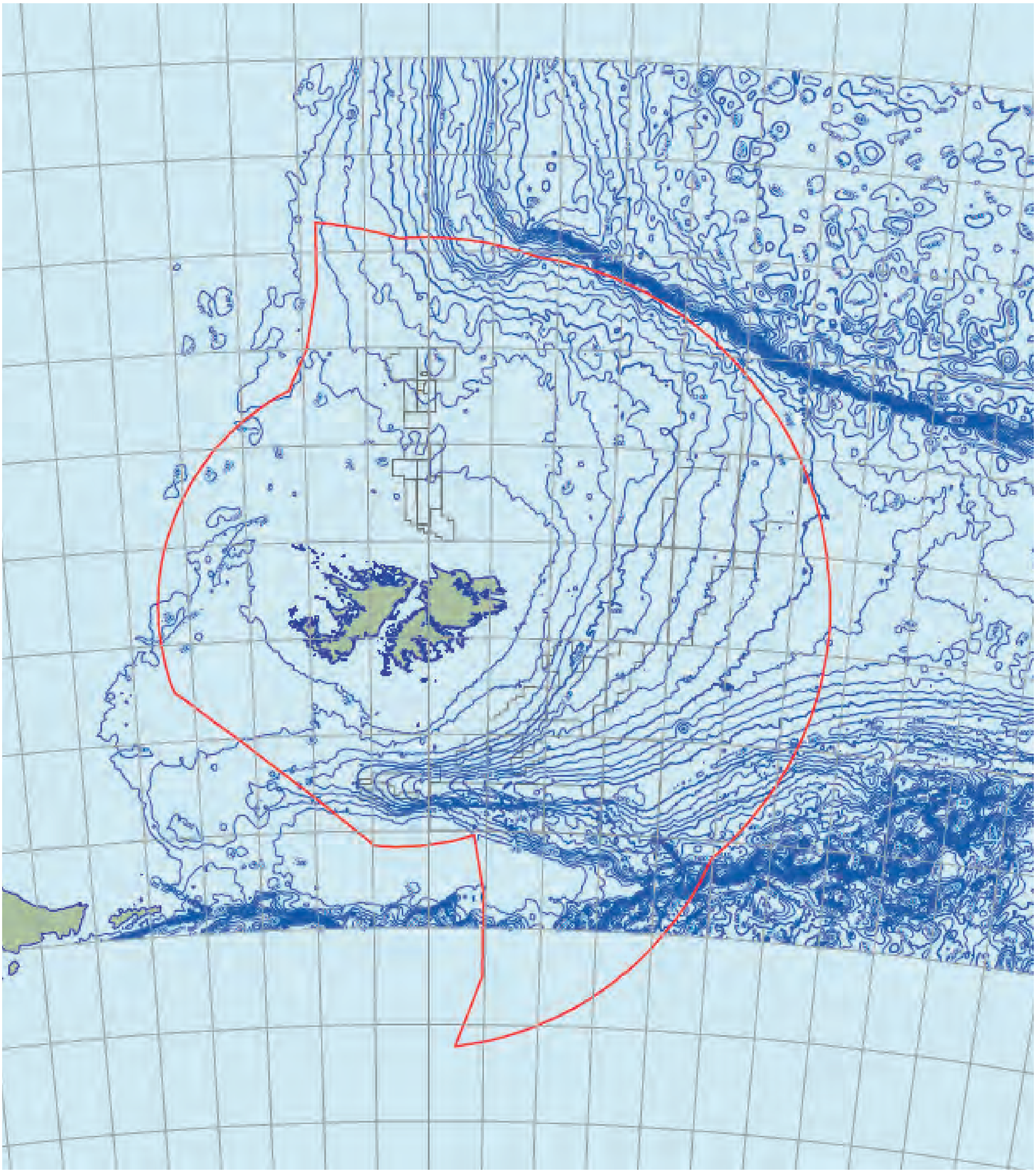
ROCKHOPPER
EXPLORATION PLC



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.

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2023 HIGHLIGHTS

Progress on all fronts

SEA LION DEVELOPMENT

> Increased resources
> Decreased costs
> Improved financeability

OMBRINA MARE ARBITRATION AWARD

> Potential monetisation in three tranches
> Annulment hearing completed
> Hopeful of favourable outcome by end of 2024

CORPORATE AND FINANCIAL

> Board succession completed
> >90% warrants exercised
> Balance sheet strength maintained

SEA LION DEVELOPMENT UPDATE

New lower cost development plan at Sea Lion

Navitas have provided details of the updated Field Development Plan ("FDP") and additional independent resource report by Netherland Sewell & Associates ("NSAI").*

> Optimised for the specifications of identified and available redeployable FPSOs
> 2C resources increased to 791mmbbls
> Sea Lion initial development recovery increased to 312mmbbls
> Cost to first oil reduced from $1.3bn to $1.2bn
> Peak rate up to 55,000bbls/d
> Capex per bbl c.$8 life of field
> Opex per bbl c.$17 life of field
> NPV 10 >$4bn gross to the JV at $77 Brent†

The long-term potential for the North Falkland Basin could utilise up to three FPSOs with a total production of approximately 200,000 bbls/d

> EIS pre-consultation started in November 2023
> Navitas continues to refine FDP
> Navitas actively working with leading industry vendors to secure all long lead equipment

* Rockhopper is not an addressee and has not been party to the production of the 2024 NSAI Independent Report. The 2024 NSAI Independent Report has been produced to PRMS standards. The last independent resource report commissioned directly by Rockhopper was the ERCE 2016 Report which had an estimated 2C value of 517 MMbbls. *See RNS dated 22 January 2024.*

† Post royalty, pre tax.

OMBRINA MARE ARBITRATION AWARD UPDATE

Monetisation – Key Commercial Terms

Rockhopper is monetising its Ombrina Mare Arbitration by means of a new funded participation agreement with a specialist fund, consideration is in three tranches.

Tranche		Payment Condition & Timing Gross Amount	Retained by RKH
1	Upfront payment on completion	€45m	€15m
2	Payment on successful annulment decision	€65m	€65m
3	Profit share	20%	100%

1 Rockhopper was funded by a litigation funder for 100% of the Arbitration costs from inception (2017) to the date of the decision (August 2022). That funder is due a proportion of proceeds from the award, including any monetisation amounts. In addition, on successfully contesting the annulment Rockhopper owes previously disclosed success fees to its legal representatives.
2 Reduced in the event that the Award is partially annulled.
3 Rockhopper will retain 100% of a profit share of 20% on recovery above amounts in excess of 200% of the Specialist Fund's total investment costs

> Transaction requires FIG consent to complete
> Should the consent not be obtained by end June 2024, either side has right to terminate
> The Specialist Fund is paying the legal costs associated with the Award from 20 December 2023
> In case of non-completion, Rockhopper to compensate the Specialist Fund for costs incurred out of Award proceeds
> Proceeds taxable, Rockhopper believes likely range of outcomes to be 10-15% of the amount received by Rockhopper

Annulment Proceedings

> Italy requested to annul Arbitration Award October 2022
> Annulment hearing completed April 2024
> Rockhopper and advisors remain confident in merits of legal case
> Hopeful a decision is possible before the end of 2024

CHAIR AND CHIEF EXECUTIVE OFFICER'S REVIEW

Global uncertainty continued during the year, with conflict in the Middle East as well as the continued war in Ukraine, and continued underinvestment in new oil projects leading to oil prices averaging over US$80/bbl during the year.

INTRODUCTION

Global uncertainty continued during the year, with conflict in the Middle East as well as the continued war in Ukraine, and continued underinvestment in new oil projects leading to oil prices averaging over US$80/bbl during the year.

Navitas Petroleum LP ("Navitas") continued to refine the Sea Lion development which we believe is now in the most advanced stage in its history.

The monetisation of the Ombrina Mare Arbitration Award (the "Award"), subject to the approval of Falkland Islands Government ("FIG"), will provide material near term capital certainty and should, assuming a successful annulment outcome, provide most and potentially all the required Rockhopper equity for Phase 1 of the Sea Lion development.

The refined Sea Lion development is, in our view, highly competitive in a global market. We believe the main impediment to sanction remains the Argentine sovereignty claim of the Falkland Islands. The claim does mean certain service providers and financial institutions choose not to provides services for fear of a potential impact an association may have on their businesses in Argentina.

SEA LION DEVELOPMENT

Over the course of the year, Navitas continued to refine and improve the Sea Lion development and we believe the project is now at its most advanced stage to date. In January 2024, a new independent Netherland Sewell & Associates ("NSAI") report was produced and is available on the Navitas website ("2024 NSAI Report")*. This report confirms an increase in both the overall 2C resource base and recovery during the first phase of the development. The refined development plan continues to be based on a phased approach utilising a drill to fill approach, with the first phase now targeting 312 mmbbls from a total of 23 wells with a peak rate of up to 55k bopd, an increase of some 16% in recovery. This optimised development scheme is based on the use of identified Floating Production, Storage and Offtake vessels ("FPSO") which are both suitable and available. Discussions are advanced with a number of contractors who are available and interested in offering all services required to bring the project into production. Environmental Impact Statement ("EIS") pre-consultation began in November 2023.

	Per barrel cost life of field (rounded):
Capex	US$8
Opex	US$17
Total	**US$25**

In January 2024, Navitas published the 2024 NSAI Report which is available on Navitas' website, and contains the following resource estimates:

	1C (mmbbls)	2C (mmbbls)	3C (mmbbls)
Development Pending	228	312	406
Development Unclarified	281	479	757
Total	**509**	**791**	**1,163**

* *Rockhopper is not an addressee and has not been party to the production of the 2024 NSAI Independent Report. The 2024 NSAI Independent Report has been produced to PRMS standards. The last independent resource report commissioned directly by Rockhopper was the ERCE 2016 Report which had an estimated 2C value of 517 MMbbls. See RNS dated 22 January 2024.*

Simon Thomson
Non-Executive Chair

Samuel Moody
Chief Executive Officer

The project break even oil price has been lowered during the year, with capex per barrel under US$10 per bbl and opex under US$20 per bbl on a life of field basis for the first phase. The updated independent NSAI report confirms an NPV 10 in excess of US$4bn to the JV (comprising Navitas and Rockhopper) at US$77/bbl Brent on a post royalty, pre tax basis.

These numbers highlight that our 35% working interest in Sea Lion, which benefits from two attractive loans from Navitas, will be a highly valuable asset once sanctioned at current oil prices. The next steps towards securing Final Investment Decision ("FID") and Project Sanction will be the aforementioned EIS public consultation, securing contractors and putting in place a viable financing plan. All of this work is currently ongoing.

OMBRINA MARE MONETISATION
As announced on 20 December 2023, we signed an agreement with a regulated specialist fund (the "Specialist Fund") to accelerate the monetisation (the "Monetisation") of our Ombrina Mare Arbitration award (the "Award").

Details of the payment structure of the Monetisation are below:

> Tranche 1
Rockhopper will retain approximately €15 million of an upfront payment of €45million on completion. As previously disclosed, Rockhopper entered into a litigation funding agreement in 2017 under which all costs relating to the Arbitration from commencement to the rendering of the Award were paid on its behalf by a separate specialist arbitration funder (the "Original Arbitration Funder"). That agreement entitles the Original Arbitration Funder to a proportion of any proceeds from the Award or any monetisation of the Award. Rockhopper has entered into an agreement with the Original Arbitration Funder to pay €26 million of the Tranche 1 proceeds to discharge all of its liabilities under the agreement with the Original Arbitration Funder.

In addition, on successfully contesting the annulment Rockhopper owes previously disclosed success fees to its legal representatives. After making these payments, Rockhopper will retain approximately €15million of the Tranche 1 payment and 100 per cent of all Tranche 2 and 3 payments.

> Tranche 2
Additional contingent payment of €65 million upon a successful annulment outcome. Should the Award be partially annulled, and the quantum reduced as a result, then Tranche 2 will be reduced such that the amounts under Tranche 1 and Tranche 2 shall be adjusted downward on a pro-rata basis. For example, if the quantum of the Award is reduced by 20%, then the amounts under Tranche 1 and Tranche 2 shall be reduced by 20%. For the avoidance of doubt, the amounts under Tranche 1 and Tranche 2 shall not reduce below €45m in any circumstance.

> Tranche 3
Potential payment of 20% on recovery of amounts in excess of 200% of the Specialist Fund's total investment including costs.
Tax will also be payable on Rockhopper's share of the proceeds from the monetisation of the Award. These calculations are complex and are unlikely to be resolved for some months, but Rockhopper currently estimates that the approximate effective tax rate of between 10-15% is likely.

The transaction requires consent from FIG by 30 June 2024 in order to complete. We are currently working with FIG to secure this consent. Should FIG consent not be obtained by the end of June, either side can terminate the agreement with Rockhopper compensating the Specialist Fund from any eventual monetisation or recovery on the basis of legal fees incurred.

On 11 and 12 April 2024, a 2-day annulment hearing was held before an ad hoc Panel put together by ICSID under the relevant rules. Following the hearing, the ad hoc committee considering the annulment request has instructed that it will shortly provide questions to both parties who are to respond in writing by 18 June 2024. Based on post-hearing legal advice, Rockhopper remains confident in the strength of its legal case and remains hopeful that a decision will be reached on the annulment by the end of 2024.

We believe that, should we secure a positive annulment outcome and the Award monetisation completes, we will be in a strong position to provide our share of the required equity for the Sea Lion project.

Our balance sheet remains strong with some US$8.0 million in cash at year end, with a further US$2.0 million received post year end through warrant proceeds and potentially an additional c.€15million in cash due on completion of the Award Monetisation.

CORPORATE AND FINANCIAL

Following the completion of our capital raise in 2022, we enjoyed a very high take up of warrants issued with 93.9% being exercised. Our balance sheet remains strong with some US$8.0 million in cash at year end, with a further US$2.0 million received post year end through warrant proceeds and an additional c.€15million in cash due on completion of the Award Monetisation. Normal working capital requirements and projected recurring expenditure remain low at only US$4.0 million per annum, representing a reduction of over 60% compared to 2014. We maintain a small, highly experienced team of technical experts and have an unparalleled history of success in the North Falkland Basin, in depth knowledge of operating in the Falklands, and of Sea Lion itself.

We were delighted to welcome both Simon Thomson and Paul Mayland to the Board in October, both of whom bring direct and highly relevant knowledge, not only of offshore oil field developments but also listed E&P companies and international arbitration.

We take this opportunity to thank Keith Lough and John Summers for their time on the Board and wish them every success in the future.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

As always, ESG remains a focus for Rockhopper. We maintain a highly experienced Board and have a long-term relationship with the Falkland Islands, visiting regularly. As Operator, Navitas will determine the manner in which the Sea Lion oil field will be developed, and we are confident they will do so in a responsible manner. We reaffirm our commitment to report transparently and mitigate our own emissions as far as it is practicable.

OUTLOOK

Whilst there continue to be some risks, with a strong balance sheet, a signed transaction to monetise the Ombrina Mare Arbitration and a highly economic Sea Lion development plan in place, we believe your Company remains well placed to deliver long term value to its shareholders.

Simon Thomson
Non-Executive Chair

Samuel Moody
Chief Executive Officer

21 May 2024

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.

2024 targets

> Progress the Sea Lion Project to a Final Investment Decision;

> Complete the transaction to monetise the Ombrina Mare arbitration award; and

> Strengthen and protect the Company's balance sheet.

Performance against 2023 targets:

- **Progress all elements required to secure sanction of the Sea Lion Project;**
- **Strengthen and protect the Company's balance sheet; and**
- **Work to secure the Ombrina Mare arbitration award.**

The Remuneration Committee agreed that there had been good progress on the Sea Lion Development and management of cash resources. It agreed that a bonus of 22.5% of basic salary should be awarded to the CEO in respect of his contribution to the progress which had been made during the 2023 financial year.

