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ROCKROSE ENERGY PLC

("RockRose")

Full Year Results

RockRose Energy plc (LSE: RRE) (the "Company"), the independent oil and gas production company, is pleased to announce its Full Year Results for the 12 months to 31 December 2019. As previously communicated, these were delayed as a result of the FCA's request of 21 March 2020 that companies observe a two-week moratorium on the publication of financial statements.

In early 2020, prior to the onset of COVID-19 and the significant market turmoil that has ensued, the Company's 2020 guidance was ~21,000 boepd production, ~$200.0 million of capital expenditure and ~$30.0 million (before tax relief) of abandonment expenditure. However, as commented on previously, the Company is currently reassessing all discretionary expenditure and is pursuing several initiatives to reduce operating costs.

The Company's current expectation is that capital expenditure in 2020 will be reduced by at least $80.0 million, abandonment expenditure by around $5.0 million, and unit operating costs will fall to below $30/boe. The company continues to work with all its joint venture partners to reduce both capital expenditure and opex across our portfolio. Whilst these measures will impact production growth in 2021, they are not expected to have a material impact on the Company's reserves.

2019 STRATEGIC HIGHLIGHTS

> Through the acquisition of Marathon UK's assets, Rockrose doubled reserves and resources and scaled the business.
> A progressive dividend policy was initiated, whereby the Company will seek to pay regular dividends as appropriate, with an interim payment of 60p per share in October 2019. Subject to shareholder approval and as previously indicated, the Company expects to pay a final dividend of 25p per share, bringing the total for 2019 to 85p per share.
> Abandonment half-life (the midpoint date at which half of the company's spending on abandonment has been made) has been extended to 2030 from 2028. The company anticipates full tax relief on all abandonment expenditure at a rate of at least 40% given it is fully covered by tax paid history.

2019 OPERATIONAL HIGHLIGHTS

> Group production for the year to 31 December 2019 was in line with guidance at 13,886 boepd on a working interest basis (19,356 on a pro forma basis). Excluding planned shutdowns, pro forma 2019 output was 20,500 boepd. The Foinaven field was shut down for 34 days longer than anticipated for scheduled maintenance. Overall, production increased by 117% versus the prior year average including a full year contribution from the Dyas acquisition and a six months contribution from the Marathon Oil UK acquisition.
> Operational progress continues as planned across the portfolio. Currently, the Group is drilling the second of two West Brae infill wells. The first of these wells is now on production and is contributing at rates above expectation. The company continues to work to convert 2C resources to 2P reserves while delivering significant production growth and extending field life.

2019 FINANCIAL HIGHLIGHTS

> Reinforced balance sheet position with significant financial resources on hand leaving us well placed to tackle the challenges of 2020. At the year end, total cash was $375.5 million (2018: $121.3 million), of which $59.7 million (2018: $53.3 million) was restricted.
> Pro forma adjusted EBITDA of $162.4 million reflecting the contribution of the Brae Complex and Foinaven field from 1 January 2019. Adjusted EBITDA $97.9 million excluding the six months pre-acquisition results from those assets.
> Hedged ~63 million therms at ~€0.53/ therm in 2020, ~54 million therms at ~€0.41/ therm in 2021, and ~54 million therms at ~€0.45/ therm in 2022.

Commenting, Andrew Austin, Rockrose, Executive Chairman, said:

"The success of last year has left us well placed to meet the twin challenges of COVID-19 and weak commodity prices. The strength of the balance sheet and management action to decrease expenditure provides us with confidence we will emerge from this crisis with our financial health intact and growth prospects undimmed. We remain committed to the principle of being able to thrive throughout the commodity price cycle."

-ENDS-

The Company will be hosting a conference call for analysts at 10.00am on Tuesday 7th April 2020. A replay facility will be provided subsequently via the Company's website.

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Executive Chairman's Statement

Before reviewing 2019 in detail, I want to say that RockRose's success last year has left us well-placed to meet the twin challenges of COVID-19 and weak commodity prices. The strength of our balance sheet combined with management action to reduce expenditure significantly, mean that I am confident we will emerge from this difficult period with our financial health intact and our growth prospects undimmed.

In 2019, RockRose Energy continued to execute its strategy of acquiring assets in the North Sea. After exiting 2018 with production of 9,918 boepd following completion of the acquisition of Dyas B.V., in February 2019 we announced that we had reached agreement to acquire Marathon Oil UK and Marathon Oil West of Shetlands. This deal completed on 1 July 2019 and combined with a full year of production from Dyas, had the effect of increasing our production by 117% to 13,886 boepd (19,356 pro forma basis) from 6,389 boepd in 2018. As detailed in the independent Competent Persons Report (CPR) published as part of the prospectus issued in conjunction with the transaction, it also increased our oil and gas reserves by 82%. At the end of 2019, our proved and probable reserves stood at 60.8 MMboe with an additional 21.2 MMboe classified as contingent resources.

