board composition and succession planning will take place in the context of discussions on forward strategy. When considering new Board appointments, the committee is committed to recruiting on merit measured against objective criteria.

There is an emergency succession plan in place to cover any unexpected unavailability or departure of the Executive Directors or members of senior management. The management of human resources across the Group is a matter for executive management but the Non-Executive Directors are advised in advance of recruitment plans in respect of senior appointments.

## Keith Lough

Nomination Committee Chairman

19 May 2021



# REMUNERATION REPORT

## Introduction by the Remuneration Committee Chairman, John Summers.

I replaced Tim Bushell as Chairman of the Remuneration Committee after he stepped down from the Board at the end of April 2020. On behalf of the Board, I am pleased to present the Directors' Remuneration Report ('Report') for the year ended 31 December 2020. The Report has been prepared largely in compliance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Group Regulations 2013 except where deemed inappropriate given the size and structure of the Company.

The Report is divided into two sections:

- The Policy report which sets out the current Remuneration Policy
- The Annual Report on Remuneration which sets out details of the operation of the Remuneration Committee and details of the Directors' remuneration packages for the year ended 31 December 2020. It also sets out details of the implementation of the Remuneration Policy for Executive and Non-Executive Directors for the year ending 31 December 2021.

During 2020, the Committee initiated a comprehensive review of the Group remuneration policy in response to the impact of external events. The aims of the review were to reduce ongoing G&A costs and rebalance the remuneration packages of the Executive Directors from cash to equity whilst seeking to ensure the retention of key staff, skills and knowledge within the business. As a result of this review, the Committee agreed a permanent reduction of 20% to Executive Directors' salaries with effect from 1 June 2020. In addition, a reduction in employee headcount was implemented and senior staff roles transitioned from full-time to part-time. The Committee agreed that the existing Long Term Incentive Plan should be discontinued for a five year period and that the Share Incentive Plan should be permanently discontinued. As part of the remuneration review, the Committee approved the implementation of a one-off equity option package in the form of a new share option plan which recognised the need to retain the necessary skill sets to support progression of the Company's asset base whilst also recognising the foregoing of future LTIP awards. The Committee sought external advice on the remuneration review and also consulted with major shareholders whose views were taken into account in finalising the revised Remuneration Policy. The Committee considers that the revised Remuneration Policy, which is weighted more heavily towards equity, ensures greater alignment with shareholders and will help preserve the Company's cash resources.

The Committee is satisfied that the outcomes, in respect of the incentives and remuneration during the financial year under review, are appropriate. The Committee will continue to ensure that the Company's Remuneration Policy and practices are kept under review to ensure that they remain appropriate for the Company and that they do not encourage any unnecessary risk taking by the executive team.

On behalf of the Board I would like to thank shareholders for their continuing support.

Yours sincerely

## John Summers

Chairman of the Remuneration Committee

19 May 2021

# REMUNERATION POLICY

## Performance measurement

This part of the Report sets out the remuneration policy for the Company. The policy for the Executive Directors is determined by the Committee and the Committee approves any adjustments to salary and bonus awards. The Committee also sets the parameters for the remuneration packages of senior and support staff including the Company Secretary. Authority is delegated to the Chief Executive Officer to implement salary adjustments and make bonus awards for staff within the agreed parameters. The proposals of the Chief Executive Officer in this regard are reviewed by the Chairman of the Committee to ensure that they are in line with the parameters set down by the Committee. The Committee decides on awards to Executive Directors and senior employees under the Company's Share Option Plan.

The aim of the Committee is to ensure that the remuneration packages are sufficiently competitive to attract, retain and motivate individuals of the quality required to achieve the objectives of the group and thereby enhance shareholder value. The Committee also aims to ensure that all employees receive rewards that fairly reflect their seniority, level of work and contribution to the Company.

## Executive Director Policy

The summary of the remuneration policy for the Executive Directors is set out below. Full details of the remuneration packages are given in the Report on Remuneration on page 37.

### SALARY

<b>Purpose and link to strategy</b>	→ To provide an appropriate salary level to support retention and recruitment of Executive Directors and ensure that Executive Directors are appropriately rewarded in relation to their role and responsibilities
<b>Operation</b>	→ Base salaries are reviewed annually on 1 January with regard to average industry increases, each Executive Director's role and responsibilities and salary adjustments across the Company
<b>Opportunity</b>	→ Salary increases will be awarded taking into account the outcome of the review and relative salary differentials across the executive team → Salary increases will usually be in line with increases awarded to other employees but the Committee may make additional adjustments where there has been a change in role or responsibilities or to reflect a gap in market positioning
<b>Performance metrics</b>	→ Not applicable for base salaries

### BENEFITS

<b>Purpose and link to strategy</b>	→ To provide a competitive and comprehensive range of benefits to assist in the attracting and retaining the calibre of Executive Directors required for delivery of corporate and strategic objectives
<b>Operation</b>	→ The benefits package for Executive Directors includes private medical insurance, critical illness, income protection and life assurance cover. Benefits are administered internally and a review of providers and prices is conducted every two years to ensure that the level of rates and cover remains competitive
<b>Opportunity</b>	→ The benefits package is set at a level that the Committee considers is appropriate for the Company's size → The value of benefits will vary each year according to the cost of provision
<b>Performance metrics</b>	→ Not applicable for benefits package

### PENSION

<b>Purpose and link to strategy</b>	→ To provide an appropriate level of pension contribution for Executive Directors whilst minimising the administrative burden for the Company
<b>Operation</b>	→ Contributions are made to a private or the Group personal pension plan. Since August 2020, pension contributions have been paid by way of a pension cash allowance which is subject to deductions for tax and national insurance
<b>Opportunity</b>	→ An annual contribution equal to 15% of salary
<b>Performance metrics</b>	→ Not applicable for pension contributions

**ANNUAL BONUS**

<b>Purpose and link to strategy</b>	→ To reward the achievement of corporate targets
<b>Operation</b>	<ul style="list-style-type: none"> <li>→ Objectives are set as early as possible in the financial year</li> <li>→ The bonuses are paid in cash after the end of the financial year to which they relate</li> <li>→ Exceptional bonus payments may be in the form of shares and/or cash at the Committee's discretion</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>→ The annual bonus award is determined as a percentage of base salary based on performance against pre-agreed objectives. When deciding on the level of bonus awards, the Committee will have regard to the extent to which achievement of the objectives has contributed to progress against the Company's strategic drivers</li> <li>→ The bonus is non-contractual and is discretionary. Bonus payments will only exceed 50% of base salary in circumstances of exceptional strategic progress</li> <li>→ A one-off bonus of between 100% and 200% of base salary will be payable at the point of project sanction on the Sea Lion Development with the exact quantum at the Committee's discretion</li> </ul>
<b>Performance metrics</b>	<ul style="list-style-type: none"> <li>→ The targets for the Executive Directors comprise the corporate, strategic and financial objectives agreed by the Board. Individual objectives are also set for each Executive Director</li> <li>→ The Committee uses its judgement to decide the extent to which the objectives have been achieved and will have regard to overall Company performance when agreeing the bonus payments</li> <li>→ The Committee considers whether operations have been completed to acceptable HSE standards and considers whether there were any HSE incidents when considering the level of bonus payments</li> </ul>

**SHARE OPTION PLAN (OPTION PLAN)**

<b>Purpose and link to strategy</b>	→ To support alignment with shareholders through the link to the creation of shareholder value
<b>Operation</b>	<ul style="list-style-type: none"> <li>→ The Option Plan was introduced in 2020 and is designed to cover a five year period.</li> <li>→ The Committee made one off awards of options during 2020 as follows: <ul style="list-style-type: none"> <li>→ An award of options to compensate for the reduction in base remuneration ("1p options"). The 1p options will vest after one year of continuous employment</li> <li>→ An award of options at an exercise price based on the prevailing market price of the Company's shares as at the date of grant ("market price options"). The market price options will vest in equal tranches after three, four and five years' continuous employment subject to leaver provisions</li> </ul> </li> <li>→ The Company has an employee benefit trust which can purchase shares in the market and/or subscribe for shares to satisfy the exercise/vesting of options and awards under the Company's Long Term Incentive Plan which has been discontinued for a period of five years but has unvested awards outstanding</li> </ul>
<b>Opportunity</b>	→ Options granted in 2020 represent a one off award to cover a five year period. The Remuneration Committee has discretion to settle any exercises in cash.
<b>Performance metrics</b>	→ None

### Further details on the policy

#### Performance measurement

**Annual bonus** – the annual bonus is based on a range of corporate and individual objectives that the Board have agreed are key to progressing and delivering the Company's strategy. These can be operational, strategic and financial. Performance targets are designed to be stretching but achievable having regard to the Company's strategic priorities and external factors such as the activities of joint venture partners and the economic environment.

**Option Plan** – the Option Plan ensures alignment with shareholders being focused on share price growth over the medium to long term. Vesting of equity awards is phased with options vesting in equal tranches in years 3, 4 and 5 after the date of grant.

#### Remuneration policy for other employees and consultation

The Company's policy for all employees is to provide remuneration packages that reward them fairly for their contribution and role within the Company.

All employees are entitled to receive the full range of Company benefits but with different qualifying periods and levels of cover depending on seniority. All employees are eligible to receive an annual bonus. The maximum level of bonus is currently 50% of salary although in exceptional circumstances a higher bonus award may be made.

Senior employees have been granted options under the Option Plan on the same terms as the Executive Directors but proportionate to their employment contracts and their ability to contribute to achievement of the Company's strategic objectives. This ensures that an element of remuneration is deliverable through a scheme that aligns participants with shareholders.

The Company does not consult with employees on the effectiveness and appropriateness of the policy but, in considering individual salary increases, the Committee does have regard to salary increases across the Company.

During 2020, the Company reduced the headcount of UK based staff by one third (from 12 to 8) and in addition all senior managers were moved from full-time to part-time contracts.

#### Recruitment

In the case of recruiting a new Executive Director, the Committee can use all the existing components of remuneration as set out in the policy table.

The salary of a new appointee will be determined by reference to the experience and skills of the individual, market data, internal relativities and the candidate's current remuneration. New appointees may be entitled to receive the full range of Company benefits on joining and, if the Committee considers it appropriate, a relocation allowance and an annual contribution of up to 15% of base salary to the Group personal pension plan with any amount over the maximum Annual Allowance payable as a pension cash allowance.

In relation to any elements of variable pay, the Committee will take the following approach:

Component	Approach	Maximum annual opportunity
<b>Annual Bonus</b>	→ The annual bonus would operate as outlined in the Policy for existing Executive Directors. The relevant maximum will be pro-rated to reflect the period of employment over the year. Consideration will be given to the appropriate performance targets at the time of joining	50% of base salary in respect of the current financial year except in circumstances of exceptional strategic progress
<b>Option Plan</b>	→ The Option Plan would operate as outlined in the policy for existing Directors. An award of options may be granted on joining subject to the Company being in an open dealing period.	Committee discretion

In the case of an external hire, the Committee may deem it appropriate to 'buy-out' incentive or benefit arrangements which the new appointee would have to forfeit on leaving their previous employer. The Committee would consider the potential value of the arrangement being forfeited and wherever possible would use the existing components of the Company's remuneration structure to compensate the incoming director. The value of any buy-out arrangements would be capped at no higher, on recruitment, than the awards or benefits which the individual forfeited on leaving their previous employer. In the case of an internal hire, the new appointee may retain awards made to him/her under arrangements entered into prior to appointment to the Board even if such awards are not within the Directors' remuneration policy as outlined in the policy table.

### Service contracts, exit payments and change of control provisions

The Executive Directors have rolling term service agreements with the Company. Details of the Directors' service contracts and appointment dates are as follows:

Executive Directors	Appointment date	Original contract	Revised contract
SJ Moody	21 February 2005	8 August 2005	8 March 2011 5 October 2020
S MacDonald	10 March 2014	27 March 2014	19 October 2020

The Directors' service contracts are available to view at the Company's registered office and prior to each Annual General Meeting at the venue for the meeting.

The notice period for the Executive Directors is 12 months' notice in writing by either party. The Company has the right to make a payment in lieu of notice of 12 months' salary plus the fair value of any benefits. There is no entitlement to payment for any accrued holiday where a payment in lieu of notice is made. The Committee will consider termination payments on a case-by-case basis. It will consider the terms of the Director's contract and the circumstances of the termination and might consider making an ex gratia payment where the circumstances and/or a Director's contribution to the Company justifies this. If an ex gratia payment is to be made, the Committee will ensure that it is satisfied that it is in the best interests of the Company to make such a payment and that there is no "reward for failure".

The Committee also has discretion to settle any other amounts which it considers are reasonably due to the Director such as where the parties agree to enter into a settlement agreement and the individual is required to seek independent legal advice. The Committee can approve new contractual arrangements with a departing Director covering matters such as confidentiality or restrictive covenants and/or consultancy arrangements where it believes this is in the best interests of the Company.

### Treatment of incentives for leavers

#### a) Annual bonus and Option Plan

In relation to annual bonuses, a bonus payment will not usually be made if the Director is under notice at the bonus payment date or has already left. In the event of a change of control, the Committee retains the right to declare a bonus in respect of the part of the year worked prior to the change of control becoming effective.

In relation to awards granted under the Option Plan, 1p options will be retained regardless of leaver status but cannot be exercised prior to the vesting date. For market price options, all unvested and vested but unexercised options will lapse for those with 'bad leaver' status (defined as anyone dismissed for gross misconduct or who resigns unless the Committee determines that a resigning employee should be treated as a good leaver). In 'good leaver' circumstances (defined as all other circumstances except where an employee has bad leaver status), all options will be retained and will vest and become exercisable on the normal vesting dates. In the case of both 1p and market price options, all options will vest automatically on a change of control.