The Remuneration Committee noted that it had previously agreed that a bonus of 1% of monies received in relation to the Ombrina Mare arbitration award, capped at 200% of salary, should be awarded to the CEO and the CEO had received an initial partial bonus payment in January 2023 in respect of the successful arbitration outcome. During 2023, the Company had agreed a deal to monetise the Ombrina Mare award with payment to be received in three stages. The committee agreed that the balance of the agreed bonus should be paid in stages on receipt of payments from the purchaser of the Ombrina Mare award.

FINANCIAL REVIEW

OVERVIEW
From a finance perspective, the most significant event in 2023 was announcement of the Monetisation as discussed in detail in the Chair and CEO's Review. From a financial perspective, this has no impact on the results for the period to 31 December 2023 as the Monetisation did not complete before year end.

The Award was made in September 2022 and Italy applied to have the Award annulled in October 2022. As such, the Award is still considered a contingent asset and is not recognised in the financial statements.

RESULTS FOR THE YEAR
For the year ended 31 December 2023, the Group had no revenues (2022: US$0.7 million) and a loss after tax of US$4.6 million (2022: profit after tax of US$35.5 million). The loss for the year is in line with expectations and further details are provided below.

REVENUE AND COST OF SALES
Following cessation of production in Italy, the Group had no revenues during the year (2022: US$0.7 million). Revenues in the prior year related entirely to the sale of natural gas in the Greater Mediterranean (specifically Italy) region.

Cost of sales amounted to US$0.9 million (2022: US$2.0 million). The prior year cost of sales included US$1.0 million in costs associated with increasing decommissioning provisions. Excluding these amounts, which were driven by particularly high global inflation rates, cost of sales reduced slightly. Even though there has been no revenue in the period there are costs associated with maintaining the various production concessions whilst potential options for redevelopment are considered.

OPERATING COSTS
Exploration and evaluation expenses are not material in the year. The impairment in the current year of US$0.2 million (2022: US$0.3 million) is due to cost write offs relating to the South Falkland Basin and areas of the North Falkland Basin which will not be developed as part of the Sea Lion Phase 1 project.

The Group continues to manage corporate costs and has achieved significant reductions in recurring G&A costs 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. As part of this ongoing focus on costs the Rome office was closed during 2023.

Administrative expenses have increased during the year to US$4.3 million (2022: US$3.6 million). These costs include legal fees in relation to contesting the Annulment of the Award of US$1.6 million (2022: US$0.2 million). The Group chose to use existing resources to fund all legal costs arising from contesting the request by Italy for Annulment while it explored all acceptable funding possibilities. Following signing of the Monetisation agreement, the Specialist Fund are responsible for all legal fees, therefore no costs have been incurred in relation to the Arbitration in 2024 to date. Administrative expenses excluding these legal fees have reduced by approximately US$0.7 million.

In prior years foreign exchange movements were impacted by the tax liability arising from the Group's 2012 farm-out, a GBP denominated balance. This liability also impacted on finance expenditure as it was deferred and hence discounted. During the prior year this liability was derecognised and so has no impact in the current year. The foreign exchange gain in the year of US$0.3 million (2022: gain of US$6.6 million) is therefore materially smaller, something that is expected to continue going forward. The tax liability is discussed further below.

Finance expenses have reduced significantly to US$0.5 million (2022: US$4.2million). As well as prior year exchange differences on tax balances there was a loss on fair value of derivative financial liabilities of US$0.5 million. This related to fair value adjustments on Warrants issued as part of the 2022 Placing and Subscription ("Warrants") which were treated as derivative financial liabilities and as such carried at fair value on the balance sheet.

Full year 2023 saw a gain on derivative financial liabilities of US$0.9 million. This, along with an increase in interest receivable on term deposits, explains the finance income during the year of US$1.2 million as opposed to negligible amounts in 2022.

CASH MOVEMENTS AND CAPITAL EXPENDITURE
At 31 December 2023, the Group had cash and term deposits of US$8.0 million (31 December 2022: US$9.8 million).

Cash and term deposit movements during the period:

	US$m
Opening cash balance (31 December 2022)	9.8
Cost of sales	(0.9)
Falkland Islands	(1.3)
Administrative expenses	(4.3)
Net proceeds of warrant exercises	3.7
Miscellaneous	1.0
Closing cash balance (31 December 2023)	**8.0**

Miscellaneous includes foreign exchange and movements in working capital during the period.

The additions to intangible exploration and evaluation assets during the year of US$5.4 million relate principally to the Sea Lion development. Management considered whether there were any indicators of impairment to the carrying value of the intangible as it relates to the first phase of the Sea Lion development and concluded there were none.

We continue to impair amounts capitalised in relation to licences that hold discovered barrels of oil that would be produced in any subsequent phases of development. This is in line with accounting standards given the limited capital we are currently spending on these licences. We continue to believe that these licences are hugely valuable and the Group's long-term strategy is still for multiple phases of development in the North Falkland Basin which would eventually include these licences. This is discussed in more detail in note 14 to the financial statements.

TAXATION

On the 8 April 2015, the Group agreed binding documentation ("Tax Settlement Deed") with the FIG in relation to the tax arising from the Group's 2012 farm out. The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and is made under Extra Statutory Concession 16. The Tax Settlement Deed also states that the Group is entitled to make adjustment to the outstanding tax liability if and to the extent that the Commissioner is satisfied that any part of the Development Carry becomes irrecoverable.

In September 2022 the transaction enabling Harbour Energy plc ("Harbour") to exit and Navitas to enter the North Falkland Basin completed (the "Transaction"). Under the Transaction the balance of development carry, approximately US$670 million, has become irrecoverable.

Due to the irrecoverable Development Carry in the Group's judgment no further amounts are due on the Group's 2012 farm-out. Given the highly material nature of this judgment professional advice has been sought to confirm that it is probable that the Group is entitled to adjust the outstanding tax liability for the irrecoverable Development Carry. As such, in the prior year, the Group derecognised the tax liability to measure it at the most likely amount it will be settled for, US$nil. We understand that FIG still believe that the £59.6 million to be due and we are currently engaged with FIG to resolve this matter.

Should it be proven that there is no entitlement to adjustment under the Tax Settlement Deed then the outstanding tax liability would be £59.6 million and still 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. In this improbable instance Management believes the most likely timing of payment is in line with the first royalty payment.

Separately, we have submitted tax returns in relation to the farm out to Navitas that occurred immediately after their acquisition from Harbour of the company that holds the North Falkland's Basin licences. The consideration for this transaction was the provision of loan funding to the Group to cover the majority of its share of Sea Lion phase 1 related costs from transaction completion up to FID through a loan from Navitas with interest charged at 8% per annum (the "Pre-FID Loan"). Subject to a positive FID, Navitas will provide an interest free loan to fund two-thirds of the Group's share of Sea Lion phase 1 development costs (for any costs not met by third party debt financing). Whilst we continue to engage with FIG on the value of this consideration, we are confident that we have sufficient losses to ensure no tax liability will arise.

Based on correspondence with FIG, Management does not believe that the farm out constitutes a substantial disposal and therefore would not have accelerated the £59.6 million liability should it be shown to still be payable.

The prior year derecognition of the tax liability led to a tax income of US$38.8 million. The tax liability had been treated as long term and hence discounted. In 2022, the unwinding of discounts on the previously recognised liability, prior to derecognition, was US$3.4 million and treated as a finance expense. This was offset by prior year foreign exchange gains of US$7.8 million.

WARRANTS

During the prior year Rockhopper raised US$9.1 million, post expenses, by way of a Placing and Subscription in June 2022 and an Open Offer in July 2022 (together the "Fund Raising"). In each case at an issue price of 7 pence per Unit (the "Issue Price"). Each Unit offered comprised one new ordinary share ("New Ordinary Share") and, for every two New Ordinary Shares subscribed for, one warrant ("Warrant").

Each Warrant gave the holder the right to subscribe for one new Ordinary Share at a price of 9 pence per Ordinary Share (the "Strike Price") at any time from the issue of the Warrants up to (and including) 5.00 p.m. on 31 December 2023.

During the year 32.4 million Warrants were exercised, raising US$3.7 million. Immediately after the year end a further 20.3 million shares were issued in relation to Warrants that were validly exercised pre year end and prior to their expiry. This raised an additional US$2.0 million of net proceeds. Of the 60,917,237 Warrants issued as part of the Fund Raising, 93.9% were exercised.

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. At 31 December 2023, the Group had cash and cash equivalents and term deposits of US$8.0 million.

After the year end, the Group received the proceeds of warrants validly exercised pre year end but where shares were allotted in 2024. This raised additional net proceeds of approximately US$2.0 million.

Historically, the Group's largest annual expenditure has been pre-sanction costs associated with the Sea Lion development. Following completion of Navitas coming into the North Falkland Basin (the "Navitas Transaction"), the Group benefits from loan funding for its share of all Sea Lion pre-sanction costs (other than licence fees and taxes). Following the Navitas Transaction, normal working capital requirements and projected recurring expenditure is expected to be around US$4.0 million per year in addition to costs associated with maintaining the various licences and concessions in the Group's Italian portfolio.

Under these base assumptions the Group has sufficient financial headroom to meet forecast cash requirements for the twelve months from the date of approval of these consolidated financial statements but would need to raise additional funds to meet ongoing liabilities in the second half of 2025.

As detailed in note 26 on contingent assets, the Group was awarded approximately €190 million plus interest and costs pursuant to an International Centre for the Settlement of Investment Disputes ("ICSID") arbitration from Italy (the "Award"). In October 2022 Italy requested to have this Award annulled.

In December 2023 the Group entered into a funded participation agreement with a Specialist Fund (the "Monetisation") the key terms of which are also set out in note 26 and include a requirement for the approval of the Falkland Islands Government (the "Approval"). Under the terms of the Monetisation either party can terminate the agreement should the Approval not be received by 30 June 2024.

In the event the Approval is granted before termination of the Monetisation, regardless of whether Italy is successful in its request to have the Award annulled, the Group will receive net pre-tax proceeds of €15 million after discharging all of its liabilities under the agreement with the original Arbitration Funder and certain success fees to its legal representatives.

In the event the Approval is not granted, and the Award is annulled no amounts would fall due in relation to previously funded litigations as they are linked to receipt of proceeds from the Award. Similarly, no success fees would fall due. However, in the event Approval is not granted and the Award is not annulled the success fees of approximately £3 million would be due to our legal representatives. Under this downside scenario the Group would need to raise additional funds to meet ongoing liabilities at the beginning of 2025.

Accordingly, after making enquiries and considering the risks described above, the Directors have reviewed the Group's overall position and are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements and believe the use of the going concern basis is appropriate.

Nonetheless, for the avoidance of doubt, in the downside scenarios in which the Monetisation does not complete and additional funding is not raised, material uncertainties exist that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise its assets and discharge its liabilities in the ordinary course of business. The Consolidated and Parent Company financial statements do not include adjustments that would result if the Group was unable to continue as a going concern.

PRINCIPAL RISK AND UNCERTAINTIES

A detailed review of the potential risks and uncertainties which could impact the Group are outlined elsewhere in this Strategic Report. The Group identified its key risks at the end of 2023 as being:

1. Oil price volatility;
2. availability and access to capital;
3. joint venture partner alignment; and
4. failure of joint venture partners to secure the requisite funding to allow a Sea Lion Final Investment Decision.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for establishing and maintaining the system of internal controls which has been in place throughout 2023.

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 & Risk 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.

A further review of the Group's financial controls will be conducted in the event of any further 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.

PRINCIPAL RISKS AND UNCERTAINTIES

	Description	Impact
STRATEGIC	**Sufficient funding required to develop the Sea Lion project may not be obtained, the funding may not be available on favourable terms or JV partners may not fund their financial obligations.**	> Uncertain financial outcome/insufficient funds to meet financial obligations and operational obligations, potentially leading to insolvency; > Restricted work programs due to lack of capital; > Possible failure to achieve FID; > Increased cost of development; > Delay in future cash flow; > Reduced value creation; > Loss of investor confidence; and > Possible reduction in working interest in licences and, in extremis, potential loss of licence interests.
STRATEGIC	**The sovereignty of the Falkland Islands is disputed.**	> Open aggression is not expected but 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.
STRATEGIC	**The JV partners may not receive the approvals required to develop Sea Lion.**	> Schedule risk; > Delay in future cash flow; > Loss of value; > Loss of investor confidence; > Potential loss of licence interests; and > Adverse sentiment towards the oil and gas sector could impact on approval of Environmental Impact Assessment.
STRATEGIC	**The JV partners may not be able to agree a development plan**	> The operator may have the right to carry out the development as an exclusive operation with the Company being deemed to have relinquished its rights in the development.
OPERATIONAL	**The Group will need to rely on the operator and third parties to deliver asset performance and services which are integral to the Group's business.**	> Cost and schedule overruns > Poor performance of assets > Potential HSE challenges > Failure to meet work obligations.
OPERATIONAL	**There is no guarantee that the estimates of the Company's resources will be recovered.**	> Assumptions used to estimate hydrocarbon resources may prove incorrect or inaccurate > Actual future production, revenue, taxes, capex and opex could affect the estimated quantity and value of estimated resources > Exploration and appraisal efforts may target ultimately uncommercial volumes of hydrocarbons.

Mitigants	Recent changes and ongoing initiatives
> The Company actively supports the operator in its objective of securing funding for the project; and > Joint Operating Agreement and other commercial arrangements provide legal protection in the event JV partners fail to meet their obligations.	> The operator has produced an updated development plan for Sea Lion with improved economics with lower capex to first oil and opex across life of field and a lower risk project with an attractive breakeven under $25 per barrel; and > The Company is actively engaged with the operator to ensure alignment.
> The British Government has issued strong rebuttals to the Argentine claims; and > The Company is in regular contact with the Foreign & Commonwealth Office In a 2013 referendum the Falkland Islands voted unequivocally to remain as a British Overseas Territory.	> In 2023 Argentina unilaterally cancelled a joint co-operation pact regarding the Falkland Islands, known as the "Foradori-Duncan Pact" which was signed in 2016; and > The current President of Argentina has reiterated Argentina's non-negotiable sovereignty over the islands and suggested diplomatic means to repossess them.
> Maintenance of positive relationships with host governments and key stakeholders through regular dialogue and engagement; and > Commitment to work with the operator with the aim of developing Sea Lion in an environmentally responsible manner in accordance with all applicable regulations.	> Progress has been made with the Falkland Islands Government in relation to a range of commercial, fiscal and regulatory matters; and > The operator has requested an extension from the Falkland Islands Government for the licences which expire in December 2024.
> 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; > JV agreements allow for parties to buy back into exclusive operations, albeit at a premium; and > The Company can elect to remove the operator from the licences in the event that there is no material progress within five years of completion of the farm out transaction subject to repayment of the pre FID loan.	> The operator has submitted an updated development plan for Sea Lion to the Falkland Islands Government which is supported by the Company; > The operator has identified suitable and available FPSO vessels and is working to secure long lead equipment; and > Pre-consultation on the Environmental Impact statement began in November 2023.
> Actively engage with all JV partners to establish trusted working relationships; and > Active participation in technical meetings to challenge, apply influence and/or support partners to establish a cohesive JV view and decision making.	> The Company is in regular communication with the Operator with regard all aspects of the Sea Lion Development. It continues to provide input and challenge as these plans evolve.
> The Company employs qualified and experienced technical personnel; > External consultants are commissioned on behalf of the JV to support technical evaluations or provide independent assessments; and > A prudent range of possible outcomes are considered within the planning and budgeting process.	> In January 2024 the operator announced completion of an independent resource report for Sea Lion which showed an increase in certified 2C resources from the previously published report in March 2023.