Critically, RockRose achieved this increase in reserves and production while abiding by its founding principle of being robust enough to thrive throughout the commodity price cycle. This was reflected in adjusted EBITDA of $97.9 million in 2019 ($162.4 pro forma basis) versus $64.2 million in 2018. The improvement was realised despite the price of Brent crude oil falling by approximately 13% year-on-year to an average of $63 per barrel. We ended the year with cash balances of $375.5 million (including restricted cash of $59.7 million). This uplift was achieved after capital expenditure of $76.9 million, cash acquired in the Marathon Acquisition of $239.1 million and abandonment expenditure of $9.4 million (before tax relief). The Company remains debt-free.

Central to our operations is our health, safety, and environmental (HSE) performance. During our short tenure as operator, we have made a significant difference to the Greater Brae Area in this regard. In 2018, the total number of HSE incidents was 28. This fell by 39% to 17 incidents in 2019 and only seven of those occurred after RockRose completed the Marathon UK transaction and became operator. Plainly, there is still room for improvement, and we will be working hard to realise this.

The Marathon UK transaction brought operatorship of the Greater Brae Area, which includes current gross production of ~20,000 boepd, three large platforms offshore, and more than 300 employees plus contractors. Since taking on this major responsibility, I am proud of the Company's achievements, which include:

- Increasing reserves;
- Delaying cessation of production (CoP) at Brae Alpha by at least three years to 2030;
- Extending CoP at East Brae by two years to 2023
- Successfully disembarking Brae Bravo ahead of platform removal in 2021; and
- Implementation of a rota change offshore and restructuring the operational leadership.

Unfortunately, TAQA and our other joint venture partners in the Greater Brae Area served an operator discharge notice on Marathon Oil UK prior to our acquisition of the asset. We challenged the validity of this notice and the process that led to it being served, but a judge found in favour of the claimants following court proceedings in December 2019. Although any change of operator must be approved by the Secretary of State, we have started the process of transferring operatorship to TAQA.

It is important to emphasise that RockRose will not suffer any strategic or financial consequences as a result of this change, as the Joint Operating Agreement prevents any partner from benefiting by being operator. Ever since we completed the Marathon transaction, we have been committed to ensuring the best possible outcome for the Brae Area, its staff, and for the joint venture partners. This will remain our focus, so we will work with TAQA to make the transition as smooth as possible, ensuring there is no disruption to ongoing operations and that our staff are fully supported. We will actively support and challenge TAQA to improve the HSE performance of the Greater Brae Area.

The issue of the Greater Brae Area operatorship notwithstanding, we expect to drive further operational progress across our portfolio in 2020. Activities will include participation in up to seven wells, as the Company continues to convert 2C resources to 2P reserves while delivering significant production growth and extending field life. At the end of 2019 our plans included:

- Two RockRose-operated infill wells at West Brae (RockRose 40.0%), designed to access over three MMbbl of net 2P reserves and add net production of 2,500 bopd. The first of these came onstream in Q1 and the second is due on stream in Q2.
- Four development wells at the Shell-operated Arran gas/condensate field (RockRose 30.4%). Drilling commenced in Q1 and the wells are forecast to add net production of over 6,000 boepd when Arran comes onstream in H1 2021. So far, the project is on schedule and under budget.
- The drilling of one of two infill wells to be operated by Repsol-Sinopec as part of the Blake (RockRose 30.8%) life extension project. This will contribute to extending production by five years to 2029.
- Submission of a field development plan and project sanction of the Repsol-Sinopec-operated Tain oil field (RockRose 50.0%), which would lead to first oil in H2 2022. Tain is estimated to contain mid-case recoverable resources of 11.5MMbbl (5.8 MMbbl net to RockRose) and is close to existing infrastructure.
- Sanction of the B10 (RockRose 14.6%) and A15 (RockRose 28.2%) developments in the Dutch sector of the North Sea. This follows a pair of successful appraisal wells in 2019 and is expected to lead to first gas in 2022. The fields will be tied back to the central processing platform on the Petrogas-operated A&B Blocks and contain total resources of over five MMboe net to RockRose.
- Commencement of drilling on the UDS3 project (RockRose 14.6%); also on the A&B Blocks offshore the Netherlands. UDS3 consists of two new wells and a sidetrack.

We continue to re-evaluate these plans in light of the current market conditions.

Combined with improved uptime at Foinaven (RockRose 28.0%) following an unplanned extended maintenance shutdown in 2019, we expect these initiatives to help drive a ~9% improvement in our production to ~21,000 boe/d in 2020. This is in spite of a planned three-week shutdown of the Forties Pipeline System, which will impact our output from the Greater Brae Area, Nelson, Howe, and B-Block. Capital expenditure will be substantially higher in 2020 than in 2019 at ~US$200.0 million, but this investment should lead to significantly higher production in 2021 as Arran comes onstream. Abandonment expenditure is likely to be ~US$30.0 million (before tax relief).