#### b) Closed share incentive schemes

In relation to awards granted under the LTIP, unvested awards will generally lapse on the date of cessation of employment except in certain 'good leaver' circumstances which are generally defined as retirement, ill-health, disability, death, redundancy, transfer or sale of the employing company or any other circumstances at the discretion of the Committee. In these circumstances, any unvested award will usually continue and vest on the normal vesting date. The Committee will decide the extent to which the unvested award will vest taking into account (i) the period of time that has elapsed since the start of the performance period and (ii) the extent to which any performance target is satisfied at the date the director ceases to be employed by the Company. Final treatment is subject to the Committee's discretion.

In relation to share appreciation rights (SARs) granted under the Company's Employee Share Option Scheme, SARs will lapse on the date of cessation of employment except in certain 'good leaver' circumstances which are generally defined as retirement, ill-health, disability, death, redundancy, transfer or sale of the employing company or any other circumstances at the discretion of the Committee. In the case of death, SARs shall be exercisable immediately for a period of one year from the date of death. In other good leaver circumstances, SARs will be exercisable for a period of six months from the date of cessation. Where the Committee exercises its discretion to allow a leaver to be a good leaver, the Committee may also determine both the proportion of the SAR award that may be exercised and the period during which the SARs can be exercised.

In the event of termination of employment or a change of control, shares still held under the Share Incentive plan (SIP) will be dealt with in accordance with the SIP rules. The Committee does not have any discretion in relation to the operation of the SIP.

### Non-Executive Director Policy

The Company's Articles of Association provide that the Board can determine the level of fees to be paid to the Non-Executive Directors within limits set by the shareholders. This is currently set at an aggregate of £500,000 per annum. The policy for the Chairman and Non-Executive Directors is as follows:

#### Fees

**Purpose and link to strategy** → To provide a competitive level of fee which will attract and retain high calibre Directors with the range of skills and experience required to support the Executive Directors and assist the Company in delivering its objectives

**Operation**

- The fees for the Chairman and Non-Executive Directors are determined by the Board as a whole with Directors absenting from discussions regarding their own remuneration
- The Board has regard to level of fees paid to the Non-Executive Directors of other similar sized companies and the time commitment and responsibilities of the role
- Neither the Chairman nor the Non-Executive Directors participate in any of the Company's share schemes

**Opportunity**

- The current annual fees are:
  - Chairman: £100,000
  - Non-Executive Director basic fee: £40,000
  - Committee Chairmanship: £10,000
  - Senior Independent Director: £2,500
- The fee levels will be reviewed on a periodic basis with reference to the time commitment of the role and fee levels in comparative companies
- No benefits or other remuneration are provided

**Performance metrics** → Not applicable to Non-Executive Directors

#### Recruitment

The Committee will follow the Non-Executive Director remuneration policy as set out above in relation to the appointment of a new Non-Executive Director.

#### Terms of appointment

The Non-Executive Directors do not have service contracts but are appointed for terms of three years. The appointment can be terminated at any time by either party giving one month's notice to the other. Details of appointments are set out below:

Director	Appointment date	Original appointment letter	Revised appointment letter
Keith Lough	14 January 2014	14 January 2014	1 February 2017 15 May 2019
John Summers	1 February 2014	3 February 2014	1 February 2020
Alison Baker	18 September 2018	18 September 2018	15 May 2019

Directors are subject to annual re-election by shareholders at each Annual General Meeting and each Director is subject to election by shareholders at the first Annual General Meeting following their appointment. The Directors' letters of appointment are available to view at the Company's registered office and prior to each Annual General Meeting at the venue for the meeting.

## Report on Remuneration

### Remuneration Committee membership and meetings

As at 31 December 2020, the Committee comprised the Committee Chairman and Alison Baker, an independent Non-Executive Director. The Committee met four times during the financial period.

Details of the meetings attended during the financial year were as follows:

Committee member	Meeting attendance as Committee member
John Summers – Chairman	4/4
Alison Baker	4/4
Keith Lough	2 <sup>†</sup>
Former Director	
Tim Bushell (resigned 30 April 2020)	0/1*
<b>Total meetings during year</b>	<b>4</b>

<sup>†</sup> Invitee

\*Absent due to illness. Meeting chaired by Keith Lough

During the financial year, the Committee's main areas of activity included:

- Confirming the staff salary adjustments for 2020 and bonus awards for the year ended 31 December 2019
- Approving the Directors' Remuneration Report for the year ended 31 December 2019
- Approving the restructuring of the Executive Directors' remuneration packages
- Approving the introduction of the new Option Plan and granting option awards
- Confirming the vesting of the 2017 LTIP awards, confirming the criteria for assessing changes to the peer group and agreeing a process for assessing relative share price performance at the end of an LTIP performance period
- Approving the operation of the SIP until its discontinuation

The Company Secretary acted as secretary to the Committee and provided advice in relation to the operation and implementation of incentive schemes and remuneration packages. The Chairman of the Board attended Committee meetings by invitation.

No individual is involved in determining his or her own remuneration.

### External advice

The Company Secretary was the principal source of advice on employment matters, remuneration policy and practice and share scheme administration for the Committee. However, from time to time, the Committee obtains external legal advice from Osborne Clarke in relation to employment matters and the operation of the share schemes.

During the financial period, the Committee commissioned Aon to provide independent advice on the restructuring of the Executive Directors' remuneration packages and the proposed new equity incentive arrangements. Aon advised the Committee that the proposed arrangements ensured an appropriate balance between cash and equity and were fair to all stakeholders. Osborne Clarke assisted with the drafting of the documentation for the new Option Plan.

The Committee considers that the advice it received during the financial period was objective and independent.

### Total remuneration

The table below reports a single figure for total remuneration for each Executive Director:

	Salary £'000		Taxable benefits £'000		Annual bonus £'000		Long-term Incentives £'000		Pension/pension cash allowance £'000		SIP awards £'000		Total £'000	
	Year ended 31 Dec 2020 <sup>(i)</sup>	Year ended 31 Dec 2019	Year ended 31 Dec 2020	Year ended 31 Dec 2019	Year ended 31 Dec 2020 <sup>(iii)</sup>	Year ended 31 Dec 2019 <sup>(iii)</sup>	Year ended 31 Dec 2020 <sup>(iv)</sup>	Year ended 31 Dec 2019	Year ended 31 Dec 2020	Year ended 31 Dec 2020	Year ended 31 Dec 2019	Year ended 31 Dec 2020	Year ended 31 Dec 2020	Year ended 31 Dec 2019
S J Moody	341.0	380.4	7.2	11.4	0	76.0	77.6	—	51.1	57.1	4.5	6.6	481.4	531.5
S MacDonald	280.0	312.0	5.6	9.8	0	62.7	73.5	—	42.0	46.8	4.5	6.6	405.6	437.9

(i) Annual salaries were reduced by 20% effective 1 June 2020

(ii) A bonus payment of £46,320 (S J Moody) and £38,040 (S MacDonald) will become payable in respect of 2020 bonus target achievements, to be triggered by the completion of the Navitas farm out.

(iii) Represents amounts paid in January 2020 in respect of the 2019 financial year. Further bonus payments in respect of the 2019 financial year of £38,000 (S J Moody) and £31,333 (S MacDonald) will become payable upon execution of the Sea Lion farm out agreement and related documentation with Navitas Petroleum and Premier Oil. This remains outstanding

(iv) Represents value of LTIPs which vested during the financial year based on mid market price on 16th June 2020 (date of vesting). The options had not been exercised as at the date of this report.

The table below reports a single figure for total remuneration for each Non-Executive Director:

	Base fee £'000		Additional fees £'000		Total £'000	
	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
	K G Lough	100.0	78.2	—	4.6	100.0
A C Baker	40.0	40.0	12.5	8.1	52.5	48.1
A J Summers (appointed as Remuneration Committee Chair wef 1 May 2020)	40.0	40.0	6.7	—	46.7	40.0
T P Bushell (resigned 30 April 2020)	13.3	40.0	3.3	10.0	16.7	50.0

No fees were paid to Non-Executive Directors for membership of a committee or for attending committee meetings. Additional fees were payable of £2,500 (2019: £2,500) for acting as Senior Independent Director and £10,000 for acting as Chairman of the Audit and Risk Committee and Remuneration Committee. The Chairman of the Company does not receive any additional fees for chairing the Nomination Committee.

During 2020, the Non-Executive Directors elected to invest 20% of their net annual fees after tax in shares in the Company.

### Additional information in respect of single figure table of remuneration for the year ended 31 December 2020

#### Annual bonus

In respect of the financial period, the Committee agreed that the Executive Director annual bonus opportunity would be up to 50 per cent of base salary. The objectives that had been agreed at the beginning of the 2020 financial year were amended during the year in response to external events and were set as follows:

- **Completion of the Navitas farm in**
- **Implementation of agreed cost reduction initiatives**
- **Liaising with Premier to ensure that Sea Lion meets net zero targets**
- **Progressing discussions on fiscal matters with FIG to facilitate completion of the Navitas farm out**

The Committee agreed the following outcomes in respect of the executive directors' performance in 2020 in relation to the corporate and individual objectives:

- i. Navitas farm in: heads of terms had been signed with Navitas to farm in for a 30% interest in the Sea Lion project and the legal documentation had been finalised. It had not been possible to complete the transaction due to the merger between Premier and Chrysaor.  
Outcome: not achieved.
- ii. G&A cost reductions: During the year approximately \$2.0 million of recurring annual costs were removed from the business.  
Outcome: fully achieved.
- iii. Net zero for Sea Lion: material work had been undertaken by Premier as operator who had publicly committed to Sea Lion being developed on a net zero basis. As a result of the merger between Premier and Chrysaor the work had not been completed. Outcome: partially achieved.
- iv. CGT: agreement on a number of fiscal issues had been reached with FIG. Outcome: partially achieved.

The Committee recognised that the work undertaken by the Executive Directors during 2020 had ensured that the Company's position had been preserved but that it had not been possible to achieve all the 2020 strategic objectives due to events that had been outside management's control. The Committee agreed that, notwithstanding the progress that had been made during the year, it would not be appropriate to award cash bonuses to the Executive Directors in January 2021 given the need to preserve the Company's cash resources. The Committee had therefore agreed that a bonus payment of £46,320 (SJ Moody) and £38,040 (S MacDonald) would become payable in respect of the 2020 financial year upon completion of the Navitas farm in.

#### Awards of options during the financial year

The table below summarises the options granted to Executive Directors during the financial year in accordance with the policy.

Director	Date of grant	Number of options	Exercise price	Vesting date
SJ Moody	19 May 2020	1,691,048	£0.01	19 May 2021
	19 May 2020	3,166,666	£0.0625	19 May 2023
	19 May 2020	3,166,667	£0.0625	19 May 2024
	19 May 2020	3,166,667	£0.0625	19 May 2025
S MacDonald	19 May 2020	1,388,762	£0.01	19 May 2021
	19 May 2020	2,833,333	£0.0625	19 May 2023
	19 May 2020	2,833,333	£0.0625	19 May 2024
	19 May 2020	2,833,334	£0.0625	19 May 2025



### Long Term Incentive Plan (LTIP)

The Committee had exercised its discretion under the LTIP rules to amend the peer group for the LTIP awards which had been granted on 16th June 2017 (2017 LTIPs). Corporate actions had occurred in respect of Faroe Petroleum, Ophir Energy and Amerisur Resources and, in line with previously exercised discretion, the Committee agreed that any takeover premium for these companies should be removed for the purpose of calculating the relative TSR over the performance period with performance then extrapolated to the full performance period by using the performance of the AIM e&p index for the remainder of the performance period.

### Implementation of Executive Director remuneration policy for 2021

#### Base salaries

As part of the annual remuneration review, the Committee considered general economic conditions in the UK. The Executive Directors' base salaries were increased by 0.6% with effect from 1 January 2021 in line with the increase in RPI over the previous 12 months.

#### Annual bonus

For 2021, the Executive Director annual bonus will be determined as a percentage of base salary based on performance against pre-agreed corporate objectives. When deciding on the level of bonus awards, the Committee will have regard to the extent to which achievement of the objectives has contributed to progress against the Company's strategic drivers. Bonus payments will only exceed 50% of base salary in circumstances of exceptional strategic progress. The Committee has the discretion to decide the form of any exceptional bonus payments which may be in shares and/or cash.

The Committee has agreed the following objectives for the financial year ending 31 December 2021:

- Resumption of Sea Lion project in preparation for future Final Investment Decision
- Demonstrate clear progress in relation to ESG objectives
- Progress the Ombrina Mare arbitration
- Preservation of the Company's cash position
- Continue to explore alternative development and financing options for the Sea Lion project.

The Committee previously agreed to remove progress towards the Final Investment Decision on the Sea Lion Development from the executive directors' bonus targets. A one off special bonus of between 100% and 200% of salary will be payable at project sanction with the exact quantum of this bonus at the Committee's discretion.

#### Option Plan

The Committee has agreed that no further awards of options will be made for a five year period following the awards in May 2020 other than in exceptional circumstances.

#### Long Term Incentive Plan

The Committee has agreed that the LTIP will be discontinued for a five year period from May 2020. All historically issued LTIPs will remain in place subject to the same relative performance criteria as previously disclosed.