	Description	Impact
FINANCIAL	**The Company may have insufficient liquidity and funding capacity to meet its financial obligations including in respect of the Sea Lion development.**	> Uncertain financial outcome; > Insufficient funds to meet financial obligations leading to insolvency; > Restricted work programs due to lack of capital; > Possible failure to achieve FID at Sea Lion; and > Possible reduction in working interest in licences or in worst case loss of licences altogether.
FINANCIAL	**There is uncertainty as to the fiscal regime and regulatory requirements.**	> Potential impact on the Company's financial condition or prospects from changes in tax laws or their interpretation.
FINANCIAL	**The Company may be impacted by energy market volatility and any potential reduction in the demand for oil and gas.**	> Impact on expected future revenues, margins, cash flows and returns; > Impact on future debt capacity and ability to raise necessary equity; and > Lower oil and gas prices due to reduced demand.
OPERATIONAL	**The Group will need to rely on the operator and third parties to deliver asset performance and services which are integral to the Group's business.**	> Cost and schedule overruns; > Poor performance of assets; > Potential HSE challenges; and > Failure to meet work obligations.
OPERATIONAL	**There is no guarantee that the estimates of the Company's resources will be recovered.**	> Assumptions used to estimate hydrocarbon resources may prove incorrect or inaccurate; > Actual future production, revenue, taxes, capex and opex could affect the estimated quantity and value of estimated resources; and > Exploration and appraisal efforts may target ultimately uncommercial volumes of hydrocarbons.
HSE AND SECURITY RISKS	**Health, safety, environment and security incidents.**	> Serious injury or death; > Environmental impacts; > Loss of reputation; > Regulatory penalties; > Loss of reputation; and > Cost implications including potential regulatory penalties.
ORGANISATIONAL	**The Company depends on key management and operational personnel to manage its operations and development activities.**	> Disruption to business in event that key personnel leave; and > Loss of key knowledge and experience.

Mitigants	Recent changes and ongoing initiatives
> Short-term and long-term cash forecasts are reported to the Board on a regular basis; > The Company has no debt; and > The majority of the Company's share of Sea Lion phase 1 pre FID and development costs will be funded through loans from the operator.	> Cash resources of US$8 million as at 31 December 2023 with further $2 million received in January 2024 in respect of warrant exercises; and > The Company has agreed a deal to monetise the Ombrina Mare arbitration award with cash payments to be received in three tranches subject to approval of the transaction by the Falkland Islands Government.
> In 2015 agreement was reached with the Falkland Islands Government to defer tax liability associated with 2012 farm out to Premier Oil; > Ensure legal agreements are in place to protect interests; and > Seek appropriate legal and tax advice if required.	> Interpretation of the 2015 agreement with FIG is disputed. The Company believes and has received professional advice that no amounts are due on the 2012 farm out. FIG continues to maintain that the previously deferred libility of £59 million is still due. The Company continues to work with FIG to try and find a mutually acceptable outcome.
> Sustained low oil prices typically lead to a reduction in activity levels with a resultant reduction in industry development and exploration costs; and > 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.	> The prevailing positive oil price environment improves Sea Lion economics; and > The updated Sea Lion development plan has improved economics with breakeven at under $25 per barrel.
> Actively engage with all JV partners to establish trusted working relationships; and > Active participation in technical meetings to challenge, apply influence and/or support partners to establish a cohesive JV view and decision making.	> The Company is in regular communication with the Operator with regard all aspects of the Sea Lion Development. It continues to provide input and challenge as these plans evolve.
> The Company employs qualified and experienced technical personnel; > External consultants are commissioned on behalf of the JV to support technical evaluations or provide independent assessments; and > A prudent range of possible outcomes are considered within the planning and budgeting process.	> In January 2024 the operator announced completion of an independent resource report for Sea Lion which showed an increase in certified 2C resources from the previously published report in March 2023.
> 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.	> During the year successfully carried out operations to remove facilities at Monte Verdese concession in Italy without any actual or near miss HSE incidents.
> Training and development opportunities are considered for all staff; > The CEO and senior staff have notice periods of between 6 and 12 months to ensure sufficient time to handover responsibilities in the event of a departure; and > Succession planning considered regularly at Board level.	> A new Chairman and Non-Executive Director were appointed in 2023 with significant corporate and operational experience in the oil and gas sector; and > Despite a reduction in staff levels and contracts in 2020, 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 sustainability. 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; and
> 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.

Navitas is Operator of all of the Group's North Falkland Basin licences, including the Sea Lion development. Rockhopper intends to work with Navitas to develop Sea Lion in an environmentally responsible manner in accordance with all applicable regulations. This work will continue as the new Sea Lion project development is refined by the Operator.

An extensive Environmental Impact Statement for the Sea Lion project was completed in 2020. The Operator started pre-consultation in November 2023 as part of updating the EIS and it is anticipated that this document will be put out for public consultation before the end of May 2024.

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. This includes travelling to the Islands for face-to-face meetings as we recognise the importance of this in terms of building long-term partnerships.

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; and
> Working conditions are favourable.

The Company has worked to ensure that employees are safe and well, both physically and mentally. The majority of staff work in the office on a hybrid basis.

The Remuneration Committee oversees and makes recommendations on executive remuneration and any long-term share awards. The Board encourages management to continually 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 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 Company has endeavoured to maintain communication with investors and believes that engagement has been carried out efficiently.

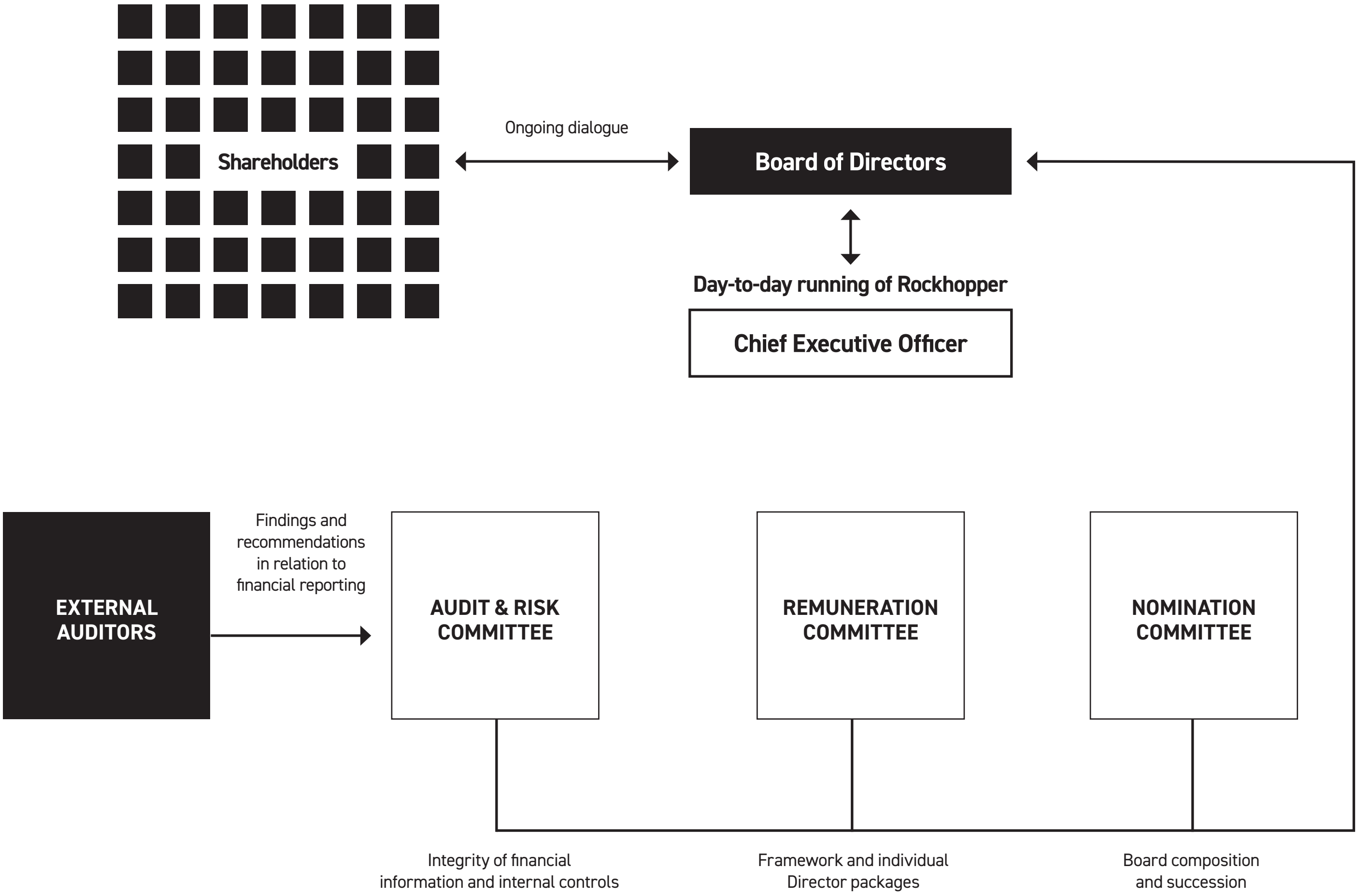
Approval of Strategic Report

This Strategic Report was approved by the directors and signed on their behalf on 21 May 2024 by:

Samuel Moody
Chief Executive Officer

ROCKHOPPER BOARD

How your Board works

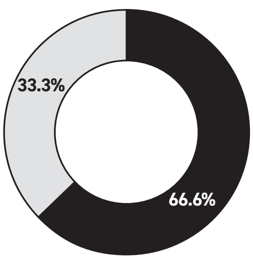


Corporate diversity

Company composition – employees
Nine employees including CEO

GENDER

Female



Male

NATIONALITY

78% British

22% Italian

Non-executive director composition

TENURE

33%

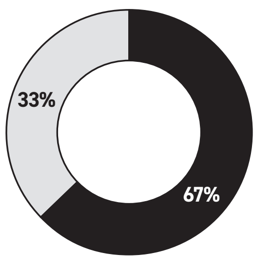
3-6 years

67%

0-3 years

GENDER

Female



Male

BOARD OF DIRECTORS

Simon Thomson
Non-Executive Chair 59

Skills and experience
Simon is a highly experienced oil and gas executive with experience in international corporate transactions, international arbitrations and legal disputes.

Simon held the position as Chief Executive of Cairn Energy plc (subsequently Capricorn Energy PLC) from 2011 until 2023, having joined Cairn in 1995.

Appointed to board: October 2023

Committee membership:
> Nomination (Chairman)

External appointments:
Director: Grahams The Family Dairy Group Limited

Samuel Moody
Chief Executive Officer 54

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.

Sam 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:
—

Alison Baker
Senior Independent Director 53

Skills and experience
Alison has 25 years' experience in provision of audit, capital markets and advisory services.

Alison 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 Plc
> Capstone Copper Corp

Paul Mayland
Independent Non-Executive Director 56

Skills and experience
Paul has over 30 years' experience in the upstream oil and gas industry and has been instrumental in overseeing numerous final investment decisions.

Paul was appointed as Senior Vice President – International Gas & LNG at ADNOC in September 2023. Previously he was Chief Operating Officer of Cairn Energy Plc (subsequently Capricorn Energy PLC) and prior to that worked at BG Group and Vermilion Energy.

Appointed to board: October 2023

Committee membership:
> Remuneration (Chairman)
> Audit & Risk
> Nomination

External appointments:
—

GOVERNANCE REPORT

Introduction by the Chairman, Simon Thomson
Rockhopper is listed on the AIM 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 (www.rockhopperexploration.co.uk) under the corporate governance section of the AIM Rule 26 disclosure.

During 2023, the QCA published an updated corporate governance code (the "2023 QCA Code") which will apply to financial years beginning on or after 1 April 2024. The Company intends to migrate to the 2023 QCA Code during the course of 2024 and will update its website disclosures in due course with additional information provided in the 2024 Annual Report.

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, one Executive Director and two Non-Executive Directors including the Senior Independent Director. Simon Thomson replaced Keith Lough as Non-Executive Chairman and Paul Mayland was appointed as a Non-Executive Director in place of John Summers in October 2023.

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. Full details of Directors' shareholdings and fees received are disclosed in the Remuneration Report of these financial statements.

GOVERNANCE REPORT CONTINUED

Board composition during the year

Name	Role	Independent	Length of service as at 21 May 2024	Date of appointment	Date of resignation
Non-Executives					
Simon Thomson	Non-Executive Chairman	Yes	0 yrs 7 mths	1 October 2023	–
Alison Baker	Senior Independent Director	Yes	5 yrs 8 mths	18 September 2018	–
Paul Mayland	Non-Executive Director	Yes	0yrs 7 mths	1 October 2023	–
Executives					
Sam Moody	Chief Executive Officer	No	19yrs 3 mths	21 February 2005	–
Former Director					
Keith Lough	Non-Executive Chairman	N/A		14 January 2014	1 October 2023
John Summers	Non-Executive Director	N/A		1 February 2014	1 October 2023

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 election or re-election, as appropriate, at the 2024 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 around six scheduled meetings each year with other meetings held as required. Informal meetings also take place between the Chairman and the Non-Executive Directors without management present.

At the beginning of each Board meeting, the Board receives an update from the CEO on key current activities and issues together with the Trading Update and HSE 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.

2023 Board meeting attendance

Director	Number of meetings attended
Simon Thomson – Chairman (appointed 1 October 2023)	7/10†
Sam Moody	10/10
Alison Baker	10/10
Paul Mayland (appointed 1 October 2023)	4/10
Former Director	
Keith Lough (resigned 1 October 2023)	6/10
John Summers (resigned 1 October 2023)	5/10
Total meetings during year	**10**

† 3 as invitee

Board performance evaluation

During 2023, no performance evaluation of the Board was undertaken in light of the changes to the Board. In previous years, an internal performance evaluation of the Board has been carried out 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.

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.

The Board will consider the appropriate method for assessing its performance and plans to undertake a performance review during the course of the current financial year.

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 Proceures 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 key assets and operations.

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

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.

GOVERNANCE REPORT CONTINUED

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 Board Committees and between the Chief Executive Officer 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 Board Committees can discharge their duties properly and effectively.

Political and charitable donations
The Group made no charitable or political donations during the year (2022: £nil).

Communication with shareholders
The Company engages with shareholders in a variety of ways:

Meetings The Chief Executive Officer has regular discussions 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 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 usually 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.

Simon Thomson
Non-Executive Chairman

21 May 2024

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 2023. 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 Paul Mayland. John Summers was a member of the committee until he stepped down from the Board in October 2023.

As disclosed in the Governance Report, the Board considers both members of the committee to be independent and is satisfied that at least one member of the 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, Chief Executive Officer, members of senior management including the Interim CFO 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:

2023 Audit & Risk Committee meeting attendance

Director	Number of meetings attended
Alison Baker – Chairman	4/4
Paul Mayland (appointed 1 October 2023)	1/4*
Sam Moody	4†
Simon Thomson	1†
Former Director	
John Summers (resigned 1 October 2023)	3
Keith Lough (resigned 1 October 2023)	3†
Total meetings during year	**4**

* Three meetings occurred prior to his appointment
† Invitee

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.

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 of intangible assets, going concern, taxation, intercompany balances, arbitration award and decommissioning;
> reports of the external auditors concerning its audit and review of the financial statements of the Group;
> interim and full year financial statements;
> external auditors' fees, auditor independence and auditor performance;
> process for the review of the Group's systems of internal controls and risk management and effectiveness of the systems and processes pertaining to risk identification, classification and mitigation;
> emerging accounting issues including audit and corporate governance reforms;
> review of committee performance and effectiveness in respect of the 2022 and 2023 financial years; and
> whistleblowing procedures and shareholder concerns.