Although we do not set explicit long-term targets for reserves or production, believing instead that the shareholder value is a more important metric, we remain committed to growing the business. We have built an excellent platform from which to do that and could deploy significant capital for the right opportunity. With that in mind, we have evaluated several potential acquisitions since closing the Marathon UK transaction, and we continue to evaluate potential acquisitions. However, it is critical that we maintain capital discipline and we must be prepared to walk away from opportunities if we do not believe they will be accretive to shareholder value.

Finally, I would like to thank all our stakeholders for their work and commitment to the Company and to thank staff, contractors, and co-venturers for their continued support. I believe we are well-placed to continue to generate substantial returns for investors and we also paid a maiden dividend of 60p/share in Q4 2019. As indicated at that time, we expect to pay a 25p/share final dividend subject to shareholder approval. I believe it would be inappropriate to set any hard and fast metrics regarding pay-out ratios or similar. However, what I can say is that while maintaining capital discipline, we will seek where appropriate to pay a regular dividend.

ANDREW AUSTIN

EXECUTIVE CHAIRMAN

Operating Review

2019 was another year of significant growth for RockRose. Our Dutch assets contributed a full year of production for the first time and the Marathon transaction completed at mid-year. Average production increased by 117% from 6,389 boe/d in 2018 to 13,866 boe/d on a working interest basis. Pro forma production was up by 80% to 19,356 boe/d despite Foinaven being shut down for 34 days longer than anticipated.

Through the Marathon UK transaction, we became the operator of the Greater Brae Area, which includes three platforms in the Central North Sea. We are proud of our achievements since assuming that responsibility. These include extending cessation of production dates for Brae Alpha and East Brae; successfully disembarking Brae Bravo; and improving the working environment by implementing a rota change offshore and restructuring the operational leadership.

Development Projects:

ARRAN (RRE 30.4%)
The Arran field is operated by Shell and is currently under development as a four-well, 55km subsea tieback to the Shearwater platform. Arran is a gas condensate field, with first gas planned for 2021. The development is currently under budget and on schedule.

Once onstream Arran is expected to produce >20,000 boepd, (>6,000 boepd net). Gas will be exported via the Shearwater-Elgin Area Line (SEAL) to the Shell Esso Gas & Associated Liquids (SEGAL) processing terminal. Liquids will be exported via the Forties Pipeline System (FPS).

TAIN (RRE 50.0%)
The Tain oil field is operated by Repsol-Sinopec and is currently in the Define Phase of development. It is planned to

be a 20km subsea tieback to the Bleo Holm FPSO (RRE 30.8%). Gross production will be approximately 6,000 boepd, (3,000 boepd net).

Produced fluids will be processed by the Bleo Holm FPSO. Oil will be exported via a shuttle tanker and gas will be exported via the Frigg Pipeline.

Oil Producing Assets:

BRAE COMPLEX (RRE ~40.0%)
The Brae Complex has operated at both ends of the spectrum, with new wells drilled and old infrastructure decommissioned. The Brae Bravo platform was disconnected from the Brae infrastructure and subsequently disembarked in July and drilling commenced on the first of two West Brae development wells in the fourth quarter, with first production achieved in Q1 2020.

Oil and gas output were relatively stable during the first half of 2019 but the second half was impacted by unplanned Forties pipeline outages and compressor reliability issues resulting in pro forma average production in 2019 of 6,045 boepd (net).

FOINAVEN (RRE 28.0%)
Foinaven is operated by BP. Production was impacted due to an unplanned extended maintenance shutdown in the second half of the year. The planned duration of the outage was increased to allow critical integrity inspections and pipework replacements to be completed, resolving issues that had been identified as part of an improved integrity management programme introduced in the second half of 2018. Pro forma average production for the year was 3,161 boepd (net).

NELSON (RRE 7.5%) AND HOWE (RRE 20.0%)
The Nelson and Howe fields are operated by Shell, and the Nelson facilities comprise a fixed platform. The Howe field is located 14 kilometres east of Nelson and comprises a subsea tieback to the Nelson platform.

Nelson production averaged approximately 603 boepd (net) including associated gas in 2019. Howe production averaged 443 boepd (net) plus associated gas in 2019. Oil from the Nelson platform is transported by pipeline to the Forties field, and then to shore via the Forties Pipeline System. Gas is exported via the Fulmar Gas Line.

The joint venture is evaluating infill well opportunities in the Nelson field.

ROSS AND BLAKE (RRE 30.82%)
The Ross and Blake fields are operated by Repsol-Sinopec and produce into the Bleo Holm FPSO via subsea infrastructure. Total production averaged 2,546 boepd (net) including associated gas in 2019. Oil is exported via a shuttle tanker and gas is exported via the Frigg Pipeline.