Since the year end, the performance period for the LTIP awards granted on 23 April 2018 (2018 LTIPs) has come to an end. The Committee considered the performance of the Company against its peer group over the relevant performance period and concluded the performance condition had not been satisfied and accordingly none of the 2018 LTIPs had vested.

In respect of the LTIP awards granted on 31 July 2019 (2019 LTIPs), the Committee has agreed that Amerisur Resources should be removed from the peer group as less than one year of the performance period had run prior to its acquisition by GeoPark. The treatment of these companies is in line with previously exercised discretion. The peer group for the 2019 LTIPs is as follows: Rockhopper Exploration plc, EnQuest PLC, Providence Resources Plc, BowLeven plc, Borders & Southern Petroleum plc, Premier Oil plc/Harbour Energy plc, Hurricane Energy plc, Sound Energy plc, The Parkmead Group plc, IGas Energy plc, Gulf Keystone Petroleum Limited, Chariot Oil & Gas Limited, and SDX Energy Inc.

#### Benefits and pension contributions

The Executive Directors will receive the range of Company benefits and pension cash allowance in line with the policy.

### Implementation of Non-Executive Director remuneration policy for 2021

Non-Executive Director fees (excluding the Chairman) were last increased in 2014 and no further review is scheduled. On the appointment of KG Lough as Chairman, the fees for acting as Chairman were reduced from £115,000 to £100,000 per annum. The current fees are set out in the table below:

Role	Type of fee	
Chairman	Total fee	£100,000
Other Non-Executive Directors	Basic fee	£40,000
	Chairman of Remuneration and Audit & Risk Committees	£10,000
	Senior Independent Director	£2,500

### Statement of directors' shareholdings

The table below summarises the interests in shares (including those held in the SIP) of the Directors in office at the year end:

	At 31 December 2020 Ordinary 1p shares	At 31 December 2019 Ordinary 1p shares
Samuel Moody	2,570,729	2,403,865
Stewart MacDonald	447,396	325,532
Keith Lough	228,515	—
Alison Baker	70,000	—
John Summers	318,329	244,100

The Committee has agreed that the Executive Directors should be encouraged to build up a stake of Rockhopper shares equivalent to annual base salary in the case of S MacDonald and two times annual base salary in the case of S J Moody over a five year period. It is intended that this should be achieved through the retention of any vested option awards and Share Appreciation Rights awarded under the Employee Share Option Scheme.

### Outstanding awards under the Option Plan, Long Term Incentive Plan (LTIP) and Employee Share Option Scheme

#### (a) Option Plan

Director	Date of grant	Options held at 31 Dec 2019	Granted	Lapsed/relinquished during Year	Vested during Year	Awards held at 31 Dec 2020	Exercise price	Earliest vesting date
SJ Moody	19.05.20	—	1,691,048	—	—	1,691,048	£0.01	19.05.21
	19.05.20	—	3,166,666	—	—	3,166,666	£0.0625	19.05.23
	19.05.20	—	3,166,667	—	—	3,166,667	£0.0625	19.05.24
	19.05.20	—	3,166,667	—	—	3,166,667	£0.0625	19.05.25
S MacDonald	19.05.20	—	1,388,762	—	—	1,388,762	£0.01	19.05.21
	19.05.20	—	2,833,333	—	—	2,833,333	£0.0625	19.05.23
	19.05.20	—	2,833,333	—	—	2,833,333	£0.0625	19.05.24
	19.05.20	—	2,833,334	—	—	2,833,334	£0.0625	19.05.25

#### (b) LTIP (suspended)

##### (i) Unvested LTIP Awards

Director	Date of grant	Awards held at 31 Dec 2019	Granted	Lapsed/relinquished during Year	Vested during Year	Awards held at 31 Dec 2020	Market price at date of award	Performance period	Earliest vesting date
SJ Moody	16.06.17	1,900,000	—	988,000	912,000	—	£0.2025	01.06.17-31.05.20	Vested
	23.04.18	2,100,000	—	—	—	2,100,000	£0.2550	01.04.18-31.03.21	23.04.21
	31.07.19	2,100,000	—	—	—	2,100,000	£0.2075	01.04.19-31.03.22	01.04.22
S MacDonald	16.06.17	1,800,000	—	936,000	864,000	—	£0.2025	01.06.17-31.05.20	Vested
	23.04.18	1,900,000	—	—	—	1,900,000	£0.2550	01.04.18-31.03.21	23.04.21
	31.07.19	2,100,000	—	—	—	2,100,000	£0.2075	01.04.19-31.03.22	01.04.22

##### (ii) Vested LTIP Awards

Director	Date of grant	Awards held at 31 December 2019	Vested during Year	Exercised during the year	Vested awards held at 31 December 2020
S J Moody	08.10.13	177,802	—	—	177,802*
	16.06.17	—	912,000	—	912,000
S MacDonald	10.03.14	70,391	—	—	70,391*
	16.06.17	—	864,000	—	864,000

\* Exercise of the vested 2013 LTIP awards is subject to Rockhopper's share price exceeding £1.80 averaged over any 90 dealing period ending no later than 31 March 2023.

**(c) Employee Share Option Plan (discontinued)**

The share appreciation rights outstanding as at 31 December 2020 and held by individuals who were Directors during the year ended 31 December 2020 are:

Director	Date of grant	Awards held at 31 December 2019	Exercised during the year	Lapsed during the year	Awards held at 31 December 2020	Exercise price Pence
S J Moody	11.01.11	76,056	—	—	76,056	372.75
	17.01.12	77,777	—	—	77,777	303.75
	30.01.13	91,077	—	—	91,077	159.00
		<b>244,910</b>	<b>—</b>	<b>—</b>	<b>244,910</b>	

**Share price movements during year ended 31 December 2020**

The mid-market closing price of the Company's shares as at 31 December 2020 was 6.2 pence (31 December 2019: 15.0 pence). The range of the trading price of the Company's shares during the year was between 4.0 pence and 22.45 pence.

**Executive Director external appointments**

S J Moody is a Non-Executive Director of Greenland Gas & Oil Limited. S MacDonald was a Non-Executive Director of United Oil & Gas PLC from March to August 2020 for which he received a fee.

By order of the Board

**AJ Summers**

Chairman of the Remuneration Committee

19 May 2021

# STATUTORY INFORMATION

## Principal activity

The principal activity of the Group is the exploration, appraisal and development of its oil and gas acreage. Group strategy is to explore, appraise, develop and manage production from its acreage both safely and responsibly.

## Results and dividends

The trading results for the year, and the Group's financial position at the end of the period are shown in the attached financial statements. The Directors have not recommended a dividend for the year (year ended 31 December 2019: £nil).

## Key performance indicators "KPIs"

See page 9 for more details.

## Substantial shareholders

As at 30 April 2021 the Company had been notified of the following interests of three percent or more of the Company's voting rights.

Shareholder/Fund manager	Number of shares	% of issued share capital
RAB Capital/William Phillip Seymour Richards	19,000,220	4.14
Aedos Advisers	17,545,290	3.83

## Directors

The present members of the Board are as listed in the Board composition section of the Governance Report. The interests of the Directors in office at the year end in the share capital of the Company are shown in the Directors' Remuneration Report along with details of their service contracts and terms of appointment.

## Post balance sheet events

There are no important events affecting the Group since the financial year end.

## Principal risks and uncertainties

Information relating to the principal risks and uncertainties facing the Group is set out in the Strategic Report and note 27.

## Related party transactions

Related party transactions are disclosed in note 26.

## Financial instruments

For the period under review the Group held no financial instruments, outside of cash and receivables. Financial risk management policies are disclosed in note 27.

## Political and charitable contributions

The Group made no charitable donations (year ended 31 December 2019: £nil) and no political donations (year ended 31 December 2019: £nil) during the year.

## Creditor payment policy

The Group does not follow any specific code or standard on payment practice. However, it is the policy of the Group to ensure that all of its suppliers of goods and services are paid promptly and in accordance with contractual and legal obligations. Average creditor days for the year were 26 days (year ended 31 December 2019: 23 days), on the basis of accounts payable as a percentage of amounts invoiced during the year.

## Qualifying indemnity provisions

The Company has entered into separate indemnity deeds with each director containing qualifying indemnity provisions, as defined at section 236 of the Companies Act 2006, under which the Company has agreed to indemnify them in respect of certain liabilities which may attach to them as a director or as a former director of the Company. At the date of this Directors' Report indemnity deeds containing qualifying indemnity provisions are in force for all of the Company's Directors.

The Company has also issued an indemnity to Directors and the Company Secretary in respect of any personal liability to Falkland Islands tax by the Company or its subsidiaries.

## Directors' and Officers' insurance

The Group maintained directors' and officers' liability insurance cover throughout the period. The Directors are also able to obtain independent legal advice at the expense of the Group, as necessary, in their capacity as Directors.

## Employees

The Group had 12 employees at the year end, two of whom are Executive Directors. The Group seeks to employ people on the basis of merit and ability to perform the required roles. The Group does not discriminate on any grounds including race, gender, religion, age, nationality or sexual orientation.

## Environment

The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to the Group) in the jurisdiction in which it operates. Although the Group intends to be in compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as

accidental spills, leakages or other circumstances, that could subject the Group to extensive liability. Further, the Group may fail to obtain the required approval from the relevant authorities necessary for it to undertake activities which are likely to impact the environment. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

The Group has also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

### Jan Davies

Company Secretary

19 May 2021

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROCKHOPPER EXPLORATION PLC

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Rockhopper Exploration plc's Consolidated financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss and the Group's cash flows for the year then ended;
- the Consolidated financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2020; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.5 of the Consolidated financial statements and note 1 of the Company financial statements concerning the Group's and the Company's ability to continue as a going concern. Management have indicated that in the downside forecast scenario which considers matters outside of the Group's control, and in the absence of sufficient mitigating actions being able to be taken by management on a timely basis, the Group and Company may have insufficient funds to meet their forecast cash flow requirements during the next 12 months from the date of signing the financial statements. These conditions, along with the other matters explained in those notes to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- verifying the mathematical accuracy of management's cash flow forecast and validating the opening cash position;
- validating management's underlying cash flow projections for the Group and Company to other external and internal sources, where appropriate;
- assessing management's downside scenario for appropriateness to assess the impact of the unwinding of the Sea Lion Development on the Group and Company cash flow forecasts and the Group's and Company's ability to take mitigating actions, if required; and
- assessing the completeness and appropriateness of management's going concern disclosures in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Our audit approach

### Overview

#### Audit scope

- We identified 4 full scope entities out of the Group's 12 components, which were selected due to their size and risk characteristics. Specific audit procedures were performed on certain balances and transactions at 3 further components. This enabled us to obtain coverage over 100% of Group consolidated revenue and 94% of Group consolidated total assets.

#### Key audit matters

- Material uncertainty related to going concern (Group and Company)
- Recoverability of the exploration and evaluation assets – Sea Lion Development (Group)
- Recoverability of the Company's investments in subsidiaries and receivables due from Group companies (Company)
- Potential impact of COVID 19 (Group and Company)

#### Materiality

- Overall Group materiality: US\$2,610,780 (2019: US\$5,100,000) based on 1% of total assets.
- Overall Company materiality: US\$2,349,702 (2019: US\$4,600,000) based on 1% of total assets and capped at 90% of Group materiality.
- Performance materiality: US\$1,958,085 (Group) and US\$1,762,277 (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

**Key audit matter****Recoverability of the exploration and evaluation assets – Sea Lion Development (Group)**

Refer to note 1.6 Significant accounting policies and note 15 Intangible exploration and evaluation assets in the Consolidated financial statements. The carrying value of the Group's Exploration and Evaluation assets (E&E) totalled \$244 million at 31 December 2020 (2019: \$447 million). These represent 93% of the Group's total assets. We focused on this area due to the material nature of the balance, the judgement involved in assessing for impairment and the estimates required to calculate the recoverable value in the current economic climate.

Following the trigger assessment performed by management as at 30 June 2020, all historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project, were impaired.

In accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources', management considered whether further triggers existed at 31 December 2020, and concluded that there were no further triggers for impairment, given the rise in oil prices and continued focus on Phase 1 of the project.

Given the significant judgement involved in the valuation of this asset, management have included sensitivity disclosures as best practice considering a reduction of \$2.5/bbl in their long term Brent oil price assumption and a further delay of 2 years in project sanction, and noted no impairment on Phase 1 in light of these sensitivities

**How our audit addressed the key audit matter**

At 30 June 2020 in order to challenge management's assessment of the recoverability of the Sea Lion project we performed the following procedures:

We considered management's impairment trigger analysis, in accordance with IFRS 6, and the decision to impair all historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project and concur with management's decision;

- we tested the appropriateness of the value in use calculation and the mathematical accuracy of the discounted cash flow model prepared by management which supports the carrying value of the Sea Lion Development Phase 1 and stress tested this using a combination of scenarios. As a result of the sensitivities performed, we noted a reduction of headroom though no impairment;
- we compared management's long-term oil price with third party consensus forecasts and concluded that management's reduced oil price, at \$62.5/bbl, was reasonable;
- we reconciled management's production forecasts, to the independent reserves report provided by the operator; and
- we performed our own independent calculation of management's discount rate used in the cashflow model and consider it to be reasonable.