AUDIT & RISK COMMITTEE CHAIRMAN'S REPORT CONTINUED

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. Further details of the going concern considerations 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.

In 2021, BDO LLP were appointed as external auditors in place of PricewaterhouseCoopers LLP.

The committee is responsible for the approval of the provision of all audit services and permitted non-audit services undertaken by the external auditors. The policy on auditor independence and objectivity is available on the Company's website.

The committee considered the effectiveness and quality of the external auditors after the conclusion of the annual audit and has recommended to the Board the re-appointment of the auditor at the forthcoming AGM.

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:

> approval of a range of KPIs to allow the committee to undertake an annual high-level review of auditor performance to include quality of the audit, delivery against original audit proposal and fees/value for money;
> expansion of the scope of the annual internal controls review to include control issues raised by the auditors during the course of the audit and actions taken/required in respect of staff changes.

In respect of the committee performance review undertaken for the 2023 financial year, the committee noted the key observations, proposed changes to the performance ratings and the update on actions agreed from the prior year review specifically:

> the specific KPIs which would be used to assess whether the audit was delivered within budget and with sufficient input from the audit partner and how management had supported the auditor;
> the requirement for the evolution of the internal controls review process to reflect the changes in the risk profile as the Company moves towards Final Investment Decision on Sea Lion and changes to systems and controls following the departure of the CFO;
> the requirement to review of the committee's constitution in the light of changes to the Board of Directors and membership of the committee.

The committee concluded that its constitution was appropriate for the size of the business. The committee noted that Paul Mayland had recent and relevant experience in respect of risk management from his previous position and roles at Cairn Energy plc (subsequently Capricorn Energy PLC) and that the new Chairman of the Board, who will usually attend committee meetings, brought significant industry experience to discussions.

Internal Audit
Given the stage of the Company the committee does not believe there is currently a need for a separate Internal Audit function. As part of the overall internal control considerations this will be kept under review as we move forward to FID.

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 and the external communications are received directly by the committee Chairman.

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 and dealings. The Company also has in place Anti-Bribery and Corruption Policy and Procedures which are kept under review and communicated to staff who have joined since the initial training session.

Alison Baker
Audit & Risk Committee Chairman

21 May 2024

NOMINATION COMMITTEE CHAIRMAN'S REPORT

Introduction by the Nomination Committee Chairman, Simon Thomson
I replaced Keith Lough as Chairman of the Nomination Committee following my appointment as Chairman of the Company in October 2023 and I am pleased to present the report of the Nomination Committee for the year ended 31 December 2023 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. The Board considers all members of the committee 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 but the committee can request the attendance of the Chief Executive Officer.

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

2023 Nomination Committee meeting attendance

Director	Number of meetings attended
Simon Thomson – Chairman (appointed 1 October 2023)	0/1*
Alison Baker	1/1
Paul Mayland (appointed 1 October 2023)	0/1*
Former Director	
Keith Lough – Chairman (resigned 1 October 2023)	1/1
John Summers (resigned 1 October 2023)	1/1
Total meetings during year	**1**

* Meeting occurred prior to their appointment

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:

- Board succession in light of the terms served by the Chairman and Non-Executive Directors;
- The skillset and experience required to support delivery of the Company's strategic objectives; and
- The process for the recruitment of a new Chairman and Non-Executive Director.

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 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 the Company needs in order to support delivery of the agreed strategic objectives. The committee will be committed to recruiting on merit measured against objective criteria and to diversity on the Board when considering future changes to Board constitution.

The committee recognises the need for progressive refreshing of the Board. In the light of progress made with the Ombrina Mare arbitration and the conclusion of the transaction with Navitas, the committee agreed that it was appropriate implement changes to the Board's constitution with the appointment of a replacement Chairman and Non-Executive Director which took place in October 2023.

The management of human resources across the Group is a matter for the executive team but the Non-Executive Directors are advised in advance of recruitment plans in respect of senior appointments.

Simon Thomson
Nomination Committee Chairman

21 May 2024

REMUNERATION REPORT

Annual Statement

Introduction by the Remuneration Committee Chairman, Paul Mayland

I replaced John Summers as Chairman of the Remuneration Committee after he stepped down from the Board in October 2023. On behalf of the Board, I am pleased to present the Directors' Remuneration Report ('Report') for the year ended 31 December 2023. 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 2023. It also sets out details of the implementation of the Remuneration Policy for Executive and Non-Executive Directors for the year ending 31 December 2024.

During 2020, a comprehensive review of the Group remuneration policy was undertaken which resulted in rebalancing of remuneration packages from cash to equity, a reduction in employee headcount and senior staff roles transitioning from full-time to part-time. The revised remuneration structure has remained in place since and the committee does not plan any further changes to Remuneration Policy for the foreseeable future. The Chief Financial Officer left the Company on 31 January 2022 and Rockhopper's Financial Controller, who has been with the Company since 2011, assumed the position of Interim CFO and continues to perform well in the role.

The committee is satisfied that the outcomes, in respect of the incentives and remuneration during the financial year under review, are appropriate and balanced. 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 at its stage of development and that they do not encourage any unnecessary risk taking by the management team.

Paul Mayland
Chairman of the Remuneration Committee

21 May 2024

Remuneration Policy

This part of the Report sets out the remuneration policy for the Company. The policy for 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 Executive Directors is set out below. Full details of the remuneration package of the Chief Executive Officer, who is currently the sole Executive Director, is given in the Report on Remuneration on page 34.

SALARY

Purpose and link to strategy	> 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, particularly in respect of leading the Company.
Operation	> Base salaries are reviewed annually on 1 January with regard to average industry increases, the Executive Director's role and responsibilities and salary adjustments across the Company
Opportunity	> Salary increases will be awarded taking into account the outcome of the review and relative salary differentials > Salary increases will usually be in line with increases awarded to other employees
Performance metrics	> Not applicable for base salaries

BENEFITS

Purpose and link to strategy	> 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
Operation	> 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 from time to time to ensure that the level of rates and cover remains competitive
Opportunity	> 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
Performance metrics	> Not applicable for benefits package

PENSION	
Purpose and link to strategy	> To provide an appropriate level of pension contribution for Executive Directors whilst minimising the administrative burden for the Company
Operation	> Since August 2020, pension contributions have been paid by way of a pension cash allowance due to the annual allowance limits. The pension cash allowance is subject to deductions for tax and national insurance
Opportunity	> An annual contribution equal to 15% of salary
Performance metrics	> Not applicable for pension contributions

ANNUAL BONUS	
Purpose and link to strategy	> To reward the achievement of corporate targets
Operation	> Objectives are set as early as possible in the financial year > The bonuses are paid in cash after the end of the financial year to which they relate > Exceptional bonus payments may be in the form of shares and/or cash at the committee's discretion
Opportunity	> 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 > The bonus is non-contractual and is discretionary. Bonus payments will only exceed 50% of base salary in circumstances of exceptional strategic progress > The committee has previously agreed 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 taking into account HSSE, technical, financial and commercial factors
Performance metrics	> The targets for Executive Directors comprise the corporate, strategic and financial objectives agreed by the Board > 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 > The committee considers whether any operations have been completed to acceptable HSE standards and considers whether there were any HSE incidents when considering the level of bonus

SHARE OPTION PLAN (OPTION PLAN)	
Purpose and link to strategy	> To support alignment with shareholders through the link to the creation of shareholder value
Operation	> The Option Plan was introduced in 2020 and is designed to cover a five year period > The Company has an employee benefit trust which can purchase shares in the market and/or subscribe for shares to satisfy the exercise of options and awards under the Company's Long Term Incentive Plan (LTIP). The LTIP has been discontinued but has vested awards which have not yet been exercised
Opportunity	> Options granted in 2020 represent a one off award to cover a five year period during which time it is anticipated that no further equity incentivisation will be offered other than in exceptional circumstances
Performance metrics	> None

Further details on the policy

Performance measurement

Annual bonus – the annual bonus is based on a range of corporate objectives that the Board have agreed are key to progressing and delivering the Company's strategy within the given financial year. 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 focussed 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. Since the year end, the committee has agreed to bring employer pension contributions to the Group Personal Pension plan for all employees in line with the level of pension cash allowance paid to the CEO.

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 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.

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
Annual Bonus	> The annual bonus would operate as outlined in the Policy for 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
Option Plan	> The Option Plan would operate as outlined in the Policy for Executive 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 Chief Executive Officer (CEO) has a rolling term service agreement with the Company. Details of his service contract and appointment date 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

The CEO's service contract is 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 CEO 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 any 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 the 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, which were granted in lieu of contractual notice periods for the reductions in base salaries in May 2020, will be retained regardless of leaver status. 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. All options will vest automatically on a change of control.

b) Closed share incentive schemes

In relation to awards granted under the LTIP, awards which have vested but which have not been exercised may be exercised for a period of six months from the vesting date or such other period that the committee shall decide. In the case of a participant who has died, any vested and unexercised LTIPs can be exercised for a period of 12 months from the date of death.

During 2023 all remaining share appreciation rights (SARs) granted under the Company's Employee Share Option Scheme lapsed.

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 Director 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
Simon Thomson – Non-Executive Chairman	1 October 2023	6 September 2023	–
Alison Baker – Senior Independent Director	18 September 2018	18 September 2018	15 May 2019
			24 September 2021
Paul Mayland – Non-Executive Director	1 October 2023	6 September 2023	–

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 2023, the committee comprised Paul Mayland, the committee Chairman, and Alison Baker, an independent Non-Executive Director. John Summers was Chairman of the committee until he stepped down from the Board in October 2023.

The committee met once during the financial period. Details of meeting attendance during the financial year was as follows:

2023 Remuneration Committee meeting attendance

Director	Remuneration Committee meetings attended
Paul Mayland – Chairman	0/1*
Alison Baker	1/1
Sam Moody	1†
Former Director	
John Summers – Chairman	1
Keith Lough	1†
Total meetings during year	**1**

* Meeting occurred prior to his appointment
† Invitee

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

- Considering staff salary adjustments for 2023
- Considering bonus awards for the year ended 31 December 2022
- Considering corporate targets for the 2023 financial year for recommendation to the Board

The Company Secretary acts as secretary to the committee and provides advice in relation to the operation of incentive schemes and remuneration packages. The Chairman of the Board and CEO attend 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 the operation of the share schemes.

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 (iii)		Pension cash allowance £'000		Total £'000	
	Year ended 31 Dec 2023	Year ended 31 Dec 2022(i)	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022(ii)	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022	**Year ended 31 Dec 2023**	Year ended 31 Dec 2022
S J Moody	**310.7**	338.3	**4.6**	4.1	**70.0**	174.3	**–**	–	**46.6**	46.6	**431.9**	563.3
Former Director												
S MacDonald (resigned 31 January 2022)	**–**	35.0	**–**	0.2	**–**	69.4	**–**	–	**–**	3.2	**–**	107.8

(i) The Executive Directors had agreed to defer the amount of annual base salary above £200,000 with effect from 1 October 2021 until the earlier of a) a positive Ombrina Mare award and b) the execution of the Sea Lion farm-out transaction. The total salaries for 2022 include an amount of £82,988 for SJ Moody in respect of deferred salary for the period from 1 October 2021 to 30 June 2022 and £18,375 for S MacDonald in respect of deferred salary for the period from 1 October 2021 to 31 January 2022. These amounts were paid in July 2022 following execution of the Sea Lion farmout transaction with Navitas Petroleum LP

(ii) The bonus payments include amounts paid in respect of previous financial years: £46,320 (SJ Moody) and £38,040 (S MacDonald) in respect of the 2020 financial year paid upon completion of the farmout to Navitas Petroleum LP which included approval by the Falkland Islands Government and £38,000 (SJ Moody) and £31,333 (S MacDonald) in respect of the 2019 financial year paid following execution of the Sea Lion farmout agreement and related documentation. S MacDonald's bonus payments, which had accrued during the time he was a Director of the Company, were paid after he left the Company

(iii) A number of options vested during the year ended 31 December 2023. The notional value of the vested options, calculated with reference to the mid-market price on the vesting date less the cost of exercise, was £261,250 for S Moody (2022:£83,064). The notional value of the vested LTIPs for SMacDonald in respect of the year ended 31 December 2022 was £83,064. No LTIPs or options had been exercised as at the date of this report in the case of SJ Moody or the date of leaving in the case of S MacDonald.

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 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
S J Thomson	**25.0**	—	**—**	—	**25.0**	—
A C Baker	**40.0**	40.0	**12.5**	12.5	**52.5**	52.5
P J Mayland	**10.0**	—	**2.5**	—	**12.5**	—
Former Director						
K G Lough (resigned 1 October 2023)	**75.0**	118.8(i)	**—**	—	**75.0**	118.8(i)
A J Summers (resigned 1 October 2023)	30.0	40.0	**7.5**	10.0	**37.5**	50.0

(i) The previous Chairman had agreed to defer 25% of his annual fees with effect from 1 October 2021 until the earlier of: a) a positive Ombrina Mare award; and b) the execution of the Sea Lion farm-out transaction. The total fee for 2022 includes an amount of £18,750 in respect of deferred fees for the period from 1 October 2021 to 30 June 2022 paid in July 2022 following execution of the Sea Lion farmout transaction with Navitas Petroleum LP

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 (2022: £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.

Additional information in respect of single figure table of remuneration for the year ended 31 December 2023

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 other than in circumstances of exceptional strategic progress. The following objectives were agreed for the 2023 financial year:

> **Progress all elements required to secure sanction of the Sea Lion Project**
> **Strengthen and protect the Company's balance sheet**
> **Work to secure the Ombrina Mare arbitration award**

The committee reviewed the annual performance in light of these objectives and agreed that there had been good progress on the Sea Lion Development and management of cash resources and that these objectives had therefore been partially met. Securing the Ombrina more arbitration proceeds was still a work in progress at year end 2023 and is discussed further below. Consequently it was agreed that a bonus of 22.5% of basic salary should be awarded to the CEO in respect of his contribution to the progress which had been made during the 2023 financial year.

The committee noted that it had previously agreed that a bonus of 1% of monies received in relation to the Ombrina Mare arbitration award, capped at 200% of salary, should be awarded to the CEO. The CEO had previously received an initial partial bonus payment in January 2023 in respect of the successful arbitration outcome. During 2023, the Company agreed a deal to monetise the Ombrina Mare award with payment to be received in three stages. The committee agreed that the balance of the agreed bonus should be paid in stages on receipt of payments from the purchaser of the Ombrina Mare award.

The committee also re- affirmed its commitment to pay a bonus at FID on the Sea Lion Project equal to 100% to 200% of salary.

Awards of options during the financial year

There were no options granted to the CEO during the financial year.

Long Term Incentive Plan (LTIP)

There were no LTIP awards granted to the CEO during the financial year. All LTIP awards have now either vested or lapsed.

Implementation of Executive Director remuneration policy for 2024 Base salaries

The committee considered that it was appropriate to award a salary increase to the CEO given that there had been no salary increases since 2021 and recognising the substantial increase in the cost of living in recent years in the UK. The committee agreed that the salary increase should be linked to an external metric and agreed that an average of the December 2023 CPI and RPI numbers as reported by the Office of National Statistics ("ONS") would be the appropriate metric. Accordingly, the CEO's salary was increased by c.4.6% with effect from 1 January 2024. This was in line with other members of staff.

Annual bonus

For 2024, the CEO's 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 2024:

> **Progress the Sea Lion Project to a Final Investment Decision**
> **Complete the transaction to monetise the Ombrina Mare arbitration award**
> **Strengthen and protect the Company's balance sheet**

Option Plan

The committee had previously agreed that no further awards of options would be made to Executive Directors for a five year period following the awards in May 2020 other than in exceptional circumstances.