The partners are investing over £200.0 million (gross) to extend the field life by five years to 2029 including two additional infill wells. These are expected to be drilled in 2021 to maximise economic recovery.

OTHER OIL ASSETS
The B-Block includes our interests in the Balmoral, Stirling, Beauly and Burghley oil fields. Located 200km north-east of Aberdeen. Production is via the Balmoral purpose-built GVA 5000 semi-submersible floating production vessel. RockRose's production from its B-Block interests was 643 bopd (net) in 2019. Oil is exported via the Forties Pipeline System to Cruden Bay.

In the Netherlands, both Hanze and Rijn production was increased through replacement of downhole electrical submersible pumps (ESPs).

Gas Producing Assets

A&B BLOCKS (RRE 14.6%)
Gross production from the Petrogas operated, AB Unit (A12, B13 and A18) averaged 112 MMcf/d (gross) in 2019. Production is from shallow reservoirs at depths of between 350 and 700 metres. The partnership successfully appraised the B10 and A15 discoveries in 2019. Petrogas, the operator, is now pushing forward with project FEED. Petrogas is also planning to deliver FID on stage 3 of the undeveloped sands infill project in Q2 2020. This will deliver a total of three infill wells on the A12 and B13 structures.

K4B-K5A (RRE AVERAGE 7.0%)
Gross production in the Total operated K4b/K5a licence averaged 60 MMcf/d gross in 2019. Gas from most of the fields on the acreage is exported via the WGT pipeline to Den Helder. K/5-F exports its gas via the NGT pipeline to Uithuizen. The area was developed with a Central Processing Platform (CPP) over the K/5-A structure and five unmanned wellhead platforms to produce gas from the satellite fields. In 2019, Total continued to enhance production through intervention. It is continuing detailed subsurface work focused on future infill opportunities.

OTHER GAS ASSETS
Rockrose has interests in several other assets both offshore and onshore in the Netherlands. These include Hanze, P15/P18-Rijn, P/Q Area, Markham and J3C, and onshore Bergen (including Alkmaar PGI facility). In 2019, these assets produced an average of 1,358 boepd (net) to RockRose. The F15AB partners also sanctioned the restart of production. The field had previously been shut-in for decommissioning but, based on a new operating philosophy, opex has been greatly reduced. An intervention on F15a-A5 is planned to resolve an annulus leak and reinstate the well.

In the UK Southern Gas Basin, RockRose has interests in the Tors, Grove, Galahad, Mordred, and Seven Seas fields. In 2019 RockRose's net production from these interests was 2.8 MMcf/d. Following Perenco's remedial work on Trent, Tors saw uptime of over 85% in 2019.

Decommissioning

RockRose continues to focus on the efficient decommissioning of its operated and non-operated assets whilst meeting its regulatory obligations. In the RockRose-operated Brae field, work continues to ready Brae Bravo for removal. To significantly reduce opex costs, the platform was 'made-safe' and down-manned in July 2019. There is a favourable fixed price contract in place for the removal and disposal of the Bravo facilities in 2021 and 2022 and the engineering process is ongoing with the contractor.

In 2020 the East Brae drill rig recertification project will be completed in readiness for well plug and abandonment activities starting in 2021. Contractors will be engaged later in 2020 and invited to tender for the removal of the East Brae facilities. This is in advance of the anticipated cessation of production date, allowing time for structured planning and execution. Also in 2020, the redundant Brae Alpha drilling rig will be removed from the platform with the benefit of eliminating the maintenance and integrity inspection burden on the facility. RockRose is developing the necessary regulatory documentation to support the approval of the various decommissioning projects.

Financial Review

		2019	2018	Change
Production	boepd			
Oil		7,481	4,832	55%
Gas		6,405	1,558	311%
		13,886	6,389	117%
Revenue	$'000			
Oil		173,779	127,735	36%
Gas		62,032	24,639	152%
Infrastructure		12,397	-	-
Other		2,779	698	298%
		250,987	153,072	64%
Unit opex	$/boe			
Oil		44	33	34%
Gas		12	15	(21)%
		29	28	3%
Adjusted EBITDA	$'000			
Oil		57,271	61,097	(6)%
Gas		9,558	10,843	(12)%
Infrastructure		23,839	3,002	694%
Other		7,251	(10,761)	(167)%
		97,919	64,181	53%
Profit for the period	$'000	84,091	38,859	116%
Earnings per share (basic)	cents	654	261	151%
Net cash generated from operating activities	$'000	100,605	77,387	30%
Average realised price	$boe			
Oil		63	72	(13)%
Gas		27	43	(37)%
Capital Expenditure	$'000	76,903	10,629	624%
Abandonment Expenditure	$'000	9,423	2,402	292%

Note: The financial results are prepared in accordance with IFRS, unless otherwise noted below

1 Non-IFRS measures. Refer to the alternative performance measures definition within the glossary to the Annual Report

2 Excludes the impact of realised and unrealised gains on commodity hedges

Production and Revenue

Production on a working interest basis increased by 117% to 13,886 boepd in 2019, compared to 6,389 boepd in 2018. This increase primarily reflects the acquisition of Dyas B.V. on 1 October 2018 and the Marathon UK Acquisition on 1 July 2019.