At 31 December 2020, our audit work focused on management's impairment trigger analysis, in accordance with IFRS 6, and the reasonableness of management's key assumptions, and by comparison with 30 June 2020, considered whether there were any indicators of impairment. We performed the following procedures:

- we considered management's impairment trigger analysis, in accordance with IFRS 6, and agreed that impairment indicators do not exist as at 31 December 2020;
- confirmed our understanding of management's E&E impairment process as well as the control environment implemented by management; · assessed changes in oil prices and discount rates, by comparing them to external market and industry data;
- considered recent progress with respect to the Sea Lion development; and considered other external sources of evidence, for example, news releases, that would indicate a trigger;
- obtained and reviewed the licence extension granted by the Falkland Islands Government ('FIG'), providing the Group with exploration rights until November 2022; and
- finally, we considered the adequacy of management's disclosure in relation to the Intangible Exploration and Evaluation assets in note 15. These were deemed to be appropriate.



**Recoverability of the Company's investments in subsidiaries and receivables due from Group companies (Company)**

Refer to note 1 Accounting policies, note 3 Investments and note 4 Group Undertakings of the Company financial statements.

We focused on this area as impairment assessments require significant judgement and there is the risk that the valuation of the assets may be incorrect, and any potential impairment charge or reversal miscalculated. As such, this was a key area of focus for our audit, due to the material nature of the balance.

The Company has nil investments at 31 December 2020 (2019: \$86 million), after current year impairment charges of \$86 million, and \$389 million of Group undertakings (2019: \$453 million). The impairment charges relate solely to the subsidiaries holding the licences in Phases 2 and 3 of the Sea Lion Development.

Management has considered the recoverability of the Investments and Group undertakings held in the Company financial statements through determining the recoverable amounts of both using the assumptions consistent with the assessment of recoverability of Group E&E assets.

We challenged management's assessment of the carrying value of the investments and Group undertakings in the Company and compared each investment and Group undertaking to its fair value. We considered this assessment to be consistent with the approach taken for the assessment of recoverability of Group E&E assets and therefore reasonable.

We obtained managements' impairment of investment in subsidiaries and Group undertakings' assessment with supporting computations and:

- recalculated the charge based on consistent assumptions used within the assessment of recoverability of Group E&E assets; and
- compared the carrying value of the investment to the recoverable amount and confirmed that the shortfall agrees to the impairment recognised.

Based on our analysis of management's assessment of the recoverable amount of Investments and Group undertakings, we concur with management's decision to fully impair the investments and that the remaining Group undertakings are recoverable. We consider management's impairment conclusions, the impairment charges recognised and the associated disclosures to be appropriate.

**Potential impact of COVID 19 (Group and Company)**

Disclosure around the risk to the Group due to Covid-19 has been included within the Strategic Report. Given the significance of the impact of the Covid-19 pandemic on the global economy, we considered this a key area of focus for our audit, particularly in respect of future cash flow projections in the context of impairment assessments and the appropriateness of the going concern basis of preparation. The Group has considered the impact of Covid-19 on its operations and forecasts, the primary impact being the adverse movement in global oil prices in the first half of the year, which have subsequently improved. Another potential key impact is in respect of the development of the Sea Lion project, in particular, should either of the Group's joint venture partners choose to delay or withdraw from the project.

We have reviewed the disclosures included in the financial statements in respect of the impact of Covid-19, including the Chairman's letter and consider them reasonable with respect to the future cash flow projections in the context of impairment assessments and the appropriateness of the going concern basis of preparation. Our procedures in respect of these financial reporting matters are set out in the related key audit matters above. Our procedures in respect of going concern are set out separately within the Material uncertainty relating to going concern section of this report.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We identified 4 full scope entities out of the Group's 12 components thereof, which were selected due to their size and risk characteristics. Specific audit procedures were performed on certain balances and transactions at 3 further components. This enabled us to obtain coverage over 100% of Group consolidated revenue and 94% of Group consolidated total assets.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	US\$2,610,780(2019: US\$5,100,000).	US\$2,349,702 (2019: US\$4,600,000).
<b>How we determined it</b>	1% of total assets	1% of total assets
<b>Rationale for benchmark applied</b>	Based on our understanding of the Group and the users of the financial statements we believe that the focus of the users of the financial statements will be on the exploration and evaluation activities of the licences held by the Group which form the majority of the total assets.	Based on our understanding of the Company financial statements we believe that the focus of the users of the financial statements will be on the investments and receivables from Group undertakings which form the majority of the total assets of the Company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was \$520,000 to \$2,349,702. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US\$1,958,085 for the Consolidated financial statements and US\$1,762,277 for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$130,539 (Group audit) (2019: \$255,000) and \$117,485 (Company audit) (2019: \$230,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with the UK and Falkland Islands tax legislation, United Kingdom Companies Act 1948 and 1985 as applied by the Companies (Amendment) Ordinance 2006 in the Falkland Islands, employment laws and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management and the company secretary, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding and evaluating controls designed to prevent fraud and detect irregularities and fraud; and
- Identifying and testing journal entries, in particular journal entries posted within the legal expense account codes

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Richard Spilsbury**

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

19 May 2021

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Revenue	3	2,754	10,328
Other cost of sales		(2,109)	(4,647)
Depreciation and impairment of oil and gas assets		(2,692)	(5,738)
Total cost of sales	4	(4,801)	(10,385)
Gross loss		(2,047)	(57)
Other exploration and evaluation expenses		(2,431)	(1,624)
Impairment of exploration and evaluation assets		(223,280)	(350)
Exploration and evaluation expenses	5	(225,711)	(1,974)
Impairment of goodwill	6	—	(10,057)
Costs in relation to acquisition and disposals		—	(649)
Non recurring restructuring costs		(614)	—
Recurring administrative costs		(4,010)	(5,293)
Total administrative expenses	7	(4,624)	(5,942)
Charge for share based payments	10	(1,840)	(1,307)
Foreign exchange movement	11	(1,438)	(1,627)
Results from operating activities and other income		(235,660)	(20,964)
Finance income	12	44	624
Finance expense	12	(819)	(291)
Loss before tax		(236,435)	(20,631)
Tax	13	(69)	—
<b>Loss for the year attributable to the equity shareholders of the parent company</b>		<b>(236,504)</b>	<b>(20,631)</b>
Loss per share: cents			
Basic	14	(51.73)	(4.54)
Diluted	14	(51.73)	(4.54)

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Loss for the year	(236,504)	(20,631)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(893)	70
<b>Total comprehensive loss for the year</b>	<b>(237,397)</b>	<b>(20,561)</b>

The notes on pages 55 to 72 form an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

as at 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Non current assets</b>			
Exploration and evaluation assets	15	244,349	465,820
Property, plant and equipment	16	1,420	3,069
Finance lease receivable		462	628
<b>Current assets</b>			
Inventories		310	1,463
Other receivables	17	2,464	3,501
Finance lease receivable		187	146
Restricted cash		486	467
Cash and cash equivalents		11,680	17,223
Assets held for sale	18	—	17,925
<b>Total assets</b>		<b>261,358</b>	<b>510,242</b>
<b>Current liabilities</b>			
Other payables	19	3,790	17,943
Lease liability		567	426
Liabilities directly associated with assets held for sale	18	—	2,000
<b>Non-current liabilities</b>			
Lease liability		1,273	1,735
Tax payable	20	40,703	39,167
Provisions	21	15,158	13,636
Deferred tax liability	22	39,300	39,221
<b>Total liabilities</b>		<b>100,791</b>	<b>114,128</b>
<b>Equity</b>			
Share capital	23	7,218	7,212
Share premium	24	3,622	3,547
Share based remuneration	24	5,973	4,871
Own shares held in trust	24	(3,342)	(3,371)
Merger reserve	24	74,332	74,332
Foreign currency translation reserve	24	(10,571)	(9,678)
Special reserve	24	188,028	433,766
Retained losses	24	(104,693)	(114,565)
<b>Attributable to the equity shareholders of the company</b>		<b>160,567</b>	<b>396,114</b>
<b>Total liabilities and equity</b>		<b>261,358</b>	<b>510,242</b>

These financial statements on pages 51 to 72 were approved by the directors and authorised for issue on 19 May 2021 and are signed on their behalf by:

**Stewart MacDonald**

Chief Financial Officer

Rockhopper Exploration plc Registered Company Number: 05250250

The notes on pages 55 to 72 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital \$'000	Share premium \$'000	Share based remuneration \$'000	Shares held in trust \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Special reserve \$'000	Retained losses \$'000	Total equity \$'000
Balance at 31 December 2018	7,205	3,422	5,103	(3,369)	74,332	(9,748)	456,680	(118,282)	415,343
Total comprehensive loss for the year	—	—	—	—	—	70	—	(20,631)	(20,561)
Share based payments (see note 10)	—	—	1,307	—	—	—	—	—	1,307
Share issues in relation to SIP	7	125	(105)	(2)	—	—	—	—	25
Other transfers	—	—	(1,434)	—	—	—	(22,914)	24,348	—
<b>Balance at 31 December 2019</b>	<b>7,212</b>	<b>3,547</b>	<b>4,871</b>	<b>(3,371)</b>	<b>74,332</b>	<b>(9,678)</b>	<b>433,766</b>	<b>(114,565)</b>	<b>396,114</b>
Total comprehensive loss for the year	—	—	—	—	—	(893)	—	(236,504)	(237,397)
Share based payments (see note 10)	—	—	1,840	—	—	—	—	—	1,840
Share issues in relation to SIP	6	75	—	(71)	—	—	—	—	10
Other transfers	—	—	(738)	100	—	—	(245,738)	246,376	—
<b>Balance at 31 December 2020</b>	<b>7,218</b>	<b>3,622</b>	<b>5,973</b>	<b>(3,342)</b>	<b>74,332</b>	<b>(10,571)</b>	<b>188,028</b>	<b>(104,693)</b>	<b>160,567</b>

See note 24 for a description of each of the reserves of the Group

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(236,435)	(20,631)
Adjustments to reconcile net losses to cash:			
Depreciation	16	808	4,544
Share based payment charge	10	1,840	1,307
Impairment of oil and gas assets	16	1,114	1,600
Impairment of exploration and evaluation assets	15	223,280	350
Impairment of goodwill		—	10,057
Loss on disposal of property, plant and equipment		4	—
Finance expense		816	291
Finance income		—	(624)
Foreign exchange		1,315	1,221
Operating cash flows before movements in working capital		(7,258)	(1,885)
Changes in:			
Inventories		1,289	214
Other receivables		1,904	3,259
Payables		(1,320)	(1,623)
Movement on other provisions		(54)	(189)
Cash utilised by operating activities		(5,439)	(224)
<b>Cash flows from investing activities</b>			
Capitalised expenditure on exploration and evaluation assets		(14,570)	(20,152)
Purchase of property, plant and equipment		(85)	(3,743)
Net proceeds from disposal of assets held for sale		14,763	—
Interest		—	1,020
Investing cash flows before movements in capital balances		108	(22,875)
Changes in:			
Restricted cash		—	101
Term deposits		—	30,000
Cash flow from investing activities		108	7,226
<b>Cash flows from financing activities</b>			
Share incentive plan		10	25
Lease liability payments		(382)	(259)
Finance expense		(19)	(13)
Cash flow from financing activities		(391)	(247)
Currency translation differences relating to cash and cash equivalents		179	42
Net cash flow		(5,722)	6,755
Cash and cash equivalents brought forward		17,223	10,426
<b>Cash and cash equivalents carried forward</b>		<b>11,680</b>	<b>17,223</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

## 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 for the exploration and exploitation of oil and gas in the Falkland Islands. In addition it has operations in the Greater Mediterranean based in Italy and Egypt. During 2020 the Group divested its exploration and production assets in Egypt. The registered office of the Company is Warner House, 123 Castle Street, Salisbury, Wiltshire, SP1 3TB.

### 1.2 Statement of compliance

The consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The consolidated financial statements were approved for issue by the board of directors on 19 May 2021 and are subject to approval at the Annual General Meeting of shareholders on 29 June 2021.

### 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 for assets held for sale, which are held at fair value, as set out in the accounting policies below.

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 consolidated financial statements are presented in US Dollars (\$), which is Rockhopper Exploration plc's presentation currency.

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

### 1.4 Change in accounting policy

#### Changes in accounting standards

In the current year the following new and revised Standards and Interpretations have been adopted. None of these have a material impact on the Group's annual results.

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform;
- Amendments to IAS 1 and IAS 8 Definition of Material; and
- Revised Conceptual Framework for Financial Reporting.

No standards and Interpretations have been adopted early.

### 1.5 Going concern

The Group monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management, with surplus cash held on term deposits with a number of major financial institutions.

At 31 December 2020, the Group had cash resources of US\$11.7 million. Following the sale of Rockhopper Egypt Pty Limited in 2020, the Group generates limited revenue and cash flow from the sale of oil or gas.

Historically, the Group's largest annual expenditure has related to pre-sanction costs associated with the Sea Lion development. However, following signature of Heads of Terms in January 2020, Premier/Harbour and/or Navitas have a legally binding obligation to fund Rockhopper's share of all Sea Lion pre-sanction costs from 1 January 2020 (other than licence fees, taxes and project wind down costs).

With the recently completed acquisition of Premier (operator of the Sea Lion project) by Chrysaor to create Harbour, management's base case forecast assumes a final investment decision on the Sea Lion development during 2022, with the Group's costs funded by Premier/Harbour and/or Navitas during this period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

## 1.5 Going concern (continued)

Management has also considered a number of downside scenarios including (1) the farm-out to Navitas does not proceed and the Heads of Terms lapses; (2) the Sea Lion project does not achieve sanction which could be due to a number of factors including funding not being achieved or; (3) Premier deciding to withdraw from the Sea Lion Development which could ultimately result in relinquishment of the acreage.