Long Term Incentive Plan

The committee had previously agreed that the LTIP would be discontinued for a five year period from May 2020.

Benefits and pension contributions

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

Implementation of Non-Executive Director remuneration policy for 2024

Non-Executive Director fees (excluding the Chairman) were last increased in 2014 and no further review is scheduled. In 2019, 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 noting no annual increase was applied from 1st January 2024:

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 Share Incentive Plan) of the Directors in office at the year end:

	At 31 December 2023 Ordinary 1p shares	At 31 December 2022 Ordinary 1p shares
S J Moody	**4,713,584**	3,999,299
A C Baker	**284,181**	212,856

The committee has agreed that the CEO should be encouraged to build up a stake of Rockhopper shares equivalent to two times annual base salary over a five year period. It is intended that this should be achieved through the retention of any vested incentive awards.

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

The following unvested and vested option awards, vested LTIP awards and share appreciation rights outstanding as at 31 December 2023 and held by individuals who were Directors during the year ended 31 December 2023 were:

(a) Option Plan

(i) Unvested Option Awards

Director	Date of grant	Options held at 31 December 2022	Granted	Lapsed during year	Awards held at 31 December 2023	Exercise price	Earliest vesting date
SJ Moody	18.05.20	3,166,667	—	—	3,166,667	£0.0625	18.05.24
	18.05.20	3,166,667	—	—	3,166,667	£0.0625	18.05.25
Total		**6,333,334**	**—**	**—**	**6,333,334**		

(ii) Vested Option Awards

Director	Date of grant	Vested awards held at. 31 December 2022	Lapsed during year	Vested during year	Exercised during year	Exercise price	Vested awards held at 31 December 2023
SJ Moody	18.05.20	1,691,048	—	—	—	£0.0100	1,691,048
	18.05.20	—	—	3,166,666	—	£0.0625	3,166,666
Total		**1,691,048**	**—**	**3,166,666**	**—**		**4,857,714**

(b) LTIP (suspended)

(i) Vested LTIP Awards

Director	Date of grant	Awards held at 31 December 2022	Granted	Lapsed during year	Vested during year	Exercised during year	Awards held at 31 December 2023	Performance period
SJ Moody	08.10.13	177,802	—	177,802	—	—	—	n/a
	16.06.17	912,000	—	—	—	—	912,000	n/a
	31.07.19	962,500	—	—	—	—	962,500	n/a
Total		**2,052,302**	**—**	**177,802**	**—**	**—**	**1,874,500**	

(c) Employee Share Option Plan (discontinued)

Director	Date of grant	Awards held at 31 December 2022	Exercised during year	Lapsed during year	Awards held at 31 December 2023	Exercise price Pence
SJ Moody	30.01.13	91,077	—	91,077	—	159.00
Total		**91,077**	**—**	**91,077**	**—**	

Share price movements during year ended 31 December 2023

The mid-market closing price of the Company's shares as at 31 December 2023 was 11.15 pence (31 December 2022: 9 pence). The range of the trading price of the Company's shares during the year was between 8.50 pence and 15.00 pence.

Executive Director external appointments

SJ Moody does not have any external directorships.

By order of the Board

Paul Mayland
Chairman of the Remuneration Committee

21 May 2024

DIRECTORS' REPORT

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 2022: £nil). A review on the operations of the Group and an indication of likely future developments of the business are included in the Strategic Report.

Key performance indicators "KPIs"
See page 7 for more details.

Substantial shareholders
As at 30 April 2024 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
Aedos Advisers	51,638,961	8.06
RAB Capital/William Phillip Seymour Richards	29,000,220	4.53

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 28.

Related party transactions
Related party transactions are disclosed in note 27.

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 28.

Political and charitable contributions
The Group made no charitable donations (year ended 31 December 2022: £nil) and no political donations (year ended 31 December 2022: £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 135 days (year ended 31 December 2022: 78 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 9 employees at the year end, one of whom is an Executive Director. 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 strategic report, the Directors' report and the financial statements
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law, the 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 Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent;
> for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards;
> for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
> assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
> use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable laws and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

Jan Davies
Company Secretary

21 May 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKHOPPER EXPLORATION PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Rockhopper Exploration plc (the 'Parent Company') and its subsidiaries (together, the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity as well as notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1.5 in the financial statements which indicates that in the downside scenario in which the Monetisation does not complete, additional funding will be required which is not guaranteed.

These events or conditions, along with other matters as set forth in Note 1.5, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

We considered the ability of the Group and the Parent Company to continue as a going concern to be a Key Audit Matter ('KAM') based on our assessment of the significance of the risk and the effect on our audit strategy.

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

- We obtained the Directors' Group cash flow forecast to 31 December 2025. We assessed the reasonableness of underlying assumptions such as forecast levels of operating and capital expenditure used in preparing these forecasts by reference to Directors' budgeted activity and actual expenditure in 2023.
- We compared previous forecasts to actual results, as well as forecasts used in the current year assessment to latest management accounts to support the accuracy of Directors' forecasting.
- We agreed forecast cash balances to actuals as at the latest available date prior to sign off of these financial statements to further assess the accuracy of the Directors' forecasting.

> We assessed various scenarios related to both the monetisation of the ICSID award, and the award being annulled, and considered the impact of each on the Group and Parent Company's ability to continue as a going concern.
> We considered the going concern disclosures included in the financial statements against the requirements of the relevant accounting standards, and our knowledge and understanding of the underlying business.

Overview

Coverage	95% of Group net loss (2022: 97% of Group net profit) 99% of Group total assets (2022: 98%)		
		2023	2022
Key audit matters	Going concern	✓	✓
	Uncertain tax positions	✓	✗
	Derecognition of deferred Capital Tax (CGT) liability	✗	✓
Materiality	Group financial statements as a whole $2,600,000 (2022: $2,662,000) based on 1% (2022: 1%) of total assets		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our Group audit scope focused on the Group's significant components, being Rockhopper Exploration (Hydrocarbons) Limited which together with the Parent Company, were subject to full scope audits performed by the Group audit team.

In addition, Rockhopper Civita Limited and Rockhopper Italia SpA, which were considered to be non-significant components, were subject to specific audit procedures on the significant risk areas and analytical procedures performed by the Group audit team.

The financial information of the remaining non-significant components were principally subject to analytical review procedures which were performed by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Uncertain tax positions

See notes 1.6 (l) and 20 to the financial statements.</td><td>On 8 April 2015, the Group agreed a Tax Settlement Deed with the Falklands Island Government (FIG) in relation to the tax arising from the Group's farm-out to Premier.

As part of the Navitas transaction that concluded in 2022, the farm in as part of the 2012 disposal was terminated, including the outstanding Development Carry due from Premier.

As a result of this, the Deferred Tax Liability was reduced from £59.6 million to £nil in 2022.

Separately the Group estimated the tax due in relation to the farm out to Navitas. The consideration for this transaction was the provision of loan funding to the Group. The Group continues to engage with FIG on the value of this consideration, and consider they have sufficient losses to ensure no tax liability will arise.

Given the judgements and estimates involved in calculating if tax is due on these transactions, there is a risk the tax liability could be materially misstated. We therefore consider this as a key audit matter.</td><td>Our audit procedures related to the uncertain tax positions are set our below:

• In respect of the derecognised deferred CGT liability, we critically appraised correspondence from FIG to determine if the judgments made in the previous year to derecognise the Deferred Tax Liability remained appropriate in the context of IFRIC 23 – uncertain tax positions.

• In respect of the Navitas farm out, we reviewed management's calculation of the consideration, being loans made on favourable terms, to determine the taxable gain, and we performed sensitivities over the assumptions and judgements in management's calculation to determine the reasonableness of no taxes being recognised.

• We engaged a tax specialist to consider whether the methodology for assessing the consideration for the purposes of capital gains tax legislation was reasonable.

• We assessed the appropriateness and completeness the disclosures in the financial statements.

Key observations:

Based on the procedures performed, we have not identified any instances to indicate that management's judgements in relation to uncertain tax positions are inappropriate.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent company financial statements	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Materiality	2,600,000	2,662,000	520,000	550,000
Basis for determining materiality	1.0% of total assets		1.0% of total assets, capped at 20% of Group materiality	
Rationale for the benchmark applied	We considered total assets to be the most significant determinant of the Group's financial performance for users of the financial statements, given the Group's exploration focus.		Calculated as a percentage of Group materiality for Group reporting purposes taking into consideration component aggregation risk.	
Performance materiality	1,690,000	1,730,000	338,000	357,500
Basis for determining performance materiality	65% of materiality			
Rationale for the percentage applied for performance materiality	Performance materiality was set considering factors including the nature of activities and expected total value of known and likely misstatements, based on past experience.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for the remaining significant component of the Group based on a percentage of 80% (2022: 80%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component.

Component materiality for Rockhopper Exploration (Hydrocarbons) Limited was set at $2,080,000 (2022: $2,129,600). In the audit of this component, we further applied performance materiality level of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $91,000 (2022: $53,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Non-compliance with laws and regulations

Based on:

- > Our understanding of the Group and the industry in which it operates;
- > Discussion with management and those charged with and the Audit Committee; and
- > Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK and Falkland Islands tax legislation, the UK Companies Act 2006, employment laws and data protection regulations and AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- > Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- > Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- > Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- > Enquiry with management and those charged with governance an the Audit Committee regarding any known or suspected instances of fraud;
- > Obtaining an understanding of the Group's policies and procedures relating to:
  - – Detecting and responding to the risks of fraud; and
  - – Internal controls established to mitigate risks related to fraud.
- > Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- > Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- > Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the risk of fraud in management override of controls, in particular in relation to key judgments and estimates.

Our procedures in respect of the above included:

- > Performing unpredictability testing on accounts balances which were considered to be at a greater risk of susceptibility to fraud;
- > Testing the appropriateness of journal entries made throughout the period which met a specific risk-based criteria through agreement to corroborative supporting evidence;
- > Performing a detailed review of the Group's year end adjusting entries and investigating any that appear unusual as to nature or amount by agreeing to underlying support and calculations;
- > Assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management on the appropriateness of these judgments, specifically around key audit matters as discussed above;
- > Reviewing minutes from board meetings of those charged with governance and RNS announcements to identify any instances of non-compliance with laws and regulations; and
- > Performing a detailed review of the Group's consolidation entries, and investigating any that appear unusual with regards to nature or amount to corroborative evidence.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Acloque
(Senior Statutory Auditor)
for and on behalf of BDO LLP
Statutory Auditor
London
United Kingdom

21 May 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 $'000**	Year ended 31 December 2022 $'000
Revenue	3	**—**	652
Cost of sales	3	**(870)**	(1,965)
Gross loss		**(870)**	(1,313)
Exploration and evaluation expenses	5	**(278)**	(331)
Administrative expenses	6	**(4,286)**	(3,625)
Charge for share based payments	9	**(117)**	(393)
Foreign exchange movement	10	**307**	6,596
Results from operating activities		**(5,244)**	934
Finance income	11	**1,191**	23
Finance expense	11	**(497)**	(4,175)
Loss before tax		**(4,550)**	(3,218)
Tax income	12	**—**	38,763
(Loss)/profit for the year attributable to the equity shareholders of the parent company		**(4,550)**	35,545
(Loss)/profit per share attributable to the equity shareholders of the parent company: cents			
Basic	13	**(0.77)**	6.77
Diluted	13	**(0.77)**	6.68

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Loss/(profit) for the year	**(4,550)**	35,545
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(502)**	1,683
Total comprehensive (loss)/profit for the year	**(5,052)**	37,228

The notes on pages 51 to 71 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2023

	Notes	31 December 2023 $'000	31 December 2022 $'000
Non current assets			
Exploration and evaluation assets	14	**257,228**	251,970
Property, plant and equipment	15	**29**	68
Finance lease receivable		**–**	444
Current assets			
Other receivables	16	**1,241**	1,406
Finance lease receivable		**235**	259
Restricted cash		**529**	519
Term deposits	17	**4,501**	8,736
Cash and cash equivalents		**3,487**	1,059
Total assets		**267,250**	264,461
Current liabilities			
Other payables	18	**7,176**	3,383
Derivative financial liabilities	19	**450**	1,744
Lease liability		**246**	209
Non-current liabilities			
Lease liability		**–**	344
Tax payable	20	**–**	–
Provisions	21	**20,121**	19,177
Deferred tax liability	22	**39,137**	39,137
Total liabilities		**67,130**	63,994
Equity			
Share capital	23	**9,196**	8,771
Share premium	24	**10,181**	6,518
Share based remuneration	24	**2,109**	1,492
Own shares held in trust	24	**(1,320)**	(1,494)
Merger reserve	24	**78,208**	78,208
Foreign currency translation reserve	24	**(8,501)**	(7,999)
Special reserve	24	**175,281**	175,281
Retained losses	24	**(65,034)**	(60,310)
Attributable to the equity shareholders of the company		**200,120**	200,467
Total liabilities and equity		**267,250**	264,461

These financial statements on pages 47 to 71 were approved by the directors and authorised for issue on 21 May 2024 and are signed on their behalf by:

Samuel Moody
Chief Executive Officer
Rockhopper Exploration plc Registered Company Number: 05250250

The notes on pages 51 to 71 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	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 2021	7,218	3,622	4,327	(3,342)	74,332	(9,682)	175,281	(97,235)	154,521
Profit for the year	—	—	—	—	—	—	—	35,545	35,545
Other comprehensive profit for the year	—	—	—	—	—	1,683	—	—	1,683
Total comprehensive profit for the year	—	—	—	—	—	1,683	—	35,545	37,228
Share based payments (see note 9)	—	—	393	—	—	—	—	—	393
Share issues (net of expenses)	1,553	2,896	—	—	3,876	—	—	—	8,325
Other transfers	—	—	(3,228)	1,848	—	—	—	1,380	—
Balance at 31 December 2022	**8,771**	**6,518**	**1,492**	**(1,494)**	**78,208**	**(7,999)**	**175,281**	**(60,310)**	**200,467**
Loss for the year	—	—	—	—	—	—	—	(4,550)	(4,550)
Other comprehensive loss for the year	—	—	—	—	—	(502)	—	—	(502)
Total comprehensive loss for the year	—	—	—	—	—	(502)	—	(4,550)	(5,052)
Share based payments (see note 9)	—	—	617	—	—	—	—	—	617
Share issues (net of expenses)	425	3,663	—	—	—	—	—	—	4,088
Other transfers	—	—	—	174	—	—	—	(174)	—
Balance at 31 December 2023	**9,196**	**10,181**	**2,109**	**(1,320)**	**78,208**	**(8,501)**	**175,281**	**(65,034)**	**200,120**

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

Other transfers relate to amounts transferred from the Share based remuneration reserve to either Retained losses for options that have either not vested or expired or Shares held in trust where they have been used to satisfy exercised options.