Revenue from crude oil sales in 2019 totalled $173.8 million, 36% higher than 2018 ($127.7 million). The increase of $46.1 million was driven by H2 2019 crude sales from Brae and Foinaven of $62.4 million (2018: nil) offset by the impact of lower realised oil prices of $16.3 million across the portfolio.

Revenue from the sale of gas in 2019 was $62.0 million (2018: $24.6 million), reflecting higher production following the acquisition of Dyas partially offset by lower wholesale gas prices.

The Group's commodity price hedges and other oil derivatives generated $10.7 million of realised gains (2018: realised losses of $6.4 million). The Group continues an active hedging policy.

Unit OPEX

On a proforma basis unit opex costs were $39/bbl for oil and $14/boe for gas in 2019. The oil number was adversely affected by low production efficiency on certain key assets, notably Foinaven where there was an extended shutdown. Current production efficiency is considerably better and is expected to lead to lower unit opex costs for oil in 2020.

Adjusted EBITDA

Adjusted EBITDA increased by $33.7 million in 2019, reflecting a full year of Dyas B.V. (2018: 3 months) and the Marathon UK Acquisition. The contribution from the acquired Marathon UK assets of $7.2 million was less than forecast, due to a number of operational restrictions in H2.

A gain on acquisition of $15.2 million was recognised on completion of the Marathon UK Acquisition. This is a consequence of the effective date (1 January 2019) and the acquisition date (1 July 2019) of the transaction not being aligned. It effectively represents the retained profits of the Marathon UK assets during H1 2019, which the Group was fully entitled to.

Cashflow

The Group reported net cash generated from operating activities of $100.6 million or $20 per boe in 2019 compared with $77.4 million or $33 per boe a year earlier. The reduction in cash flow per boe was due to having a higher proportion of gas in the production mix following the acquisition of Dyas.

At the end of 2018 the Group had $53.3 million of decommissioning securities held in trust to cover the Group's obligations under its various Decommissioning Security Agreements (DSAs). As at the end of 2019, this amount had reduced to $8.3 million. The Group has now replaced all cash securities held in trust in respect of DSAs with decommissioning surety bonds of the same value. At the end of 2019, the Group had in issue $206.5 million of surety bonds (2018: nil). The Group's A rated (Moody's) surety providers include Aspen, Liberty Mutual, Travelers and Westport.

Capital and Abandonment Expenditure

Consistent with our growth plans, capital expenditure increased to $76.9 million in 2019 (2018: $10.4 million), with expenditure of $37.6 million on the Arran development project, $13.6 million on the first of two West Brae development wells, $13.0 million on Blake and Ross life extension, and $12.7 million of other development and maintenance capex. Expenditure was lower than our interim results forecast of $107.0-115.0 million. This was due to a delay in drilling the West Brae development wells and the late awarding of contracts and release of contingencies on the Arran development project.

Abandonment expenditure of $9.4 million was slightly below our interim forecast of $13.0-15.0 million due to some deferral of payments into 2020.

The Group's post-tax decommissioning provisions are $592.1 million (pre-tax $1,095.3 million). The pre-tax provision increased by $725.5 million during 2019. The movement is explained by an increase of $805.5 million, resulting from the Marathon UK Acquisition and the Group assuming the decommissioning liabilities for the Brae and Foinaven assets, and the unwinding of the discount of $18.4 million (included within Finance Costs). This was partially offset by a reduction in estimates of $86 million (resulting principally from delaying cessation of production (COP) at Brae Alpha and East Brae, and changes to cost and economic assumptions), $9.4 million of decommissioning carried out in the year, and foreign exchange differences of $3.0 million.

Going Concern

The Group closely monitors and carefully manages its liquidity risk. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production rates from the Group's producing assets. Cash forecasts have been updated in light of COVID-19 and recent oil price volatility. We have run a downside sensitivity forecast at $18/bbl for the remainder of 2020 and $37/bbl for 2021 with a 20% reduction in production to cater for any impacts of COVID-19 or other operational issues. Excluding discretionary capital expenditure but including abandonment expenditure, the Group remains cash flow positive.

A key assumption is the continued availability of surety bonds that we use to cover our obligations under our various Decommissioning Security Agreements (DSAs), refer to note 18.3 in the Annual Report. At 31 December 2019 the Group had in issue $206.5 million of surety bonds, which are redetermined annually with the next redetermination in December 2020. As part of the going concern assessment we have sought advice from our surety bond broker over the Group's ability to renew surety bonds given the anticipated lower commodity prices. Based on the advice received we believe that that the surety market will continue to provide security up to the current and future DSA provisions required despite the anticipated lower commodity price environment that may exist when renewing the bonds in December 2020.