In this scenario the Sea Lion project would need to be wound down including the decommissioning of assets in the Falklands and the Group would be liable for its share of these project wind down costs with no funding support from Premier/Harbour and/or Navitas.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements. However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigating actions, some of which are outside the Group's control, could include collection of arbitration award proceeds, deferral of expenditure or raising additional equity.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that the cash balance held provides the Group with adequate headroom over forecasted expenditure for the following 12 months - as a result, the Directors have adopted the going concern basis of accounting in preparing these consolidated financial statements.

Nonetheless, these conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group and Company were unable to continue as a going concern.

## 1.6 Significant accounting policies

### (A) Basis of accounting

The Group has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to the capitalisation of exploration expenditure. The determination of this is fundamental to the financial results and position and requires management to make a complex judgment based on information and data that may change in future periods.

Since these policies involve the use of assumptions and subjective judgments as to future events and are subject to change, the use of different assumptions or data could produce materially different results. The measurement basis that has been applied in preparing the results is historical cost with the exception of assets held for sale, which are held at fair value.

The significant accounting policies adopted in the preparation of the results are set out below.

### (B) Basis of consolidation

The consolidated financial statements include the results of Rockhopper Exploration plc and its subsidiary undertakings to the balance sheet date. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Inter-company balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on inter-company balances between subsidiaries with differing functional currencies are not offset.

### (C) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker as required by IFRS8 Operating Segments. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The Group's operations are made up of three segments, the oil and gas exploration and production activities in the geographical regions of the Falkland Islands and the Greater Mediterranean region as well as its corporate activities centered in the UK.

### (D) Oil and gas assets

The Group applies the successful efforts method of accounting for exploration and evaluation ("E&E") costs, having regard to the requirements of IFRS6 - 'Exploration for and evaluation of mineral resources'.

#### Exploration and evaluation ("E&E") expenditure

##### Expensed exploration & evaluation costs

Expenditure on costs incurred prior to obtaining the legal rights to explore an area, geological and geophysical costs are expensed immediately to the income statement.

**Capitalised intangible exploration and evaluation assets**

All directly attributable E&E costs are initially capitalised in well, field, prospect, or other specific, cost pools as appropriate, pending determination.

**Treatment of intangible E&E assets at conclusion of appraisal activities**

Intangible E&E assets related to each cost pool are carried forward until the existence, or otherwise, of commercial reserves have been determined, subject to certain limitations including review for indicators of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss, of the relevant E&E assets, are then reclassified as development and production assets within property plant and equipment. However, if commercial reserves have not been found, the capitalised costs are charged to expense.

**Development and production assets**

Development and production assets, classified within property, plant and equipment, are accumulated generally on a field-by-field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets.

**Depreciation of producing assets**

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit-of-production method by reference to the ratio of production in the year and the related commercial reserves of the field, taking into account the future development expenditure necessary to bring those reserves into production.

**Disposals**

Net cash proceeds from any disposal of an intangible E&E asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement.

**Decommissioning**

Provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil and gas property. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is dealt with prospectively as an adjustment to the provision and the oil and gas property. The unwinding of the discount is included in finance cost.

**(E) Right of Use assets**

Leases are recognised as a right-of-use asset and a corresponding liability and receivable at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost, while the corresponding receipt associated with the sub-lease are allocated between the receivable and finance income. The finance cost and income are charged to profit and loss over the lease period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

Payment associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

**(F) Capital commitments**

Capital commitments include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded.

**(G) Foreign currency translation****Functional and presentation currency:**

Items included in the results of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The consolidated financial statements are presented in US\$ as this best reflects the economic environment of the oil exploration sector in which the Group operates. The Group maintains the financial statements of the parent and subsidiary undertakings in their functional currency. Where applicable, the Group translates subsidiary financial statements into the presentation currency, US\$, using the closing rate method for assets and liabilities which are translated at the rate of exchange prevailing at the balance sheet date and rates at the date of transactions for income statement accounts. Differences are taken directly to reserves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

## 1.6 Significant accounting policies (continued)

### (D) Oil and gas assets (continued)

#### Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are capitalised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

The year end rates of exchange actually used were:

	31 December 2020	31 December 2019
£ : US\$	1.36	1.32
€ : US\$	1.23	1.12

### (H) Revenue and income

#### (i) Revenue

Revenue arising from the sale of goods is recognised when a performance obligation is satisfied by transferring control over a product or service to a customer, which is typically at the point that title passes, and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes.

#### (ii) Investment income

Investment income consists of interest receivable for the period. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

### (I) Non-derivative financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

#### (i) Other receivables

Other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. A provision for impairment is made where there is objective evidence that amounts will not be recovered in accordance with original terms of the agreement. The Group recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

#### (ii) Restricted cash

Restricted cash is disclosed separately on the face of the balance sheet and denoted as restricted when it is not under the exclusive control of the Group.

#### (iii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group including breakable and unbreakable deposits with terms of less than three months and breakable term deposits of greater terms than three months where amounts can be accessed within three months without material loss. They are stated at carrying value which is deemed to be fair value.

#### (iv) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### (v) Account and other payables

Account payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

#### (vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**(J) Income taxes and deferred taxation**

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years. Tax, including tax relief for losses if applicable, is allocated over profits before tax and amounts charged or credited to reserves as appropriate.

Deferred taxation is recognised in respect of all taxable temporary differences that have originated but not reversed at the balance sheet date where a transaction or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**(K) Share based remuneration**

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for non market based vesting conditions.

Fair value is measured by use of either Binomial or Monte-Carlo simulation. The main assumptions are disclosed in note 10.

Cash settled share based payment transactions result in a liability. Services received and liability incurred are measured initially at fair value of the liability at grant date, and the liability is remeasured each reporting period until settlement. The liability is recognised on a straight line basis over the period that services are rendered.

**2. Use of estimates, assumptions and judgements**

The Group makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Sensitivity analysis is disclosed in the related note as required.

**Carrying value of intangible exploration and evaluation assets (note 15)**

The amounts for intangible exploration and evaluation assets represent active exploration and evaluation projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are indications of impairment in accordance with the Group's accounting policy.

In addition for assets under evaluation where discoveries have been made, such as Sea Lion, their carrying value is checked by reference to the net present value of future cashflows which requires key assumptions and estimates in relation to: commodity prices that are based on forward curves for a number of years and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, the quantum of commercial reserves and the associated production and cost profiles. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

**Decommissioning costs (note 21)**

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. The estimated decommissioning costs are reviewed annually and the results of the most recent available review used as a basis for the amounts in the Consolidated Financial Statements. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**3. Revenue and segmental information**

The Group's operations are located and managed in three geographically distinct business units; namely the Falkland Islands, the Greater Mediterranean, and Corporate (or UK). Some of the business units currently do not generate any revenue or have any material operating income. The business is only engaged in one business of upstream oil and gas exploration and production.

	Falkland Islands \$'000	Greater Mediterranean \$'000	Corporate \$'000	Total \$'000
<b>Year ended 31 December 2020</b>				
Revenue	—	2,754	—	2,754
Cost of sales	—	(4,801)	—	(4,801)
Gross loss	—	(2,047)	—	(2,047)
Exploration and evaluation expenses	(222,593)	(2,312)	(806)	(225,711)
Restructuring costs	—	—	(614)	(614)
Recurring administrative costs	—	(1,096)	(2,914)	(4,010)
Total administrative expenses	—	(1,096)	(3,528)	(4,624)
Charge for share based payments	—	—	(1,840)	(1,840)
Foreign exchange (loss)/gain	(1,537)	78	21	(1,438)
Results from operating activities and other income	(224,130)	(5,377)	(6,153)	(235,660)
Finance income	—	6	38	44
Finance expense	—	(305)	(514)	(819)
Loss before tax	(224,130)	(5,676)	(6,629)	(236,435)
Tax	—	(69)	—	(69)
Loss for year	(224,130)	(5,745)	(6,629)	(236,504)
Reporting segments assets	243,647	4,643	13,068	261,358
Reporting segments liabilities	79,840	16,301	4,650	100,791
Depreciation and impairments	222,584	1,429	493	224,506
<b>Year ended 31 December 2019</b>				
Revenue	—	10,328	—	10,328
Cost of sales	—	(10,385)	—	(10,385)
Gross loss	—	(57)	—	(57)
Exploration and evaluation expenses	(315)	(560)	(1,099)	(1,974)
Impairment of goodwill	—	(10,057)	—	(10,057)
Costs in relation to acquisition and group restructuring	—	(649)	—	(649)
Recurring administrative costs	—	(1,603)	(3,690)	(5,293)
Total administrative expenses	—	(2,252)	(3,690)	(5,942)
Charge for share based payments	—	—	(1,307)	(1,307)
Foreign exchange loss	(1,307)	(142)	(178)	(1,627)
Results from operating activities and other income	(1,622)	(13,068)	(6,274)	(20,964)
Finance income	—	29	595	624
Finance expense	—	(214)	(77)	(291)
Loss before tax	(1,622)	(13,253)	(5,756)	(20,631)
Tax	—	—	—	—
Loss for year	(1,622)	(13,253)	(5,756)	(20,631)
Reporting segments assets	464,638	27,230	18,374	510,242
Reporting segments liabilities	78,304	16,621	19,203	114,128
Depreciation and impairments	—	4,249	295	4,544

All of the Group's worldwide sales revenues of oil and gas \$2,754 thousand (2019: \$10,328 thousand) arose from contracts to customers. Total revenue relates to revenue from two customers (2019: two customers) each exceeding 10 per cent of the Group's consolidated revenue.

**4. Cost of sales**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Cost of sales	2,109	4,647
Impairment of oil and gas assets (see note 16)	1,114	1,600
Depreciation of oil and gas assets (see note 16)	232	4,138
Depreciation and impairment on assets held for sale	1,346	—
	<b>4,801</b>	10,385

**5. Exploration and evaluation expenses**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Allocated from administrative expenses (see note 7)	799	790
Capitalised exploration costs impaired (see note 15)	223,280	350
Impairment on assets held for sale	314	—
Other exploration and evaluation expenses	1,318	834
	<b>225,711</b>	1,974

**6. Impairment of goodwill**

As a result of the acquisition of Mediterranean Oil & Gas plc in 2014, goodwill of €9 million arose relating to the portfolio of intangible exploration and appraisal assets and the strategic premium associated with a significant presence in a new region. However, following the decision to dispose of Rockhopper Egypt Pty Limited and with Italian portfolio now deemed largely non-core, a decision was made in the prior year to impair the goodwill associated with that acquisition.

**7. Administrative expenses**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Directors' salaries and fees, including bonuses (see note 8)	1,090	1,563
Other employees' salaries	1,806	2,475
National insurance costs	483	541
Pension costs	325	148
Employee benefit costs	82	96
Total staff costs (including group restructuring costs)	3,786	4,823
Amounts reallocated	(937)	(1,518)
Total staff costs charged to administrative expenses	2,849	3,305
Auditors' remuneration (see note 9)	244	232
Other professional fees	588	1,444
Other	1,222	1,527
Depreciation	162	106
Amounts reallocated	(441)	(672)
	<b>4,624</b>	5,942

The average number of full time equivalent staff employed during the year was 13 [2019: 18]. As at the year end the Group employed 12 staff, mainly part time, 8 of which were in the UK and 4 in Italy.

Amounts reallocated relate to the costs of staff and associated overhead in relation to non administrative tasks. These costs are allocated to exploration and evaluation expenses or capitalised as part of the intangible exploration and evaluation assets as appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

## 8. Directors' remuneration

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Executive salaries	812	887
Executive bonuses	—	178
Company pension contributions to money purchase schemes & pension cash allowance	120	133
Benefits	21	27
Non-executive fees	278	338
	<b>1,231</b>	<b>1,563</b>

The total remuneration of the highest paid director was:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Annual salary	341,000	380,400
Bonuses	—	76,000
Money purchase pension schemes	51,100	57,100
Benefits	7,200	11,400
	<b>399,300</b>	<b>524,900</b>

Interest in outstanding share options and SARs, by director, are separately disclosed in the directors' remuneration report.

## 9. Auditors' remuneration

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 <sup>†</sup> \$'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	135	119
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	58	99
Half year review	33	32
	<b>226</b>	<b>250</b>

After the completion of the 2019 consolidated financial statements additional audit fees for subsidiaries amounting to \$18,000 were incurred. These additional fees are included in the 2019 fee analysis above.

## 10. Share based payments

The charge for share based payments relate to options granted to employees of the Group.

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Charge for option scheme	530	—
Charge for the long term incentive plan options	1,112	1,202
Charge for shares issued under the SIP	198	105
	<b>1,840</b>	<b>1,307</b>

The models and key assumptions used to value each of the grants and hence calculate the above charges are set out below:

### Option scheme

A one-off equity option package has been implemented during the year (the "Option Scheme") to replace the existing long term incentive plan. In place of the LTIP scheme, executive directors and senior staff received options to subscribe for Ordinary Shares, exercisable at a price of 6.25 pence per new Ordinary Share (the "Market Price Options"). The Market Price Options will vest in equal tranches after three, four and five years' further continuous employment.



Executive directors and staff in lieu of their contractual notice periods also received options to subscribe for an aggregate new ordinary shares in the capital of the Company (“Ordinary Shares”), exercisable at a price of 1 pence per new Ordinary Share (the “1p Options”). These options will vest after continuous employment equivalent to their notice period being six months or one year as applicable.