The notes on pages 51 to 71 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Cash flows from operating activities			
Loss before tax		**(4,550)**	(3,218)
Adjustments to reconcile net losses to cash:			
Depreciation	15	**39**	122
Share based payment charge	9	**117**	393
Written off exploration costs	14	**158**	307
Disposal of property, plant and equipment		**–**	8
Finance expense	11	**482**	4,167
Finance income	11	**(889)**	–
Foreign exchange		**(356)**	(7,764)
Operating cash flows before movements in working capital		**(4,999)**	(5,985)
Changes in:			
Other receivables		**517**	1,564
Payables		**112**	837
Movement on provisions		**(41)**	1,030
Cash utilised by operating activities		**(4,411)**	(2,554)
Cash flows from investing activities			
Capitalised expenditure on exploration and evaluation assets		**(1,293)**	(1,797)
Investing cash flows before movements in capital balances		**(1,293)**	(1,797)
Changes in:			
Term deposits		**4,533**	(8,697)
Cash flow from/(used in) investing activities		**3,240**	(10,494)
Cash flows from financing activities			
Issue of ordinary shares		**–**	9,038
Expenses associated with issue of ordinary shares		**–**	(1,194)
Issue of warrants classified as derivative financial liabilities		**–**	1,250
Exercise of warrants and share options		**3,682**	481
Lease liability payments		**(132)**	(257)
Cash flow from financing activities		**3,550**	9,318
Currency translation differences relating to cash and cash equivalents		**49**	(33)
Net cash flow		**2,379**	(3,730)
Cash and cash equivalents brought forward		**1,059**	4,822
Cash and cash equivalents carried forward		**3,487**	1,059

The notes on pages 51 to 71 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

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. 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 of the Group have been prepared on a going concern basis in accordance with UK adopted 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 21 May 2024 and are subject to approval at the Annual General Meeting of shareholders on 25 June 2024.

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 with the exception of Share Based Payments which are at fair value.

Items included in the results of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the "functional currency"). The consolidated financial statements are presented in US Dollars ($), which is Rockhopper Exploration plc's functional 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.

— IFRS 17 Insurance Contracts;
— Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
— Definition of Accounting Estimates (Amendments to IAS 8);
— Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).); and
— International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes).

New accounting pronouncements

At 31 December 2023, the following Standards, Amendments and Interpretations were in issue but not yet effective:

The following amendments are effective for the period beginning 1 January 2024:

— IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
— IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current);
— IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants); and
— Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash flows and IFRS 7 Financial Instruments: Disclosures).

The following amendments are effective for the period beginning 1 January 2024:

— Lack of Exchangeability (Amendments to IAS 21 The Effects of changes in Foreign Exchange Rates)

The Directors do not expect that the adoption of the above Standards, Amendments and Interpretations will have a material impact on the Financial Statements of the Group in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

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. At 31 December 2023, the Group had cash and cash equivalents and term deposits of US$8.0 million. After the year end the Group received the proceeds of warrants validly exercised pre year end but where shares were allotted in 2024. This raised additional net proceeds of approximately $2.0 million.

Historically, the Group's largest annual expenditure has been pre-sanction costs associated with the Sea Lion development. Following completion of Navitas coming into the North Falkland Basin (the "Navitas Transaction") the Group benefits from loan funding for its share of all Sea Lion pre-sanction costs (other than licence fees and taxes). Following the Navitas Transaction normal working capital requirements and projected recurring expenditure is expected to be around US$4.0 million per year and in addition there are costs associated with maintaining the various licences and concessions in the Group's Italian portfolio.

Under these base assumptions the Group has sufficient financial headroom to meet forecast cash requirements for the twelve months from the date of approval of these consolidated financial statements but would need to raise additional funds to meet ongoing liabilities in the second half of 2025.

As detailed in note 26, Contingent assets, the Group was awarded approximately €190 million plus interest and costs pursuant to an ICSID arbitration from Italy (the "Award"). In October 2022 Italy requested to have this Award annulled.

In December 2023 the Group entered into a funded participation agreement with a Specialist Fund (the "Monetisation") the key terms of which are also set out in note 26 and include a requirement for the approval of the Falkland Islands Government (the "Approval"). Under the terms of the Monetisation either party can terminate the agreement should the Approval not be received by 30 June 2024.

In the event the Approval is granted before termination of the Monetisation, regardless of whether Italy is successful in its request to have the Award annulled, the Group will receive net pre tax proceeds of €15 million after discharging all of its liabilities under the agreement with the original Arbitration Funder and certain success fees to its legal representatives.

In the event the Approval is not granted and the Award is annulled no amounts would fall due in relation to previously funded litigations as they are linked to receipt of proceeds from the Award. Similarly, no success fees would fall due. However, in the event Approval is not granted and the Award is not annulled the success fees of approximately £3 million would be due to our legal representatives. Under this downside scenario the Group would need to raise additional funds to meet ongoing liabilities at the beginning of 2025.

Accordingly, after making enquiries and considering the risks described above, the Directors have reviewed the Group's overall position and are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements and believe the use of the going concern basis is appropriate.

Nonetheless, for the avoidance of doubt, in the downside scenarios in which the Monetisation does not complete and additional funding is not raised, material uncertainties exist that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise its assets and discharge its liabilities in the ordinary course of business. The Consolidated and Parent Company financial statements do not include adjustments that would result if the Group was 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 judgement based on information and data that may change in future periods.

Since these policies involve the use of assumptions and subjective judgements 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.

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

(B) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2023. Subsidiaries are those entities over which the Group has control. Control is achieved where the Group has the power over the subsidiary, is exposed, or has rights to variable returns from the subsidiary and has the ability to use its power to affect its returns. All subsidiaries are 100 per cent owned by the Group and there are no non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries acquired to bring the accounting policies used into line with those used by other members of the Group.

All intercompany balances have been eliminated on consolidation.

(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 centred 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

1.6 Significant accounting policies (continued)

(D) Oil and gas assets (continued)

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) Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. Lease payments included in the measurement of the lease liability comprise fixed lease payments. The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group has not had to remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset).

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the notes to the financial statements.

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.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some sublets on its rented offices. Leases for which the Group is a lessor are classified as a finance lease as the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(F) 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 through the Statement of Comprehensive Income to reserves.

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 expensed 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 were:

	31 December 2023	31 December 2022
£ : US$	**1.27**	1.21
€ : US$	**1.10**	1.07

(G) Revenue and income

(i) Revenue from contracts with customers

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.

(H) 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 initially measured 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. All amounts relate to balances held as security in relation to property leases.

(iii) Term deposits

Term deposits are disclosed separately on the face of the balance sheet when their term is equal or greater than one month and they are unbreakable.

(iv) Cash and cash equivalents

They are stated at carrying value which is deemed to be fair value. Cash and cash equivalents comprise instant access bank balances as well as a small amount of cash in hand.

(v) 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.

(vi) Account and other payables

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

(vii) Derivative financial liabilities

Derivative financial liabilities are initially recognised and carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

(viii) Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

1.6 Significant accounting policies (continued)

(I) Income taxes and deferred taxation

The current tax amount is based on the taxable profits or losses of 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.

(J) 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 typically measured by use of either Binomial or Monte-Carlo simulation. The main assumptions are disclosed in note 9.

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.

(K) 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.

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 in the relevant note as is sensitivity analysis as required. The key areas identified and the relevant note are as follows:

Going concern (note 1.5) – judgements

Carrying value of intangible exploration and evaluation assets (note 14) – judgements

Tax payable (note 20) – judgements

Decommissioning costs (note 21) – judgements and estimates

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.

Year ended 31 December 2023	**Falkland Islands $'000**	**Greater Mediterranean $'000**	**Corporate $'000**	**Total $'000**
Revenue	**—**	**—**	**—**	**—**
Cost of sales	**—**	**(870)**	**—**	**(870)**
Gross loss	**—**	**(870)**	**—**	**(870)**
Exploration and evaluation expense	**(158)**	**(3)**	**(117)**	**(278)**
Administrative expenses	**—**	**(446)**	**(3,840)**	**(4,286)**
Charge for share based payments	**—**	**—**	**(117)**	**(117)**
Foreign exchange gain/(loss)	**—**	**(21)**	**328**	**307**
Results from operating activities and other income	**(158)**	**(1,340)**	**(3,746)**	**(5,244)**
Finance income	**—**	**—**	**1,191**	**1,191**
Finance expense	**(110)**	**(376)**	**(11)**	**(497)**
Loss before tax	**(268)**	**(1,716)**	**(2,566)**	**(4,550)**
Tax	**—**	**—**	**—**	**—**
Loss for year	**(268)**	**(1,716)**	**(2,566)**	**(4,550)**
Reporting segments assets	**256,847**	**1,352**	**9,051**	**267,250**
Reporting segments liabilities	**47,294**	**17,697**	**2,139**	**67,130**
Depreciation and impairments	**158**	**—**	**39**	**197**

Year ended 31 December 2022	Falkland Islands $'000	Greater Mediterranean $'000	Corporate $'000	Total $'000
Revenue	—	652	—	652
Cost of sales	—	(1,965)	—	(1,965)
Gross loss	—	(1,313)	—	(1,313)
Exploration and evaluation expense	(307)	(1)	(23)	(331)
Administrative expenses	—	(1,109)	(2,516)	(3,625)
Charge for share based payments	—	—	(393)	(393)
Foreign exchange gain/(loss)	7,756	—	(1,160)	6,596
Results from operating activities and other income	7,449	(2,423)	(4,092)	934
Finance income	—	—	23	23
Finance expense	(3,394)	(272)	(509)	(4,175)
Profit/(loss) before tax	4,055	(2,695)	(4,578)	(3,218)
Tax	38,763	—	—	38,763
Profit/(loss) for year	42,818	(2,695)	(4,578)	35,545
Reporting segments assets	251,589	1,785	11,087	264,461
Reporting segments liabilities	43,995	16,287	3,712	63,994
Depreciation and impairments	307	50	72	429

During the year the group had no revenue. In the prior year all of the Group's worldwide sales revenues of oil and gas US$652 thousand arose from contracts to one customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

4. Cost of sales

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Other cost of sales	**870**	927
Increase in decommissioning provisions (see note 21)	**—**	1,038
	870	1,965

5. Exploration and evaluation expenses

	Year ended 31 December 20223 $'000	Year ended 31 December 2022 $'000
Allocated from administrative expenses (see note 6)	**—**	22
Exploration costs written off (see note 14)	**158**	307
Other exploration and evaluation expenses	**120**	2
	278	331

6. Administrative expenses

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Directors' remuneration excluding benefits (see note 7)	**785**	1,066
Other employees' salaries	**1,148**	1,175
National insurance costs	**382**	383
Pension costs	**79**	91
Employee benefit costs	**57**	53
Total staff costs	**2,451**	2,768
Amounts reallocated	**(1,004)**	(648)
Total staff costs charged to administrative expenses	**1,447**	2,120
Auditors' remuneration (see note 8)	**178**	164
Other professional fees	**2,120**	666
Other	**807**	857
Depreciation	**39**	117
Amounts reallocated	**(305)**	(299)
	4,286	3,625

The average number of full time equivalent staff employed during the year was 7 (2022: 8). As at the year end the Group employed (including part time) 9 staff, 7 of which were in the UK and 2 in Italy.

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

Other professional fees include legal fees in relation to contesting the Annulment of the Award of US$1.6 million (2022: US$0.2 million).

7. Directors' remuneration

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Executive salaries	**475**	746
Company pension contributions to money purchase schemes & pension cash allowance	**58**	62
Benefits	**11**	7
Non-executive fees	**252**	258
	796	1,073

The total remuneration of the highest paid director in GBP, was:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Annual salary	**381**	513
Money purchase pension schemes & pension cash allowance	**47**	47
Benefits	**5**	4
	433	564

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

8. Auditors' remuneration

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**146**	130
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	**26**	26
Assurance related non-audit services	**6**	8
	178	164

9. Share based payments

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

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Charge for option scheme	**117**	156
Charge for the long term incentive plan options	**—**	237
Charge for share based payments	**117**	393
Charge for services outside the Group	**500**	—
	617	393

During the year 4.5 million options were issued at 7.0p per share in connection with the delivery of the Sea Lion project to an individual employed outside of the Rockhopper group. These options vest in three tranches of 1.5 million each at project sanction, first oil, and reaching project completion. The value of these options was $500,000 and made with reference to the services received.

The cost of the options was offset against the liability in relation to the service provided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

9. Share based payments (continued)

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

Option scheme

A one-off equity option package was implemented during 2020 (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").

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
Vesting date	18 May 2023	18 May 2024	18 May 2025
Closing share price (pence)	6.25	6.25	6.25
Number granted	7,949,997	7,950,000	7,950,003
Weighted average volatility	50.0%	50.0%	50.0%
Weighted average risk free rate	0.10%	0.12%	0.14%
Exercise price (pence)	6.25	6.25	6.25
Dividend yield	0%	0%	0%

Weighted average volatility has been selected with reference to historic volatility but taking into account exceptionally high volatility in the year preceding the grant of the options.

The following movements occurred during the year:

Issue date	Vesting date	Expiry date	At 31 December 2022	(Lapsed)/Granted	**At 31 December 2023**
18 May 2020	18 Nov 2020	18 May 2030	1,986,972	—	**1,986,972**
18 May 2020	18 May 2021	18 May 2030	6,357,616	(3,085,699)	**3,271,917**
18 May 2020	18 May 2023	18 May 2030	5,116,664	—	**5,116,664**
18 May 2020	18 May 2024	18 May 2030	5,116,667	—	**5,116,667**
18 May 2020	18 May 2025	18 May 2030	5,116,669	—	**5,116,669**
25 January 2023	Variable	25 January 2033	—	4,500,000	**4,500,000**
			23,694,588	1,414,301	**25,108,889**

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. All LTIPs as at the year end have vested.

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

Grant date:	31 July 2019
Closing share price	20.75
Number granted	7,200,000
Weighted average volatility	50.0%
Weighted average volatility of index	70.0%
Weighted average risk free rate	0.35%
Correlation in share price movement with comparator group	5%
Exercise price	0p
Dividend yield	0%

The following movements occurred during the year:

Issue date	Expiry date	At 31 December 2022	Expired/Exercised	**At 31 December 2023**
8 October 2013	8 October 2023	546,145	(546,145)	**–**
10 March 2014	10 March 2024	70,391	(70,391)	**–**
16 June 2017	16 June 2027	3,216,000	(864,000)	**2,352,000**
31 July 2019	31 July 2029	3,300,001	(962,500)	**2,337,501**
		7,132,537	(2,443,036)	**4,689,501**

Share appreciation rights

All SARs have expired during the year.

The following movements occurred during the year:

Issue date	Expiry date	Exercise price (pence)	At 31 December 2022	Expired	**At 31 December 2023**
30 January 2013	30 January 2023	159.00	277,162	(277,162)	**–**
			277,162	(277,162)	**–**

10. Foreign exchange

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Foreign exchange gain on Falkland Islands tax liability (see note 20)	**–**	7,756
Other foreign exchange movements	**307**	(1,160)
Total net foreign exchange gain	**307**	6,596

11. Finance income and expense

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Warrants (see note 19)	**889**	–
Bank and other interest receivable	**302**	23
Total finance income	**1,191**	23
Warrants (see note 19)	**–**	494
Unwinding of discount on Falkland Islands Tax Liability (see note 20)	**–**	3,354
Unwinding of discount on decommissioning provisions (see note 21)	**482**	304
Other	**15**	23
Total finance expense	**497**	4,175

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for the year ended 31 December 2023

12. Taxation

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Current tax:		
Overseas tax	–	–
Adjustment in respect of prior years (see Note 20)	–	38,763
Total current tax	–	38,763
Deferred tax:		
Overseas tax	–	–
Total deferred tax credit – note 22	–	–
Tax on loss on ordinary activities	–	38,763
Loss on ordinary activities before tax	**(4,550)**	(3,218)
Loss on ordinary activities multiplied at 26% weighted average rate (31 December 2022: 26%)	**(1,183)**	(837)
Effects of:		
Income and gains not subject to taxation	–	(2,017)
Expenditure not deductible for taxation	**41**	872
Depreciation in excess of capital allowances	**10**	32
IFRS2 Share based remuneration cost	**30**	102
Losses carried forward	**1,102**	1,848
Adjustments in respect of prior years (see Note 20)	–	38,763
Current tax credit for the year	–	38,763

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

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
UK	**81,729**	81,124
Falkland Islands	**623,323**	621,765
Italy	**69,748**	66,808

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. As disclosed in Note 20 Tax payable, we are in the process of agreeing our tax returns in relation to the farm-out to Navitas that completed in September 2022. The carried forward losses are based on our returns to FIG and may be revised leading to fewer losses carried forward.