Based on the above analysis, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Annual General Meeting

The Company is working with its advisors to establish the best way to convene its Annual General Meeting given the restrictions that have been imposed by the UK Government in response to COVID-19. A further announcement informing Shareholders of arrangements for the Annual General Meeting will be made in due course.

Responsible Business

A Framework for Continuous Improvement

Our vision is to deliver strong asset growth and shareholder returns in a responsible, safe and ethical manner. Our efforts are guided by our Responsible Operations Management System (ROMS), a framework designed to drive continuous improvement and reduce operational risk.

ROMS supports our commitment to the highest standard of health, environment, safety and security (HES&S) performance. HES&S activities are overseen by our Board-level Health, Safety and Environmental Committee and the ROMS Steering Committee, a cross-departmental group chaired by the Managing Director. To ensure accountability, each of the 14 ROMS Elements has an Element Owner from the Operational Leadership team.

Code of Conduct

We are committed to providing a safe workplace, free from harassment or discrimination, where all are respected and treated fairly, and we expect our employees to do the same. We have developed a detailed Code of Business Conduct (the Code), which applies to all RockRose employees, officers and Directors as well as external parties acting within the scope of representing RockRose Energy plc and its subsidiaries. The Code outlines our responsibility to treat each other with dignity, respect and fairness. It also details our responsibility towards shareholders, business partners and the marketplace. Oversight of the Code, as well as supplementary policies, standards, codes and procedures, is the responsibility of our Board of Directors. We conduct training on the Code with targeted employees whose jobs are directly relevant. Other employees, as well as contractors, are made aware of the Code when joining the Company and through internal marketing materials. In 2019, there were zero instances of non- compliance.

Anti-Bribery and Corruption

RockRose recognises the concerns stakeholders may have regarding bribery within our industry. That is why we have developed a robust Anti-Bribery and Corruption Policy, supplementary to our main Code, to ensure we maintain the highest ethical standards possible. Through this policy we prohibit the giving, solicitation or acceptance of any bribe in any form. Every employee is made aware of this policy, with targeted employees receiving instruction on it through the Code training. Any policy updates are communicated to all employees and contractors.

Grievance Mechanisms and Whistleblowing

We do not tolerate any discrimination and have in place internal grievance mechanisms to allow employees to report instances. Grievances are raised with line managers, with more formal complaints made to Human Resources (HR). Our whistleblowing system enables employees to raise concerns of wrongdoing or dangers in the workplace with a dedicated Whistleblowing Officer. Once a concern is raised, it is investigated and, where necessary, remediation plans are implemented.

Taxation

We comply with all relevant legal and regulatory standards and collaborate transparently with tax authorities through our team of tax professionals. We have a low tolerance for tax risk and work to minimise any potential business risks. In instances where there is a material level of uncertainly or complexity, we will seek advice from external experts.

We have a zero-tolerance approach to facilitation of tax evasion, which is outlined in our Anti-Facilitation of Tax Evasion Policy. Our Tax Strategy is published annually on our website.

Supporting Our People

Health and Safety

We want to create a work environment where our employees feel safe and supported. Our Health, Environment, Safety and Security (HES&S) policy outlines the precautions we expect all employees, contractors and joint venture partners to take to ensure their personal safety and that of their colleagues. Our senior managers receive regular updates on our HES&S performance at weekly asset meetings, as well as the monthly Assurance Committee meeting. We rely on workforce engagement to understand how we can improve their experiences, including how we can keep them safe at work. However, accidents do still occasionally occur. Each reported accident that requires investigation, undergoes extensive root cause analysis so that we can prevent any future cases.

Since becoming an operator in the North Sea through the acquisition of the Brae field, we have made changes to improve welfare and working conditions. Based on feedback from our offshore workforce, we have now extended Wi-Fi to accommodation areas as well as updating rotas to a two-weeks-on, three-weeks-off system. We also hosted workshops, during which our Elected Safety Representatives received training and held discussions with members of the senior management team on areas for improvement. In 2019, there were five instances of a lost time incident (LTI), with only one occurring since transition. We are proud to announce that, to date, our Peterhead shore base has celebrated over 10 years without any LTIs.

We have developed a new Process Safety Training Matrix to better understand our existing process safety capabilities. The matrix will aid in identifying specific personnel for training, which includes sending teams to the Spadeadam Testing and Research Centre to learn how to prevent major accident hazards. We share our findings with industry partners, regulators and external partners through a variety of communications, such as the STEP Change in Safety and Oil and Gas UK forums.

Training and Development

We want to provide every RockRose employee with the support they need to grow in our organisation. As well as offering internal and external training courses, we have also enhanced our Mentoring and Educational Assistance programmes to support career development and progression.