The options have been valued using a binomial model the key inputs of which are summarised below

Grant date:	18 May 2020	18 May 2020	18 May 2020	18 May 2020	18 May 2020
Vesting date	19 Nov 2020	19 May 2021	19 May 2023	19 May 2024	19 May 2025
Closing share price (pence)	6.25	6.25	6.25	6.25	6.25
Number granted	1,986,972	6,357,616	7,949,997	7,950,000	7,950,003
Weighted average volatility	50.0%	50.0%	50.0%	50.0%	50.0%
Weighted average risk free rate	0.08%	0.07%	0.10%	0.12%	0.14%
Exercise price (pence)	1.00	1.00	6.25	6.25	6.25
Dividend yield	0%	0%	0%	0%	0%

The following movements occurred during the year:

Issue date	Vesting date	Expiry date	Issued	Lapsed	At 31 December 2020
18 May 2020	19 Nov 2020	18 Nov 2030	1,986,972	—	<b>1,986,972</b>
18 May 2020	19 May 2021	18 Nov 2030	6,357,616	—	<b>6,357,616</b>
18 May 2020	19 May 2023	18 Nov 2030	7,949,997	—	<b>7,949,997</b>
18 May 2020	19 May 2024	18 Nov 2030	7,950,000	—	<b>7,950,000</b>
18 May 2020	19 May 2025	18 Nov 2030	7,950,003	—	<b>7,950,003</b>
			32,194,588	—	<b>32,194,588</b>

### Long term incentive plan

LTIP awards vest or become exercisable subject to the satisfaction of a performance condition measured over a three year period (“Performance Period”) determined by the Remuneration Committee at the time of grant. The performance condition used is based on Total Shareholder Return (“TSR”) measured over a three-year period against the TSR of a peer group of at least 9 other oil and gas companies comprising both FTSE 250, larger AIM oil and gas companies and Falkland Islands focused companies (“Peer Group”). The Peer Group for the Awards may be amended by the Remuneration Committee at their sole discretion as appropriate.

Performance measurement for the Awards are based on the average price over the relevant 90 day dealing period measured against the 90 dealing day period three years later. Awards vest on a sliding scale from 35% to 100% for performance in the top two quartiles of the Peer Group. No awards vest for performance in the bottom two quartiles.

The Awards granted on 8 October 2013 and 10 March 2014 have an additional performance condition so that no awards will be exercisable unless the Company’s share price exceeds £1.80 based on an average price over any 90 day dealing period up to 31 March 2023.

The LTIP has been valued using a Monte Carlo model the key inputs of which are summarised below:

Grant date:	31 July 2019	23 April 2018	16 June 2017	22 Apr 2016
Closing share price	20.75	25.7p	21.25p	31.5p
Number granted	7,200,000	7,000,000	6,700,000	10,047,885
Weighted average volatility	50.0%	44.4%	53.3%	60.4%
Weighted average volatility of index	70.0%	64.0%	71.4%	71.2%
Weighted average risk free rate	0.35%	0.90%	0.18%	0.58%
Correlation in share price movement with comparator group	5%	13.0%	15.3%	27.5%
Exercise price	0p	0p	0p	0p
Dividend yield	0%	0%	0%	0%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**10. Share based payments (continued)****Option scheme (continued)**

The following movements occurred during the year:

Issue date	Expiry date	At 31 December 2019	Issued	Lapsed	At 31 December 2020
8 October 2013	8 October 2023	546,145	—	—	<b>546,145</b>
10 March 2014	10 March 2024	70,391	—	—	<b>70,391</b>
16 June 2017	16 June 2027	6,700,000	—	(3,484,000)	<b>3,216,000</b>
23 April 2018*	23 April 2028	7,000,000	—	—	<b>7,000,000</b>
31 July 2019*	31 July 2029	7,200,000	—	—	<b>7,200,000</b>
		21,516,536			<b>18,032,536</b>

\* Denotes LTIPs that had not completed the Performance Period and as such were unvested at the year end.

**Share incentive plan**

The Group has in place an HMRC approved Share Incentive Plan ("SIP"). The SIP allows the Group to award Free Shares to UK employees (including directors) and to award shares to match Partnership Shares purchased by employees, subject to HMRC limits.

Throughout this and the prior year the Group issued two Matching Shares for every Partnership Share purchased.

In the year the Group made a free award of £35,999 (year ended 31 December 2019: £38,999) worth of Free Shares to eligible employees.

This resulted in the issue of 195,756 (year ended 31 December 2019: 173,329) Free Shares and 306,606 (year ended 31 December 2019: 310,527) SIP scheme matching and partnership shares in the year.

	31 December 2020	31 December 2019
The average fair value of the shares awarded (pence)	<b>12</b>	21
Vesting	<b>100%</b>	100%
Dividend yield	<b>Nil</b>	Nil
Lapse due to withdrawals	<b>Nil</b>	Nil

The scheme was closed during the year and the fair value of the shares awarded recognised in full.

**Share appreciation rights**

A share appreciation right ("SAR") is effectively a share option that is structured from the outset to deliver, on exercise, only the net gain in the form of new ordinary shares that would have been made on the exercise of a market value share option.

On exercise, an option price of 1 pence per ordinary share, being the nominal value of the Company's ordinary shares, is paid and the relevant awardee will be issued with ordinary shares with a market value at the date of exercise equivalent to the notional gain that the awardee would have made, being the amount by which the aggregate market value of the number of ordinary shares in respect of which the SAR is exercised, exceeds a notional exercise price, equal to the market value of the shares at the time of grant (the "base price"). All SARs have vested and the remuneration committee has discretion to settle the exercise of SARs in cash.

All SARs have vested and the following movements occurred during the year:

Issue date	Expiry date	Exercise price (pence)	At 31 December 2019	Exercised	Lapsed	At 31 December 2020
11 January 2011	11 January 2021	372.75	175,048	—	—	<b>175,048</b>
14 July 2011	14 July 2021	239.75	43,587	—	—	<b>43,587</b>
16 August 2011	16 August 2021	237.00	17,035	—	—	<b>17,035</b>
13 December 2011	13 December 2021	240.75	29,594	—	—	<b>29,594</b>
17 January 2012	17 January 2022	303.75	244,541	—	—	<b>244,541</b>
30 January 2013	30 January 2023	159.00	277,162	—	—	<b>277,162</b>
			786,967	—	—	<b>786,967</b>

**11. Foreign exchange**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Foreign exchange loss on Falkland Islands tax liability (see note 20)	<b>(1,537)</b>	(1,307)
Other foreign exchange movements	<b>99</b>	(320)
<b>Total net foreign exchange loss</b>	<b>(1,438)</b>	(1,627)

**12. Finance income and expense**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Bank and other interest receivable	<b>44</b>	624
<b>Total finance income</b>	<b>44</b>	624
Unwinding of discount on decommissioning provisions (see note 21)	<b>296</b>	204
Other	<b>523</b>	87
<b>Total finance expense</b>	<b>819</b>	291

**13. Taxation**

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Current tax:		
Adjustment in respect of prior years	<b>(10)</b>	—
<b>Total current tax</b>	<b>(10)</b>	—
Deferred tax:		
Overseas tax	<b>79</b>	—
<b>Total deferred tax – note 22</b>	<b>79</b>	—
Tax on profit on ordinary activities	<b>69</b>	—
<b>Loss on ordinary activities before tax</b>	<b>(236,435)</b>	(20,631)
Loss on ordinary activities multiplied at 26% weighted average rate (31 December 2019: 26%)	<b>(61,473)</b>	(5,364)
Effects of:		
Income and gains not subject to taxation	—	(1,646)
Impairment of goodwill	—	1,911
Expenditure not deductible for taxation	<b>58,812</b>	1,631
Depreciation in excess of capital allowances	<b>9</b>	1,060
IFRS2 Share based remuneration cost	<b>478</b>	313
Losses carried forward	<b>2,349</b>	1,326
Effect of tax rates in foreign jurisdictions	<b>(156)</b>	769
Other	<b>(19)</b>	—
Adjustments in respect of prior years	<b>(10)</b>	—
<b>Current tax credit for the year</b>	<b>(10)</b>	—

On the 8 April 2015 the Group agreed binding documentation (“Tax Settlement Deed”) with the Falkland Islands Government (“FIG”) in relation to the tax arising from the Group’s farm out to Premier. As such the Group is able to defer this tax liability under Extra Statutory Concession 16. As it is deferred, the liability is classified as non-current and discounted. Additional information is given in Note 20 Tax payable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**13. Taxation (continued)**

The total carried forward losses and carried forward pre trading expenditures potentially available for relief are as follows:

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
UK	<b>74,762</b>	70,429
Falkland Islands	<b>618,444</b>	631,203
Italy	<b>64,086</b>	56,156

No deferred tax asset has been recognised in respect of temporary differences arising on losses carried forward, outstanding share options or depreciation in excess of capital allowances due to the uncertainty in the timing of profits and hence future utilisation. Losses carried forward in the Falkland Islands includes amounts held within entities where utilisation of the losses in the future may not be possible.

**14. Basic and diluted loss per share**

	31 December 2020 Number	31 December 2019 Number
Shares in issue brought forward	<b>457,979,755</b>	457,495,899
Shares issued		
– Issued under the SIP	<b>502,362</b>	483,856
Shares in issue carried forward	<b>458,482,117</b>	457,979,755
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	<b>458,289,239</b>	454,659,988
	\$'000	\$'000
Net loss after tax for purposes of basic and diluted earnings per share	<b>(236,504)</b>	(20,631)
Loss per share – cents		
Basic	<b>(51.73)</b>	(4.54)
Diluted	<b>(51.73)</b>	(4.54)

The weighted average number of Ordinary Shares takes into account those shares which are treated as own shares held in trust (see note 24). As the Group is reporting a loss in the year 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.

**15. Intangible exploration and evaluation assets**

	Falkland Islands \$'000	Greater Mediterranean \$'000	Total \$'000
At 1 January 2019	440,314	6,721	447,035
Additions	24,325	1,745	26,070
Written off to exploration costs	—	(350)	(350)
Transfer to oil and gas assets (see note 16)	—	(3,901)	(3,901)
Transfer to assets held for sale (see note 18)	—	(3,012)	(3,012)
Foreign exchange movement	—	(22)	(22)
At 31 December 2019	464,639	1,181	465,820
Additions	1,592	147	1,739
Written off to exploration costs	(222,584)	(696)	(223,280)
Foreign exchange movement	—	70	70
<b>At 31 December 2020</b>	<b>243,647</b>	<b>702</b>	<b>244,349</b>

The additions during the year of \$1.6 million relate principally to the Sea Lion development. Management made a judgement as to whether there were any indicators of impairment during the year and concluded that for Phase 1 of the Sea Lion development there were none.

Management, as a matter of good practice, run their cashflow model for Sea Lion phase 1 regularly. At the year end, the key inputs to this model were a real terms Brent oil price of \$62.5/bbl (2019: \$70/bbl), a post-tax discount rate of 12.5% (2019: 12.5%) and utilising the operator's current estimates of capital and operating costs and production profiles. The project is targeting project sanction decision during 2022 (with such decision dependent on securing funding) and it is expected to take three and half years from sanction to first oil.

Despite the reduction in the long-term oil price assumption, no impairment arose on the Sea Lion Phase 1 project. A range of sensitivities have been considered as part of the impairment testing process. In the event of a US\$2.5/bbl reduction in the Group's long-term oil price assumption, an impairment of \$5 million on Sea Lion Phase 1 arises. No impairment would arise if the Group assumed project sanction was delayed by a further year.

Management made the judgement that the limited near term capital being invested outside of the Phase 1 project was an indicator of impairment in the subsequent phases of the project. Accordingly a decision was made, in line with the operator, to write off historic exploration costs associated with the resources which will not be developed as part of the Sea Lion Phase 1 project. This impairment has no impact on the Group's long-term strategy for multiple phases of development in the North Falkland Basin. A reversal of the impairment is expected once the Phase 1 project has been sanctioned and investment resumes on the Phase 2 project.

## 16. Property, plant and equipment

	Oil and gas assets \$'000	Right of use assets \$'000	Other assets \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2019	37,168	1,555	878	39,601
Additions	3,757	—	40	3,797
Transfer from intangible exploration and evaluation assets	3,901	—	—	3,901
Foreign exchange	(430)	—	(4)	(434)
Transfer to assets held for sale	(20,121)	—	—	(20,121)
At 31 January 2019	24,275	1,555	914	26,744
Additions	—	138	84	222
Foreign exchange	2,006	—	14	2,020
Disposals	—	—	(99)	(99)
<b>At 31 December 2020</b>	<b>26,281</b>	<b>1,693</b>	<b>913</b>	<b>28,887</b>
<b>Depreciation and impairment</b>				
At 1 January 2019	25,504	—	706	26,210
Charge for the year	4,138	300	106	4,544
Impairment	1,600	—	—	1,600
Foreign exchange	(317)	—	(2)	(319)
Transfer to assets held for sale	(8,360)	—	—	(8,360)
At 31 December 2019	22,565	300	810	23,675
Charge for the year	232	528	48	808
Impairment	1,114	—	—	1,114
Foreign exchange	1,960	—	5	1,965
Disposals	—	—	(95)	(95)
<b>At 31 December 2020</b>	<b>25,871</b>	<b>828</b>	<b>768</b>	<b>27,467</b>
Net book value at 31 December 2019	1,710	1,255	104	3,069
<b>Net book value at 31 December 2020</b>	<b>410</b>	<b>865</b>	<b>145</b>	<b>1,420</b>

All oil and gas assets relate to the Greater Mediterranean region, specifically producing assets in Italy.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**17. Other receivables**

	31 December 2020 \$'000	31 December 2019 \$'000
Current		
Receivables	619	1,059
Other	1,844	2,442
	<b>2,464</b>	<b>3,501</b>

The carrying value of receivables approximates to fair value.