13. Basic and diluted (loss)/profit per share

	31 December 2023 Number	31 December 2022 Number
Weighted average number of Ordinary Shares	**595,630,305**	527,767,197
Weighted average of shares held in Employee Benefit Trust	**(1,304,500)**	(2,539,227)
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**594,325,805**	525,227,970
Effects of		
Share options and warrants	–	6,740,654
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**594,325,805**	531,968,624

	$'000	$'000
Net (loss)/ profit after tax for purposes of basic and diluted earnings per share	**(4,550)**	35,545
(Loss)/profit per share – cents		
Basic	**(0.77)**	6.77
Diluted	**(0.77)**	6.68

The weighted average number of Ordinary Shares takes into account those shares which are treated as own shares held in trust. As at the year end the Group had 1,304,500 Ordinary shares held in an Employee Benefit Trust (2022: 1,304,500) which have been purchased to settle future exercises of options. As the Group is reporting a loss in the current 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.

14. Intangible exploration and evaluation assets

	Falkland Islands $'000	Greater Mediterranean $'000	Total $'000
At 31 December 2021	249,211	372	249,583
Additions	2,685	31	2,716
Written off exploration costs	(307)	—	(307)
Foreign exchange movement	—	(22)	(22)
At 31 December 2022	251,589	381	251,970
Additions	5,416	—	5,416
Written off exploration costs	(158)	—	(158)
Foreign exchange movement	—	—	—
At 31 December 2023	**256,847**	**381**	**257,228**

Falkland Islands Licences

The amounts for intangible exploration and evaluation assets represent active exploration and evaluation projects. The additions during the year of US$5.4 million relate principally to the Sea Lion development.

Given the quantum of intangible exploration and evaluation assets potential impairment could have a material impact on the financial statements. As such whether there are indicators of impairment is a key judgement. Management looked at a number of factors in making a judgement as to whether there are any indicators of impairment during the year. In particular with regard to the carrying value of the Falkland Islands assets, which relates to the Sea Lion Phase 1 development these include, but are not limited to;

- The Operator published an updated CPR in January 2024 which continued to evidence a robust project;
- Rockhopper and Navitas have used the extensive engineering work already carried out to create a lower cost development;
- Licences expire at the end of 2024. A license extension has been requested across all the licences. Whilst there is no guarantee this will be granted historically the Falkland Islands Government have been supportive and Management believe that an extension will be received; and
- Current market conditions, including oil price and security of supply, provide stronger prospects for ultimate sanction of Sea Lion.

Management concluded that for these reasons, currently for Phase 1 of the Sea Lion development, there were no indicators of impairment.

Management made the judgement that the limited near term capital being invested outside of the Phase 1 project is still an indicator of impairment in the subsequent phases of the project. Accordingly the decision continues to be 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. This will be re-evaluated when the Phase 1 project has been sanctioned and investment resumes on the Phase 2 project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

15. Property, plant and equipment

	Oil and gas assets $'000	Other assets $'000	Total $'000
Cost			
At 31 December 2021	24,503	8122	5,315
Foreign exchange	(1,441)	(18)	(1,459)
Disposals	—	(244)	(244)
At 31 December 2022	23,062	550	23,612
Foreign exchange	782	—	782
Disposals	—	(255)	(255)
At 31 December 2023	**23,844**	**295**	**24,139**
Depreciation and impairment			
At 31 December 2021	24,503	611	25,114
Charge for the year	—	122	122
Foreign exchange	(1,441)	(19)	(1,460)
Disposals	—	(232)	(232)
At 31 December 2022	**23,062**	**482**	**23,544**
Charge for the year	—	39	39
Foreign exchange	782	—	782
Disposals	—	(255)	(255)
At 31 December 2023	**23,844**	**266**	**24,110**
Net book value at 31 December 2022	—	68	68
Net book value at 31 December 2023	**—**	**29**	**29**

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

16. Other receivables

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Current		
Receivables	**675**	294
Other	**566**	1,112
	1,241	1,406

The carrying value of receivables approximates to fair value.

17. Term deposits

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Maturing after the period end		
Within three months	**4,501**	6,324
Six to nine months	**—**	1,206
Nine months to one year	**—**	1,206
	4,501	8,736

Term deposits relate to amounts placed on fixed term deposit with various A rated deposit banks.

18. Other payables and accruals

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Accounts payable	**2,309**	1,428
Accruals	**4,586**	1,692
Other creditors	**281**	263
	7,176	3,383

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.

19. Derivative financial liabilities

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Brought forward	**1,744**	–
Warrant liabilities – initial value on grant	**–**	1,250
Changes in fair value taken to finance (income)/expense (see note 11)	**(889)**	494
Exercise of warrants	**(405)**	–
	450	1,744

Warrants issued as part of the Placing and Subscription ("Warrants") were treated as derivative financial liabilities and as such carried at fair value on the balance sheet with changes in fair value recognised in finance income or expenses in the income statement as appropriate. They are not designated as hedging instruments.

The Warrants had an expiry date of 31 December 2023. The value as at 31 December 2023 relates to validly exercised Warrants where the corresponding ordinary shares were issued after 31 December 2023. Fair value of the Warrants as at 31 December 2023 was determined to be the premium of the share price over and above the exercise price of the Warrants. Fair value at the prior year end and on grant were determined using a black scholes model the key inputs of which are summarised below.

	Grant	31 December 2022
Time to maturity	1.5 year	1.0 year
Closing share price (pence)	8.00	9.00
Number	41,091,388	41,091,388
Weighted average volatility	80.0%	98.4%
Weighted average risk free rate	1.90%	3.22%
Exercise price (pence)	9.00	9.00

20. Tax payable

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Non current tax payable	**–**	–
	–	–

On the 8 April 2015, the Group agreed binding documentation ("Tax Settlement Deed") with FIG in relation to the tax arising from the Group's 2012 farm out. The Tax Settlement Deed confirms the quantum and deferment of the outstanding tax liability and is made under Extra Statutory Concession 16. The Tax Settlement Deed also states that the Group is entitled to make adjustment to the outstanding tax liability if and to the extent that the Commissioner is satisfied that any part of the Development Carry becomes irrecoverable.

In September 2022 the transaction enabling Harbour Energy plc to exit and Navitas to enter the North Falkland Basin completed. Under the transaction the balance of Development Carry, approximately $670 million, has become irrecoverable .

Due to the irrecoverable Development Carry in the Group's judgment no further amounts are due on the Group's 2012 farm-out. Given the highly material nature of this judgment professional advice has been sought to confirm that it is probable that the Group is entitled to adjust the outstanding tax liability for the Development Carry that has become irrecoverable. As such, in the prior year, the Group derecognised the tax liability to measure it at the most likely amount it will be settled for, US$nil. We understand that FIG still believe that the £59.6 million still to be due. We are currently engaged with FIG to resolve this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

20. Tax payable (continued)

Should it be proven that there is no entitlement to adjustment under the Tax Settlement Deed then the outstanding tax liability would be £59.6 million and still 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. In this improbable instance Management believes the most likely timing of payment is in line with the first royalty payment. Based on correspondence with FIG, Management does not believe that the farmout constitutes a substantial disposal and therefore would not have accelerated the £59.6 million liability should it be shown to still be payable. The prior year derecognition of the tax liability led to a tax income of US$38.8 million.

Separately we have submitted tax returns in relation to the farm out to Navitas that occurred immediately after their acquisition, from Harbour Energy plc of the company that holds the North Falkland's Basin licences. The consideration for this transaction was the provision of loan funding to the Group to cover the majority of its share of Sea Lion phase 1 related costs from transaction completion up to FID through a loan from Navitas with interest charged at 8% per annum (the "Pre-FID Loan"). Subject to a positive FID, Navitas will provide an interest free loan to fund two-thirds of the Group's share of Sea Lion phase 1 development costs (for any costs not met by third party debt financing). Whilst we continue to engage with FIG on the value of this consideration, we are confident that we have sufficient losses to ensure no tax liability will arise.

21. Provisions

	Decommissioning provision $'000	Other provisions $'000	**Year ended 31 December 2023 $'000**	Year ended 31 December 2022 $'000
Brought forward	19,099	78	**19,177**	18,287
Amounts utilized	—	(48)	**(48)**	(17)
Amounts arising in the year	—	2	**2**	1,367
Unwinding of discount	482	—	**482**	304
Foreign exchange	507	1	**508**	(764)
Carried forward at year end	20,088	33	**20,121**	19,177

The decommissioning provision relates to the Group's licences in the Greater Mediterranean region and facilities in the Falkland Islands. The provision covers both the plug and abandonment of wells drilled as well as removal of facilities and any requisite site restoration. Of amounts arising in the prior year $320 thousand has been capitalised in intangible exploration and evaluation assets and US$1,038 thousand taken to cost of sales.

Judgements are made based on the long term economic environment around appropriate inflation and discount rates to be applied as well as the timing of any future decommissioning. In the Falkland Islands costs are most likely to be in $US or GB£ so management consider the UK economic environment when informing these judgements. In the Greater Mediterranean all assets are in Italy and so costs are likely to be in Euros and as such management consider the Italian as well as the broader Eurozone region to inform these judgements.

Recognising short term inflationary pressures have eased, the Group believe it appropriate to use an inflation rate of 2.0 per cent (2022: 2.5 per cent) and a discount rate of 2.0 per cent (2022: 2.5 per cent).

Decommissioning costs are uncertain and management's 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 costs associated with 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. 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.

The estimated costs associated with the decommissioning works are those that are likely to have a material impact on the provision. A 10 per cent increase in these estimates would increase both the provision and the loss in the year by US$1,507 thousand. Similarly, a 10 per cent reduction in these estimated costs would decrease both the provision and the loss in the year by US$1,507 thousand.

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

22. Deferred tax liability

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
At beginning of period	**39,137**	39,137
Foreign exchange	**—**	—
Movement in period	**—**	—
At end of period	**—**	—

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 2023 are disclosed in note 12 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.

23. Share capital

	Year ended 31 December 2023		Year ended 31 December 2022	
	$'000	**Number**	$'000	Number
Authorised, called up, issued and fully paid: Ordinary shares of £0.01 each	**9,196**	**620,229,436**	8,771	586,485,319

	31 December 2023 Number	31 December 2022 Number
Shares in issue brought forward	**586,485,319**	458,482,117
Shares issued		
– Issued as part of Placing and Subscription	**—**	82,182,776
– Issued as part of Open offer	**—**	39,652,160
– Issued on exercise of warrants and share options	**33,744,117**	6,168,266
Shares in issue carried forward	**620,229,436**	586,485,319

During the prior year Rockhopper raised funds by way of a Placing and Subscription as well as through an Open Offer. New Shares were issued at an issue price of 7 pence per Unit (the "Issue Price"). Each Unit offered comprises one New Ordinary Share and, for every two New Ordinary Shares subscribed for, one Warrant. Each Warrant gave the holder the right to subscribe for one new Ordinary Share at a price of 9 pence per Ordinary Share (the "Strike Price") at any time from the issue of the Warrants up to (and including) 5.00 p.m. on 31 December 2023 (the "Warrant Exercise Period").

On 8 January 2024 the Company issued 20,349,328 Ordinary Shares of £0.01 each pursuant to the final exercise of Warrants. The Warrants were validly exercised prior to their expiry on 31 December 2023 but due to logistics of validating this fact they were not issued until post year end.

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for the year ended 31 December 2023

24. Reserves

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

Share premium	Amount subscribed for share capital in excess of its nominal value.
Share based remuneration	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.
Own shares held in trust	Shares held in trust by the Employee Benefit Trust which have been purchased to settle future exercises of options.
Merger reserve	The difference between the nominal value and the fair value of shares issued on acquisition of subsidiaries.
Foreign currency translation reserve	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.
Special reserve	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.
Retained losses	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$0.7million (2022: US$0.7 million) relating to the Group's intangible exploration and evaluation assets.

26. Contingent assets

In August 2022, pursuant to an ICSID arbitration which commenced in 2017, Rockhopper was awarded approximately €190 million plus interest and costs following a unanimous decision by the ICSID appointed arbitral Tribunal that Italy had breached its obligations under the Energy Charter Treaty (the "Award").

Rockhopper submitted a letter to the Italian Republic in September 2022 formally requesting payment of €247 million, representing the Award amount plus accrued interest from 29 January 2016 to 23 August 2022 and costs. Interest was paused for four months following the date of the Award (being 23 August 2022) and is now accruing at EURIBOR + 4% which Rockhopper estimates at between €1.25 million and €1.5 million per calendar month. Interest compounds annually.

As announced, Italy requested that this Award be annulled in October 2022. When Italy applied for the Award to be annulled, a provisional Stay of Enforcement was automatically put in place by ICSID pursuant to the ICSID Convention and Arbitration Rules.

Following Italy's request to seek annulment of the Award, an ad hoc Committee was constituted to hear relevant arguments and make a ruling on Italy's application for a continuation of the provisional Stay of Enforcement pending the determination of Italy's request to annul the Award. A hearing on whether the ad hoc Committee will continue or lift the provisional Stay of Enforcement was held on 6 March 2023. On the 24 April 2023 the Committee issued the following orders,

1: that Italy and Rockhopper shall confer – in good faith and using their best efforts to cooperate and find an effective arrangement – for the mitigation of the risk of non-recoupment using a first-class international bank outside the European Union (or as Italy and Rockhopper otherwise agree) to be put into place in anticipation of the termination of the provisional stay of enforcement of the Award. This is to mitigate the perceived risk that, in the event the Award is annulled, Italy may not be able to recover Italian assets seized or frozen by Rockhopper (before the ad hoc Committee issues its decision on annulment) in court enforcement proceedings.

2: that Rockhopper shall, within 30 days of the date of the decision, apprise the Committee of arrangements agreed with Italy for the mitigation of the risk of non-recoupment or that negotiations have failed and, in the latter event, propose concrete arrangements in accordance with the decision for the mitigation of the risk of non-recoupment. Italy may then briefly comment on Rockhopper's proposal within 10 days, constructively highlighting any areas of disagreement between the Parties.

26. Contingent assets (continued)
Italy has refused to comply with the Panel's instructions. Rockhopper intends to continue to work in good faith to resolve the issues raised regarding non-recoupment and has submitted to the Panel its proposal to mitigate this risk.

The decision on whether to continue or lift the provisional Stay of Enforcement is unrelated to the merits of Italy's annulment request. A final hearing in relation to Italy's request to annul the Award took place in April 2024. There is no set timetable for the decision ad hoc committee to publish their decision with regard Italy's request for annulment, however we are hopeful that a decision will be published before the end of 2024.

On 20 December 2023, Rockhopper announced its entry into a funded participation agreement (the "Agreement") with a regulated specialist fund with over $4bn of investments under management that has experience in investing in legal assets (the "Specialist Fund") to monetise its Award.

Key terms of the Agreement
Rockhopper to retain legal and beneficial ownership of the Award.

Under the terms of the Agreement, the Specialist Fund will make cash payments to Rockhopper in up to three tranches:

Tranche 1 – Rockhopper will retain approximately €15 million of an upfront payment of €45million on completion. As previously disclosed, Rockhopper entered into a litigation funding agreement in 2017 under which all costs relating to the Arbitration from commencement to the rendering of the Award were paid on its behalf by a separate specialist arbitration funder (the "Original Arbitration Funder"). That agreement entitles the Original Arbitration Funder to a proportion of any proceeds from the Award or any monetisation of the Award. Rockhopper has entered into an agreement with the Original Arbitration Funder to pay €26 million of the Tranche 1 proceeds to discharge all of its liabilities under the agreement with the Original Arbitration Funder. In addition, Rockhopper is due to pay certain success fees to its legal representatives. After making these payments, Rockhopper will retain approximately €15 million of the Tranche 1 payment and 100 per cent of all Tranche 2 and 3 payments.