In 2019, we developed several training opportunities, such as our offshore first level supervision training, offering employees the skills, knowledge and tools they need to be effective team leaders. We also completed phase 1 of our LEAD training for supervisors, potential supervisors and managers. Placing a stronger emphasis on health and wellness, we invested in wellbeing training and counselling for employees both onshore and offshore, with a particular focus on mental wellbeing.

Diversity and Inclusion

We know that the strongest workforces are those where diverse minds come together to innovate. That is why RockRose is an equal opportunities employer and why we have developed an Equal Opportunities Policy. The policy covers our expectations on non-discrimination, recruitment and selection, fair treatment of employees with disabilities and equal treatment of employees on both part-time and fixed-term contracts.

In 2019, we accelerated our commitment to reduce the gender gap within our organisation. We report annually on our gender pay gap and have established a Gender Gap Group (G3) to oversee efforts to improve on the current gap of 22.5%. The group was also responsible for defining our vision for a diverse and inclusive organisation and for supporting the career progression of women at all levels.

We have also established goals to attract and retain more diversified pool of talent. They relate to reducing conscious and unconscious bias in recruitment, promotion and development opportunities and creating a culture that delivers change. We have placed a particular focus on increasing gender parity in leadership roles and roles within our technical departments. RockRose is a supporter and signatory to the AXIS Pledge, a commitment by Aberdeen energy companies to work towards equal opportunities and pay for women.

Managing Activities to Safeguard the Environment

Greenhouse Gas Emissions

We regularly assess our environmental risk through Environmental Impact Identifications (ENVIDs) and Environmental Impact Assessments (EIAs). We carefully manage our offshore operations to minimise environmental impacts, particularly in relation to greenhouse gas (GHG) emissions. Offshore Scope 1 emissions derive primarily from the combustion of diesel and fuel gas, as well as from flaring and venting. We are also looking for ways to reduce our Scope 2 emissions and already carbon-offset any aeroplane flights that our Board and management make.

Thanks to our efforts in 2019, our CO_2 emissions fell for the second year, by nearly 20% compared to 2018. We are currently working with industry peers to develop a methane reduction plan, which will contribute to industry targets of net zero emissions by 2035, in line with Oil and Gas UK's roadmap.

Hydrocarbon Flaring

We utilise flaring to safely burn excess hydrocarbon gases that are produced at our offshore facilities. The process results in the production of water vapour and CO_2. Although we try to minimise flaring, in 2019 we saw a slight increase in hydrocarbons flared, up to 41,235 tonnes (2018: 40,247 tonnes). This was largely due to work carried out in 2019 to ensure the continued supply of fuel gas for field power generation with the disembarkation of the Brae Bravo platform. Additionally, equipment reliability and poor weather contributed to periods of higher than normal flaring.

Waste Reductions

We are committed to reducing waste throughout our operations, where possible. In 2019, our total waste disposed of was 1,233 tonnes, down from 3,022 tonnes in 2018, of which nearly 718 tonnes were recycled.

We use chemicals in several stages of our operations, from production to well intervention and drilling, as well as in our pipeline. In 2019, we discharged 1728 tonnes of chemicals, a reduction of 32.657% (2018: 2,566 tonnes).

Oil Spill Prevention

We have plans and protocols in place to prevent oil spills from our operated assets. However, spills still occur occasionally as a result of accidents or faulty or degraded equipment. We work consistently to strengthen our infrastructure to reduce spill risks. In 2019, seven spills occurred, down from nine in 2018. The quantity of oil spilled also declined, from 2.1 tonnes in 2018 to just under 0.1 tonnes in 2019.

2019 Emissions Performance (Operated Assets)2

	2019	2018	2017
	CO2 (tonnes)		
	405,391	497,301	597,768
	Non-CO2 components (tonnes)		
Nitrogen oxides (NOx)	1,936	2,122	1,988
Sulphur oxides (SOx)	65	50	24
Carbon monoxide (CO)	1,036	1,260	1,604
Methane (CH4)	2,631	3,842	3,074
Non-methane volatile organic compounds (VOC)	913	1,563	1,670

Working with Local Communities

Local Community Support

Supporting our local communities is an important part of RockRose's business ethos and central to delivering results to all our stakeholders. To this end, we have continued to nurture the long-standing relationships with several local charitable organisations, contributing to their work through financial assistance. For over 10 years, the Brae assets have sponsored Absafe, a charity dedicated to providing safety programmes to local schools. Over the Christmas period, our London office contributed to Crisis to support its work to help the homeless.

To address the growing skills gap in science, technology, engineering and mathematics (STEM), RockRose annually sponsors the Family Activity Weekend at Techfest. This festival, hosted in Aberdeen, encourages people of all ages to engage with STEM through a range of interactive, hands-on shows and presentations.