**18. Disposal group held for sale**

On 23 July 2019, the Group announced the sale of Rockhopper Egypt Pty Limited. The key asset of Rockhopper Egypt Pty Limited is a 22% working interest in the Abu Sennan concession. Accordingly the assets and associated liabilities are presented as a disposal group and the transaction completed on the 28 February 2020.

As at 31 December 2019, following impairments to intangible exploration and evaluation assets (\$0.3 million) and property, plant and equipment (\$1.6 million) the disposal group comprised net assets of \$15.9 million, detailed as follows.

	31 December 2019 \$'000
Intangible exploration and evaluation assets	3,012
Property, plant and equipment	11,764
Inventories	67
Other receivables	3,082
Other payables	(2,000)
	<b>15,925</b>

**19. Other payables and accruals**

	31 December 2020 \$'000	31 December 2019 \$'000
Accounts payable	1,021	2,248
Accruals	2,553	15,272
Other creditors	216	423
	<b>3,790</b>	<b>17,943</b>

All amounts are expected to be settled within twelve months of the balance sheet date and so the book values and fair values are considered to be the same.

**20. Tax payable**

	31 December 2020 \$'000	31 December 2019 \$'000
Non current tax payable	40,703	39,167
	<b>40,703</b>	<b>39,167</b>

On the 8 April 2015, the Group agreed binding documentation ("Tax Settlement Deed") with the Falkland Island Government ("FIG") in relation to the tax arising from the Group's farm out to Premier.

The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and is made under Extra Statutory Concession 16.

As a result of the Tax Settlement Deed the outstanding tax liability is confirmed at £59.6 million and payable on the first royalty payment date on Sea Lion. Currently the first royalty payment date is anticipated to occur within six months of first oil production which itself is estimated to occur approximately three and a half years after project sanction. As such the tax liability has been reclassified as non-current and discounted at 15%. A foreign exchange loss of US\$1.5 million (2019: US\$1.3 million loss) has been recognised in the year.

## 21. Provisions

	Decommissioning provision \$'000	Other provisions \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Brought forward	13,561	75	<b>13,636</b>	13,888
Amounts utilized	(54)	—	<b>(54)</b>	(198)
Amounts arising in the year	—	7	<b>7</b>	8
Unwinding of discount	296	—	<b>296</b>	204
Foreign exchange	1,264	9	<b>1,273</b>	(266)
Carried forward at year end	15,067	91	<b>15,158</b>	13,636

The decommissioning provision relates to the Group's licences in the Greater Mediterranean region. The provision covers both the plug and abandonment of wells drilled as well as any requisite site restoration. Assumptions, based on the current economic environment being an inflation rate of 2 per cent (2019: 2 per cent) and a discount rate of 2 per cent (2019: 2 per cent), have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain. Of these estimates the costs associated with the decommissioning works are those that are likely to have a material impact on the provisions and as such as a 10 per cent change in these estimates would have a corresponding 10 per cent impact on the provision.

Other provisions include amounts due to employees for accrued holiday and leaving indemnity for staff in Italy, that will become payable when they cease employment.

## 22. Deferred tax liability

	31 December 2020 \$'000	31 December 2019 \$'000
At beginning of period	<b>39,221</b>	39,223
Movement in period	<b>79</b>	(2)
At end of period	<b>39,300</b>	39,221

The deferred tax liability arises due to temporary differences associated with the intangible exploration and evaluation expenditure. The majority of the balance relates to historic expenditure on licences in the Falklands, where the tax rate is 26%, being utilised to minimise the corporation tax due on the consideration received as part of the farm out disposal during 2012.

Total carried forward losses and carried forward pre-trading expenditures available for relief on commencement of trade at 31 December 2020 are disclosed in note 13 Taxation. No deferred tax asset has been recognised in relation to these losses due to uncertainty that future suitable taxable profits will be available against which these losses can be utilised. The potential deferred tax asset at the 31 December 2020 would be \$163 million (31 December 2019: \$197 million).

## 23. Share capital

	31 December 2020		31 December 2019	
	\$'000	Number	\$'000	Number
Authorised, called up, issued and fully paid: Ordinary shares of £0.01 each	<b>7,218</b>	<b>458,482,117</b>	7,212	457,979,755

For details of all movements during the year, see note 14.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**24. Reserves**

Set out below is a description of each of the reserves of the Group:

<b>Share premium</b>	Amount subscribed for share capital in excess of its nominal value.
<b>Share based remuneration</b>	The share incentive plan reserve captures the equity related element of the expenses recognised for the issue of options, comprising the cumulative charge to the income statement for IFRS2 charges for share based payments less amounts released to retained earnings upon the exercise of options.
<b>Own shares held in trust</b>	Shares held in trust represent the issue value of shares held on behalf of participants in the SIP by Capita IRG Trustees Limited, the trustee of the SIP as well as shares held by the Employee Benefit Trust which have been purchased to settle future exercises of options.
<b>Merger reserve</b>	The difference between the nominal value and the fair value of shares issued on acquisition of subsidiaries.
<b>Foreign currency translation reserve</b>	Exchange differences arising on consolidating the assets and liabilities of the Group's subsidiaries are classified as equity and transferred to the Group's translation reserve.
<b>Special reserve</b>	The reserve is non distributable and was created following cancellation of the share premium account on 4 July 2013. It can be used to reduce the amount of losses incurred by the Parent Company or distributed or used to acquire the share capital of the Company subject to settling all contingent and actual liabilities as at 4 July 2013. Should not all of the contingent and actual liabilities be settled, prior to distribution the Parent Company must either gain permission from the actual or contingent creditors for distribution or set aside in escrow an amount equal to the unsettled actual or contingent liability.
<b>Retained losses</b>	Cumulative net gains and losses recognised in the financial statements.

**25. Capital commitments**

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is US\$0.4 million (2019: US\$0.6 million) relating to the Group's intangible exploration and evaluation assets.

**26. Related party transactions**

The remuneration of directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of individual directors is provided in the Directors' Remuneration Report on pages 31 to 41.

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Short term employee benefits	1,111	1,430
Pension contributions	120	133
Share based payments	873	679
	<b>2,104</b>	<b>2,242</b>

Directors purchased the following ordinary shares of £0.01 each in the Company as follows:

	Date	Number	Price (pence)
Sam Moody	15 January 2020	125,000	19.45
Keith Lough	15 January 2020	80,000	19.24
	8 June 2020	148,515	8.08
Stewart MacDonald	15 January 2020	80,000	19.24
Alison Baker	8 June 2020	70,000	8.85
John Summers	8 June 2020	74,229	8.08



## 27. Risk management policies

### Risk review

The risks and uncertainties facing the Group are set out in the risk management report. Risks which require further quantification are set out below.

**Foreign exchange risks:** The Group is exposed to foreign exchange movements on monetary assets and liabilities denominated in currencies other than US\$, in particular the tax liability with the Falkland Island Government which is a GBE denominated balance. In addition a number of the Group's subsidiaries have a functional currency other than US\$, where this is the case the Group has an exposure to foreign exchange differences with differences being taken to reserves.

Asset balances include cash and cash equivalents and restricted cash of US\$12.2 million of which US\$7.6 million was held in US\$ denominations. The following table summarises the split of the Group's assets and liabilities by currency:

Currency denomination of balance	\$ \$'000	£ \$'000	€ \$'000	EGP £ \$'000
<b>Assets</b>				
31 December 2020	253,577	3,115	4,666	—
31 December 2019	494,570	3,454	10,688	1,530
<b>Liabilities</b>				
31 December 2020	41,338	43,152	16,301	—
31 December 2019	57,857	41,451	14,820	—

The following table summarises the impact on the Group's pre-tax profit and equity of a reasonably possible change in the US\$ to GBE exchange rate and the US\$ to euro exchange:

	Pre tax profit		Total equity	
	+10% US\$ rate increase \$'000	-10% US\$ rate decrease \$'000	+10% US\$ rate increase \$'000	-10% US\$ rate decrease \$'000
<b>US\$ against GBE</b>				
31 December 2020	(4,004)	4,004	(4,004)	4,004
31 December 2019	(3,800)	3,800	(3,800)	3,800
<b>US\$ against euro</b>				
31 December 2020	(1,164)	1,164	(1,164)	1,164
31 December 2019	(413)	413	(413)	413

**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 board regularly monitors the future capital requirements of the Group, particularly in respect of its ongoing development programme.

**Credit risk:** the Group recharges partners and third parties for the provision of services and for the sale of Oil and Gas. Should the companies holding these accounts become insolvent then these funds may be lost or delayed in their release. The amounts classified as receivables as at the 31 December 2020 were \$2,079,000 (31 December 2019: \$2,168,000). Credit risk relating to the Group's other financial assets which comprise principally cash and cash equivalents, term deposits and restricted cash arises from the potential default of counterparties. Investments of cash and deposits are made within credit limits assigned to each counterparty. The risk of loss through counterparty failure is therefore mitigated by the Group splitting its funds across a number of banks, two of which are part owned by the British government.

**Interest rate risks:** the Group has no debt and so its exposure to interest rates is limited to finance income it receives on cash and term deposits. The Group is not dependent on its finance income and given the current interest rates the risk is not considered to be material.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

for the year ended 31 December 2020

**27. Risk management policies (continued)****Liquidity risks:****(i) Maturity of financial liabilities**

The table below analyses the Group's financial liabilities, which will be settled on a gross basis, into relevant maturity groups based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year \$'000	2 to 5 years \$'000	More than 5 years \$'000	Total contractual cashflows \$'000	Carrying amount \$'000
At 31 December 2020					
Other payables	3,790	—	—	3,790	3,790
Lease liability	608	1,473	—	2,081	1,840
Tax payable	—	—	81,867	81,867	40,703
	<b>4,398</b>	<b>1,473</b>	<b>81,867</b>	<b>87,738</b>	<b>46,333</b>
At 31 December 2019					
Other payables	17,943	—	—	17,943	17,943
Lease liability	539	1,975	—	2,514	2,161
Tax payable	—	—	78,780	78,780	39,167
	<b>18,482</b>	<b>1,975</b>	<b>78,780</b>	<b>99,237</b>	<b>59,271</b>

# PARENT COMPANY FINANCIAL STATEMENTS – COMPANY BALANCE SHEET

As at 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Non current assets</b>			
Property, plant and equipment	2	820	1,095
Investments	3	—	85,728
Finance lease receivable		462	628
Group undertakings	4	278,224	452,575
<b>Current assets</b>			
Other receivables	5	1,113	219
Finance lease receivable		187	146
Restricted cash		425	411
Cash and cash equivalents		10,060	14,346
<b>Total assets</b>		<b>291,291</b>	<b>555,148</b>
<b>Current liabilities</b>			
Other payables	6	13,527	32,603
Lease liability		480	348
<b>Non-current liabilities</b>			
Lease liability		1,210	1,596
<b>Total liabilities</b>		<b>15,217</b>	<b>34,547</b>
<b>Equity</b>			
Share capital	7	7,218	7,212
Share premium	11	3,622	3,547
Share based remuneration	11	5,973	4,872
Own shares held in trust	11	(3,342)	(3,371)
Merger reserve	11	74,575	74,575
Special reserve	11	188,028	433,766
Retained earnings	11	—	—
<b>Attributable to the equity shareholders of the company</b>		<b>276,074</b>	<b>520,601</b>
<b>Total liabilities and equity</b>		<b>291,291</b>	<b>555,148</b>

Loss for the year ending 31 December 2020 was US\$246,377,000 (2019: US\$ 24,348,000).

These financial statements on pages 73 to 78 were approved by the directors and authorised for issue on 19 May 2021 and are signed on their behalf by:

**Stewart MacDonald**

Chief Financial Officer

Rockhopper Exploration plc Registered Company number: 05250250

The notes on pages 75 to 78 form an integral part of these financial statements

# COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital \$'000	Share premium \$'000	Share based remuneration \$'000	Shares held in trust \$'000	Merger reserve \$'000	Special reserve \$'000	Retained losses \$'000	Total Equity \$'000
Balance at 31 December 2018	7,205	3,422	5,104	(3,369)	74,575	456,680	—	543,617
Total comprehensive loss for the year	—	—	—	—	—	—	(24,348)	(24,348)
Share based payments	—	—	1,307	—	—	—	—	1,307
Share issues in relation to SIP	7	125	(105)	(2)	—	—	—	25
Other transfers	—	—	(1,434)	—	—	(22,914)	24,348	—
Balance at 31 December 2019	7,212	3,547	4,872	(3,371)	74,575	433,766	—	520,601
Total comprehensive loss for the year	—	—	—	—	—	—	(246,377)	(246,377)
Share based payments	—	—	1,840	—	—	—	—	1,840
Share issues in relation to SIP	6	75	—	(71)	—	—	—	10
Other transfers	—	—	(739)	100	—	(245,738)	246,377	—
<b>Balance at 31 December 2020</b>	<b>7,218</b>	<b>3,622</b>	<b>5,973</b>	<b>(3,342)</b>	<b>74,575</b>	<b>188,028</b>	<b>—</b>	<b>276,074</b>

See note 11 for description of each of the reserves of the Company

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

## 1 Accounting policies

### Company 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 for the exploration and exploitation of oil and gas in the Falkland Islands. In addition it has operations in the Greater Mediterranean based in Italy and Egypt. During 2020 the Group divested its exploration and production assets in Egypt. The registered office of the Company is Warner House, 123 Castle Street, Salisbury, Wiltshire, SP1 3TB.