Tranche 2 – Additional contingent payment of €65 million upon a successful annulment outcome. Should the Award be partially annulled and the quantum reduced as a result, then Tranche 2 will be reduced such that the amounts under Tranche 1 and Tranche 2 shall be adjusted downward on a pro-rata basis. For example, if the quantum of the Award is reduced by 20%, then the amounts under Tranche 1 and Tranche 2 shall be reduced by 20%. For the avoidance of doubt, the amounts under Tranche 1 and Tranche 2 shall not reduce below €45m in any circumstance.

Tranche 3 – Potential payment of 20% on recovery of amounts in excess of 200% of the Specialist Fund's total investment including costs.

Tax will also be payable on Rockhopper's share of the proceeds from the monetisation of the Award. These calculations are complex and are unlikely to be resolved for some time but Rockhopper currently estimates that the approximate effective tax rate of between 10-15% is likely.

The Specialist Fund will cover all costs related to the Arbitration from the 20 December 2023.

Approval will be required from the Falkland Islands Government to complete the transaction (the "Precedent Condition"). A further announcement will be made on completion. Should completion not occur by 30 June 2024 either side has the right to termination. In the case of non-completion Rockhopper will use proceeds of the Award to provide compensation to the Specialist Fund based on the costs they have incurred in relation to the Arbitration from 20 December 2023 up to the date of termination.

Rockhopper is extremely confident in the strength of its case, as was reflected in the unanimous decision underpinning the Award in August 2022. As at the year end the Precedent Condition had not been met and that fact along with the ongoing annulment request the virtual certainty required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which would allow recognition of an asset on the Balance Sheet has not been met. The receivable under the Award therefore remains classified as a contingent asset at this time.

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for the year ended 31 December 2023

27. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed. Subsidiaries are listed in notes of the Company financial statements.

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, including deferred salary and bonus amounts, is provided in the Directors' Remuneration Report on pages 28 to 37.

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Short term employee benefits	**796**	1,076
Share based payments	**72**	235
	868	1,311

On 6 April 2023, Alison Baker, Senior Independent Director, in order to effect a "Bed and ISA" transaction, sold 142,865 Ordinary shares of 1 pence each (Ordinary Shares) at a price of 10.725 pence per Ordinary Share and then purchased into an Individual Savings Account (ISA) 142,753 Ordinary Shares at the same price.

During the prior year the Company announced a successful Placing and Subscription. This involved the Placing of, and Subscription for 82,182,776 Units in each case at the Issue Price of 7 pence per Unit. Each Unit comprises one New Ordinary Share and, for every two New Ordinary Shares subscribed for, one Warrant.

Pursuant to the Subscription, the following Directors agreed to subscribe for the following Units comprising Subscription Shares and Warrants.

	Number of subscription shares	Number of subscription Warrants)
Sam Moody	1,428,570	714,285
Keith Lough	428,570	214,285
Alison Baker	142,856	71,428
John Summers	142,856	71,428

On the 20 December 2023 the Company received notifications from all of the above Directors and former Directors of the exercise of all of their above Warrants. In total an aggregate 1,071,426 new Ordinary Shares of £0.01 each ("Ordinary Shares") in the Company were issued at an exercise price of 9 pence per ordinary share, providing the Company with proceeds of £96,428.

28. Risk management policies

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$, in particular the tax liability with the Falkland Island Government which is a GB£ denominated balance. In addition a number of the Group's subsidiaries have a functional currency other than US$, where this is the case the Group has an exposure to foreign exchange differences with differences being taken to reserves.

The Group has cash and cash equivalents, term deposits and restricted cash of US$8.5 million of which US$1.0 million was held in US$ denominations. The Group has expenditure in GB£ and Euro and accepts that to the extent current cash balances in those currencies are not sufficient to meet those expenditures they will need to acquire them. The following table summarises the split of the Group's assets and liabilities by currency:

Currency denomination of balance	$ $'000	£ $'000	€ $'000
Assets			
31 December 2023	**258,152**	**7,743**	**1,355**
31 December 2022	253,415	8,482	1,787
Liabilities			
31 December 2023	**47,180**	**2,249**	**17,697**
31 December 2022	43,452	3,475	15,220

The following table summarises the impact on the Group's pre-tax (loss)/profit and equity of a reasonably possible change in the US$ to GB£ exchange rate and the US$ to euro exchange:

	Pre tax profit/(loss)		Total equity	
	+10% US$ rate increase $'000	−10% US$ rate decrease $'000	+10% US$ rate increase $'000	−10% US$ rate decrease $'000
US$ against GB£				
31 December 2023	**549**	**(549)**	**549**	**(549)**
31 December 2022	501	(501)	501	(501)
US$ against euro				
31 December 2023	**(1,634)**	**1,634**	**(1,634)**	**1,634**
31 December 2022	(1,450)	1,450	(1,450)	1,450

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. Further information can be found in the going concern assessment contained in Note 1.5.

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 2023 were $910,000 (31 December 2022: $2,109,000). 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.

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.

Liquidity risks:

The Group monitors the liquidity position by preparing cash flow forecasts to ensure sufficient funds are available. Further information can be found in the going concern assessment contained in Note 1.5.

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.

At 31 December 2023	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total contractual cashflows $'000	Carrying amount $'000
Other payables	7,176	—	—	7,176	7,176
Lease liability	246	—	—	246	246
	7,422	**—**	**—**	**7,422**	**7,422**

At 31 December 2022	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total contractual cashflows $'000	Carrying amount $'000
Other payables	3,383	—	—	3,383	3,383
Lease liability	574	286	—	860	553
	3,957	**286**	**—**	**4,243**	**3,936**

PARENT COMPANY FINANCIAL STATEMENTS – COMPANY BALANCE SHEET

As at 31 December 2023

	Notes	**Year ended 31 December 2023 $'000**	Year ended 31 December 2022 $'000
Non current assets			
Property, plant and equipment	2	**29**	68
Investments	3	**–**	–
Finance lease receivable		**–**	444
Group undertakings	4	**294,740**	291,545
Current assets			
Other receivables	5	**359**	495
Finance lease receivable		**235**	259
Restricted cash		**474**	467
Term deposits		**4,501**	8,736
Cash and cash equivalents		**3,452**	619
Total assets		**303,790**	302,633
Current liabilities			
Other payables	6	**11,012**	11,323
Derivative financial liabilities	7	**450**	1,744
Lease liability		**243**	209
Non-current liabilities			
Lease liability		**–**	344
Total liabilities		**11,705**	13,620
Equity			
Share capital	11	**9,196**	8,771
Share premium	12	**10,181**	6,518
Share based remuneration	12	**2,109**	1,492
Own shares held in trust	12	**(1,320)**	(1,494)
Merger reserve	12	**78,451**	78,451
Special reserve	12	**175,281**	175,281
Retained earnings	12	**18,187**	19,994
Attributable to the equity shareholders of the company		**292,085**	289,013
Total liabilities and equity		**303,790**	302,633

These financial statements on pages 72 to 77 were approved by the directors and authorised for issue on 21 May 2024 and are signed on their behalf by:

Sam Moody
Chief Executive Officer

Rockhopper Exploration plc Registered Company number: 05250250

The notes on pages 74 to 77 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital $'000	Share premium $'000	Share based remuneration $'000	Shares held in trust $'000	Merger reserve $'000	Special reserve $'000	Retained earnings $'000	Total Equity $'000
Balance at 31 December 2021	7,218	3,622	4,327	(3,342)	74,575	175,281	—	261,681
Profit and total comprehensive profit for the year	—	—	—	—	—	—	18,614	18,614
Share based payments	—	—	393	—	—	—	—	393
Share issues (net of expenses)	1,553	2,896	—	—	3,876	—	—	8,325
Other transfers	—	—	(3,228)	1,848	—	—	1,380	—
Balance at 31 December 2022	8,771	6,518	1,492	(1,494)	78,451	175,281	19,994	289,013
Loss and total comprehensive loss for the year	—	—	—	—	—	—	(1,633)	(1,633)
Share based payments	—	—	617	—	—	—	—	617
Share issues (net of expenses)	425	3,663	—	—	—	—	—	4,088
Other transfers	—	—	—	174	—	—	(174)	—
Balance at 31 December 2023	**9,196**	**10,181**	**2,109**	**(1,320)**	**78,451**	**175,281**	**18,187**	**292,085**

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

Other transfers relate to amounts transferred from share based remuneration reserve to retained earnings due to share based payments in relation to options that have either not vested or expired.

The notes on pages 74 to 77 form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2023

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. It also has operations in the Greater Mediterranean based in Italy. 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 2023 were approved and signed by the Group Chief Executive Officer on 21 May 2024 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 with the exception of Share Based Payments which are at fair value. 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.

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.

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.

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 in the relevant note as is sensitivity analysis as required. The key areas identified and the relevant note are as follows:

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

2. Property, plant and equipment

	Right of use assets $'000	Other assets $'000	Total $'000
Cost			
At 31 December 2021	138	305	443
Disposals	—	(148)	(148)
At 31 December 2022	**138**	**157**	**295**
Disposals	—	—	—
At 31 December 2023	**138**	**157**	**295**
Depreciation and impairment			
At 31 December 2021	65	238	303
Charge for the year	46	26	72
Disposals	—	(148)	(148)
At 31 December 2022	111	116	227
Charge for the year	23	16	39
Disposals	—	—	—
At 31 December 2023	**134**	**132**	**266**
Net book value at 31 December 2022	27	41	68
Net book value at 31 December 2023	**4**	**25**	**29**

3. Investments

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Cost brought forward	**113,099**	113,099
Cost carried forward	**113,099**	113,099
Amounts provided brought forward	**(113,099)**	(113,099)
Amounts provided carried forward	**(113,099)**	(113,099)
Net book value brought forward	**—**	—
Net book value carried forward	**—**	—

All amounts relate to subsidiary undertakings.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

for the year ended 31 December 2023

3. Investments (continued)

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 Venti Settembre 1 Roma, 00187 Rome, Italy.

4. Group undertakings

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Group undertakings	**480,639**	476,675
Provisions	**(185,899)**	(185,130)
	294,740	291,545

The Company is required to recognise expected credit losses for all financial assets held at amortised costs, which includes intercompany loans. Given that the quantum of intercompany loan balances changes in relation to expected credit losses this could have a material impact on the financial statements. As such judgements in relation to expected credit losses are key.

The intercompany loans are repayable on demand, however as at the year end the group undertakings would not have sufficient liquid resources with which to repay outstanding amounts. In Management's judgement it is most likely that the Company would pursue the repayment of loan balances over time as this would most likely maximise returns.

Secondly Management has made judgements around the probability of these loan balances being repaid. Whilst clearly a subjective judgement if Management had concluded that the probability of each loan balance being repaid had been 10 per cent lower then both the provision and loss for the year would have increased by US$47.8 million (2022: US$47.4 million).

5. Other receivables

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Receivables	**359**	434
Other	**—**	61
	359	495

6. Other payables

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Trade creditors	**523**	54
Other creditors	**234**	199
Accruals	**1,182**	1,161
Group undertakings	**9,073**	9,909
	11,012	11,323

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

7. Derivative financial liabilities

For information on derivative financial liabilities see note 19 of the Group financial statements.

8. Salaries and directors' remuneration

	Year ended 31 December 2023 $'000	Year ended 31 December 2022 $'000
Salaries and fees	**1,640**	1,959
National insurance costs	**303**	306
Pension costs	**67**	129
Employee benefit costs	**52**	46
Average number of employees	**7**	7

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 Salaries and directors' remuneration

Note 8 of the Group financial statements provides details of the remuneration of the Company's auditors on a Group basis.

10. Share based payments

Note 9 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. Share capital

Note 23 of the Group financial statements provides details share capital of the Company.

12. Capital and reserves

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

13. Related parties

Note 27 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 MAY 2024

Falkland Islands
North Falkland Basin

Licence	Operator	Rockhopper working interest %	Field/Discovery	Licence phase expiry date
PL003a	Navitas	35.00	—	01/11/2024
PL003b	Navitas	35.00	—	01/11/2024
PL004a	Navitas	35.00	Isobel Deep	01/11/2024
PL004b	Navitas	35.00	Beverley Casper South Zebedee	01/11/2024
PL004c	Navitas	35.00	—	01/11/2024
PL005	Navitas	35.00	—	01/11/2024
PL032 – Sea Lion Discovery Area	Navitas	35.00	Casper North Sea Lion	01/11/2024 01/11/2024
PL033	Navitas	35.00	—	01/11/2024

South Falkland Basin

Licence	Operator	Rockhopper working interest %	Field/Discovery	Licence phase expiry date
PL011	Rockhopper	100.00	—	03/12/2024
PL012	Rockhopper	100.00	—	03/12/2024
PL014	Rockhopper	100.00	—	03/12/2024

GLOSSARY

2C	best estimate of contingent resources
2P	proven plus probable reserves
3C	a high estimate category of contingent resources
AGM	Annual General Meeting
Award	the Group's ICSID Award , in relation to the arbitration against the Republic of Italy relating to the Ombrina Mare oil field
Best	a best estimate category of Prospective Resources also used as a generic term to describe a best, or mid estimate
Board	the Board of Directors of Rockhopper Exploration plc
bbl	barrels of oil
boe	barrels of oil equivalent
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
Capex	capital expenditure Cash resources Cash and term deposits
Company	Rockhopper Exploration plc
E&E	Exploration and evaluation
E&P	Exploration and production
EIS	Environmental Impact Statement
ERCE	ERC Equipoise Limited
ESG	Environmental, Social and Governance
Farm-down	to assign an interest in a licence to another party
FDP	Field Development Plan
FEED	Front End Engineering and Design
FID	Final Investment Decision
FIG	Falkland Islands Government
FOGL	Falkland Oil and Gas Limited
FPSO	Floating Production, Storage and Offtake vessel
G&A	General and administrative costs
Group	the Company and its subsidiaries
Harbour	Harbour Energy plc
High	high estimate category of Prospective Resources also used as a generic term to describe a high or optimistic estimate
IFRS	International Financial Reporting Standard

Kboepd	thousand barrels of oil equivalent per day
Low	a low estimate category of Prospective Resources also used as a generic term to describe a low or conservative estimate
LOI	Letter of Intent
Mmbbls	million barrels
Mmboe	million barrels of oil equivalent
Mmbtu	million British thermal units
MMstb	million stock barrels (of oil)
Monetisation	Agreement signed with Specialist fund to accelerate the monetisation of the Award
Mscf	thousand standard cubic feet
Navitas	Navitas Petroleum LP
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
NSAI	Netherland, Sewell & Associates Inc.
P&A	plug and abandon
PIM	Project Information Memorandum
PSV	virtual exchange point
QCA code	Quoted Companies Alliance Corporate Governance Code
RNS	Regulatory News Service
SAR	Share appreciation right
Scm	standard cubic metre
SIP	Share incentive plan
STOIIP	stock-tank oil initially in place
SURF	Subsea, Umbilicals, Risers and Flowlines TDF
Tax Settlement Deed	binding documentation with FIG in relation to the tax arising from the Group's 2012 farm out
TDF	Temporary Dock Facility
Navitas Transaction	the farm down to Navitas completed September 2022
TSR	Total shareholder return

SHAREHOLDER INFORMATION

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Registered address and head office:
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Joint broker
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CONCERNS AND PROCEDURES

General emails
info@rockhopperexploration.co.uk

Audit committee emails
rkh@rockhopperexploration.co.uk

Website
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

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

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