### Authorisation of financial statements and statement of compliance with financial reporting standard 101 reduced disclosure framework (FRS 101)

The financial statements of Rockhopper Exploration plc. for the year ended 31 December 2020 were approved and signed by the Group Chief Financial Officer on 19 May 2021 having been duly authorised to do so by the board of directors. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the provisions of the Companies Act 2006.

In these financial statements, the Company as permitted by FRS101 has taken advantage of the disclosure exemptions available under that standard in relation to accounting standards issued but not yet effective or implemented, share-based payment information, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions. Where required equivalent disclosures are given in the consolidated financial statements.

### Basis of accounting

These financial statements are prepared on a going concern basis. The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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

### Going concern

The financial statements have been prepared on a going concern basis. Further information relating to the going concern assumption is provided in note 1.5 of the consolidated financial statements and includes details of a material uncertainty that exists that may cast significant doubt on the ability of the Company to continue as a going concern.

Where required, the equivalent disclosures are given in the consolidated financial statements. Key sources of estimation uncertainty disclosure are provided in the Accounting Policies and in relevant notes to the consolidated financial statements as applicable.

The financial statements have been prepared on the historical cost basis except for the re-measurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out on pages 55 to 59 to the consolidated financial statements except as noted below.

### Investments

The investments in the subsidiary undertakings are included in the Company financial statements at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

### Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Office equipment	Over 3 years
Leasehold improvements	Over 5 years

### USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Sensitivity analysis is disclosed in the related note as required.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

## 1. Accounting policies (continued)

### Carrying value of investments and group undertakings (note 3 and 4)

The carrying value of investments and group undertakings are, in the main, inherently linked to the value of the intangible exploration and evaluation assets that those group undertakings hold and the value of the associated exploration and evaluation projects these balances represent.

In addition for assets under evaluation where discoveries have been made, such as Sea Lion, their carrying value is checked by reference to the net present value of future cashflows which requires key assumptions and estimates in relation to: commodity prices that are based on forward curves for a number of years and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, the quantum of commercial reserves and the associated production and cost profiles. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. The assumptions used are those disclosed in note 15 of the consolidated financial statements.

## 2. Property, plant and equipment

	Right of use assets \$'000	Other assets \$'000	Total \$'000
<b>Cost</b>			
At 1 January 2019	1,264	779	2,043
Additions	—	40	40
Disposals	—	(2)	(2)
At 31 December 2019	1,264	817	2,081
Additions	138	84	222
Disposals	—	(99)	(99)
<b>At 31 December 2020</b>	<b>1,402</b>	<b>802</b>	<b>2,204</b>
<b>Depreciation and impairment</b>			
At 1 January 2019	—	691	691
Charge for the year	220	76	296
Disposals	—	(1)	(1)
At 31 December 2019	220	766	986
Charge for the year	459	34	493
Disposals	—	(95)	(95)
<b>At 31 December 2020</b>	<b>679</b>	<b>705</b>	<b>1,384</b>
Net book value at 31 December 2019	1,044	51	1,095
<b>Net book value at 31 December 2020</b>	<b>723</b>	<b>97</b>	<b>820</b>

## 3. Investments

	31 December 2020 \$'000	31 December 2019 \$'000
Cost brought forward	139,117	139,117
Disposals	(26,018)	—
Cost carried forward	113,099	139,117
Amounts provided brought forward	(53,389)	(45,500)
Disposals	5,789	—
Impairments	(65,499)	(7,889)
Amounts provided carried forward	(113,099)	(53,389)
Net book value brought forward	85,728	93,617
Net book value carried forward	—	85,728

All amounts relate to subsidiary undertakings. Following the decision to impair the assets associated with the subsequent phases of the Sea Lion development the judgement was made to provide \$65.5 million against the investment balances with the subsidiaries that hold those licences. Disposals in the period relate to Rockhopper Egypt Pty Limited. With the Italian portfolio now deemed largely non-core, a decision was made in the prior year to impair the investments associated with that region by \$7.9 million.

Details of the investments at the year end were as follows:

Company	Incorporated	Class of share	Percentage held %
Rockhopper Resources Limited	England & Wales	Ordinary	100
Rockhopper Exploration (Oil) Limited	England & Wales	Ordinary	100
Rockhopper Exploration (Hydrocarbons) Limited	England & Wales	Ordinary	100
Rockhopper Exploration (Petrochemicals) Limited	England & Wales	Ordinary	100
Rockhopper Exploration (Oil) Limited	Falkland Islands	Ordinary	100
Rockhopper Mediterranean Limited	England & Wales	Ordinary	100
Rockhopper Civita Limited	England & Wales	Ordinary	100
Rockhopper Italia SpA	Italy	Ordinary	100
Falkland Oil and Gas Limited	Falkland Islands	Ordinary	100
Desire Petroleum Limited	England & Wales	Ordinary	100

All companies incorporated in England & Wales have their registered address at Warner House, 123 Castle Street, Salisbury, SP1 3TB, United Kingdom.

All companies incorporated in the Falkland Islands have their registered address at 45 John Street, Stanley, Falkland Islands, FIQQ 1ZZ.

Rockhopper Italia SpA has its registered address at Via Abruzzi 3, 00187 Rome, Italy.

#### 4. Group undertakings

	31 December 2020 \$'000	31 December 2019 \$'000
Group undertakings	<b>474,631</b>	473,343
Provisions	<b>(196,407)</b>	(20,768)
	<b>278,224</b>	452,575

Amounts with Group undertakings are subject to loan agreements, repayable on demand and interest free. Classification as non-current reflects the Company's expectation that repayment is not likely to occur within the next twelve months.

Following the decision to impair the assets associated with the subsequent phases of the Sea Lion development the decision was made to provide \$196 million against the loan balances with the subsidiaries that hold those licences. In the prior year following the decision to dispose of Rockhopper Egypt Pty Limited and with the Italian portfolio now deemed largely non-core, a decision was made to impair the receivables associated with that region by \$10 million.

#### 5 Other receivables

	31 December 2020 \$'000	31 December 2019 \$'000
Receivables	<b>690</b>	99
Prepayments	<b>194</b>	96
Other	<b>229</b>	24
	<b>1,113</b>	219

# NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2020

## 6. Other payables

	31 December 2020 \$'000	31 December 2019 \$'000
Trade creditors	658	2,008
Other creditors	142	419
Accruals	2,161	14,616
Group undertakings	10,566	15,560
	<b>13,527</b>	<b>32,603</b>

Amounts with Group undertakings are subject to loan agreements, repayable on demand and interest free.

## 7. Share capital

	31 December 2019 Number	31 December 2018 Number
Shares in issue brought forward	457,979,755	457,495,899
Shares issued		
– Issued under the SIP	502,362	483,856
Shares in issue carried forward	<b>458,482,117</b>	<b>457,979,755</b>

	31 December 2020		31 December 2019	
	\$'000	Number	\$'000	Number
Authorised, called up, issued and fully paid: Ordinary shares of £0.01 each	7,218	458,482,117	7,212	457,979,755

## 8. Salaries and directors' remuneration

	Year ended 31 December 2020 \$'000	Year ended 31 December 2019 \$'000
Salaries and fees	2,625	3,401
National insurance costs	391	433
Pension costs	305	125
Employee benefit costs	75	66
Average number of employees	10	14

Disclosures in relation to directors' remuneration are given on a consolidated basis in the directors' report and note 8 of the Group financial statements.

## 9. Auditors' remuneration

Note 9 of the Group financial statements provides details of the remuneration of the Company's auditors on a Group basis.

## 10. Share based payments

Note 10 of the Group financial statements provides details of share based payments of the Group. The amounts disclosed are the same as those of the Company.

## 11. Capital and reserves

For description of each of the reserves of the Company please see Note 24 of the Group financial statements.

## 12. Related parties

Note 26 of the Group financial statements provides details on remuneration of key management personnel of the Group. The amounts disclosed are the same as those of the Company.



## KEY LICENCE INTERESTS AS AT 1 MAY 2021

### Falkland Islands

#### North Falkland Basin

Licence	Operator	Rockhopper working interest %	Field/Discovery	Licence phase expiry date
PL003a	Rockhopper	95.50	—	01/11/2022
PL003b	Rockhopper	60.50	—	01/11/2022
PL004a	Harbour Energy	64.00	Isobel Deep	01/11/2022
PL004b	Harbour Energy	64.00	Beverley Casper South Zebedee	01/11/2022
PL004c	Harbour Energy	64.00	—	01/11/2022
PL005	Rockhopper	100.00	—	01/11/2022
PL032	Harbour Energy	40.00	Casper North	01/11/2022
– Sea Lion Discovery Area			Sea Lion	01/11/2022
PL033	Harbour Energy	40.00	—	01/11/2022

#### South Falkland Basin

Licence	Operator	Rockhopper working interest %	Field/Discovery	Licence phase expiry date
PL010–PL016	Rockhopper	100.00	—	03/12/2021
PL025–PL029	Rockhopper	100.00	—	15/12/2021
PL031	Rockhopper	100.00	—	15/12/2021

# GLOSSARY

2C	best estimate of contingent resources	High	high estimate category of Prospective Resources also used as a generic term to describe a high or optimistic estimate
2P	proven plus probable reserves	IFRS	International Financial Reporting Standard
3C	a high estimate category of contingent resources	Kboepd	thousand barrels of oil equivalent per day
AGM	Annual General Meeting	Low	a low estimate category of Prospective Resources also used as a generic term to describe a low or conservative estimate
Best	a best estimate category of Prospective Resources also used as a generic term to describe a best, or mid estimate	LOI	Letter of Intent
Board	the Board of Directors of Rockhopper Exploration plc	Mmbbls	million barrels
boe	barrels of oil equivalent	Mmboe	million barrels of oil equivalent
bopd	barrels of oil per day	Mmbtu	million British thermal units
boepd	barrels of oil equivalent per day	MMstb	million stock barrels (of oil)
Capex	capital expenditure	Mscf	thousand standard cubic feet
Cash resources	Cash and term deposits	Navitas	Navitas Petroleum LP
Chrysaor	Chrysaor Holdings Limited	net pay	the portion of reservoir containing hydrocarbons that through the placing of cut offs for certain properties such as porosity, water saturation and volume of shale determine the productive element of the reservoir
Company	Rockhopper Exploration plc	P&A	plug and abandon
E&E	Exploration and evaluation	PIM	Project Information Memorandum
E&P	exploration and production	Premier	Premier Oil plc
EGPC	Egyptian General Petroleum Company	PSV	virtual exchange point
EIS	Environmental Impact Statement	QCA code	Quoted Companies Alliance Corporate Governance Code
ERCE	ERC Equipoise Limited	RNS	Regulatory News Service
ESG	Environmental, Social and Governance	SAR	Share appreciation right
Farm-down	to assign an interest in a licence to another party	Scm	standard cubic metre
FEED	Front End Engineering and Design	SIP	Share incentive plan
FDP	Field Development Plan	STOIIP	stock-tank oil initially in place
FID	Final Investment Decision	SURF	Subsea, Umbilicals, Risers and Flowlines
FIG	Falkland Islands Government	TSR	Total shareholder return
FOGL	Falkland Oil and Gas Limited	tvdss	True vertical depth subsea
FPSO	Floating Production, Storage and Offtake vessel	United	United Oil & Gas plc
G&A	General and administrative costs		
Group	the Company and its subsidiaries		
Harbour	Harbour Energy plc		

# SHAREHOLDER INFORMATION

## KEY CONTACTS

### Registered address and head office:

Warner House  
123 Castle Street  
Salisbury  
Wiltshire  
SP1 3TB

### NOMAD and joint broker

Canaccord Genuity Limited  
88 Wood Street  
London  
EC2V 7QR

### Joint broker

Peel Hunt LLP  
100 Liverpool Street  
London  
EC2M 2AT

### Solicitors

Ashurst LLP  
Fruit & Wool Exchange  
1 Duval Square  
London  
E1 6PW

### Principal Bankers

Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

### Auditor

PricewaterhouseCoopers LLP  
1 Embankment  
London  
WC2N 6RH

### Registrar

Link Group  
10th Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## CONCERNS AND PROCEDURES

### General emails

[info@rockhopperexploration.co.uk](mailto:info@rockhopperexploration.co.uk)

### Audit committee emails

[rkh@rockhopperexploration.co.uk](mailto:rkh@rockhopperexploration.co.uk)

### Website

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

### Shareholder concerns:

Should shareholders have concerns which have not been adequately addressed by the chairman or chief executive, please contact the chairman of the audit committee at:

[rkh@rockhopperexploration.co.uk](mailto:rkh@rockhopperexploration.co.uk)

### Whistle-blowing procedures:

Should employees, consultants, contractors or other interested parties have concerns which have not been adequately addressed by the chairman or chief executive, please contact the chairman of the audit committee at:

[rkh@rockhopperexploration.co.uk](mailto:rkh@rockhopperexploration.co.uk)



The pulp is bleached using an Elemental Chlorine Free process.

This report is printed in the UK using environmental printing technology and vegetable based inks. Both the manufacturing mill and the printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® chain-of-custody certified.

Designed and produced by JacksonBone Limited.

**ROCKHOPPER EXPLORATION PLC**

Warner House  
123 Castle Street  
Salisbury  
Wiltshire  
SP1 3TB

Telephone +44 (0)1722 414 419  
info@rockhopperexploration.co.uk  
www.rockhopperexploration.co.uk  
Twitter @RockhopperExplo

Company Reg. No. 05250250