Employee Donations

In addition to our ongoing charitable contributions, we also want to inspire our employees to engage with causes that are important to them. That is why we encourage employee-led philanthropic activities, where employees can apply to have their funds matched by us up to the value of £3,000 per fundraising event. In 2019, our employees raised money for two charities, the Multiple Systems Atrophy Trust and Juvenile Diabetes Research Foundation Ltd.

Educational Support

Today's young people are the innovators and leaders of tomorrow, and we want to encourage their development as much as possible. The Offshore Petroleum Industry Training Organisation (OPITO) is a global not-for-profit that provides skills training for people hoping to work in the energy industry. We support the OPITO apprenticeship programme, taking on apprentices each year. Additionally, in 2019, we offered two summer placements and five year-long industry placements to students in their third year of study.

Each year we sponsor a prize in Chemical Engineering at the University of Aberdeen. The prize, worth £500, is awarded to the Chemical Engineering student with the top academic performance in their second year of studies. The recipient also receives a guaranteed interview for a summer placement with RockRose.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS: For the year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	3.1	250,987	153,072
Cost of sales	5.2	(208,745)	(105,356)
Gross profit		**42,242**	**47,716**
Administrative expenses		(18,220)	(11,649)
Acquisition and relisting expenses		(10,940)	(1,000)
Change in estimate of decommissioning provisions		76,360	14,302
Gain/(loss) on derivatives		10,697	(6,399)
Gain on acquisition		15,242	-
Impairment of goodwill		-	(18,660)
Operating profit		**115,381**	**24,310**
Finance income		1,703	51
Finance costs		(21,674)	(14,996)
Foreign exchange gain/(loss)		7,496	(1,987)
Profit before income tax		**102,906**	**7,378**
Income tax (expense)/credit		(18,815)	31,481
Profit for the year attributable to shareholders		**84,091**	**38,859**
Earnings per share			
Basic (cents)		654	261
Diluted (cents)		651	242

This information has been extracted from the Company's 2019 Annual Report, which has been published on the Company's website: www.rockroseenergy.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME: For the year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year attributable to shareholders	**84,091**	**38,859**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(83)	-
Items that will not be reclassified to profit or loss:		
Actuarial gains on defined benefit pension scheme	2,305	-
Deferred tax movement on defined benefit pension scheme	(392)	-
Other comprehensive income for the year, net of tax	**1,830**	**-**
Total comprehensive income for the year attributable to shareholders	**85,921**	**38,859**

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CONSOLIDATED BALANCE SHEET: At 31 December 2019

	31 December 2019 $'000	31 December 2018 $'000 *(Restated)*
ASSETS		
Non-current assets		
Property, plant and equipment	406,395	359,293
Right-of-use assets	8,665	-
Investment properties	1,427	-
Intangible assets	35,841	32,287
Employee benefit assets	110,605	-
Deferred tax assets	438,610	67,500
	1,001,543	**459,080**
Current assets		

Inventories	29,911	5,090
Trade and other receivables	63,945	27,943
Current tax receivable	5,654	-
Financial assets (FVPL)	2,685	204
Cash and cash equivalents	315,799	67,944
Restricted cash	59,742	53,347
	477,736	**154,528**
Total assets	**1,479,279**	**613,608**
LIABILITIES		
Non-current liabilities		
Lease liabilities	5,749	-
Deferred income	6,995	-
Deferred tax liabilities	81,101	90,288
Provisions	1,069,353	364,717
	1,163,198	**455,005**
Current liabilities		
Lease liabilities	4,257	-
Trade and other payables	116,498	56,291
Current tax liabilities	5,717	23,012
Financial liabilities (FVPL)	9,724	724
Provisions	25,938	5,119
	162,134	**85,146**
Total liabilities	**1,325,332**	**540,151**
Net assets	**153,947**	**73,457**
EQUITY		
Share capital and share premium	5,304	3,678
Other reserves	36,033	32,718
Retained earnings	112,610	37,061
Total equity	**153,947**	**73,457**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY: For the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Other reserves $'000 *(Restated)*	Retained earnings $'000 *(Restated)*	Total $'000
Balance at 1 January 2018	**4,269**	**9,902**	**(75)**	**71,228**	**85,234**
Profit for the year	-	-	-	38,859	**38,859**
Other comprehensive income	-	-	-	-	**-**
Total comprehensive income for the year	**-**	**-**	**-**	**38,859**	**38,859**
Transactions with owners					
Issue of share capital	40	129	-	-	**169**
Buy-back of share capital *(Restated)**	(760)	-	-	(21,281)	**(22,041)**
Employee share incentive plan	-	-	291	-	**291**
Issue of B shares *(Restated)**	-	(9,902)	-	(20,458)	**(30,360)**
Shareholders distribution	-	-	30,360	(30,360)	**-**
Transfer of reserves *(Restated)**	-	-	2,142	(927)	**1,215**
	(720)	**(9,773)**	**32,793**	**(73,026)**	**(50,726)**
Balance at 31 December 2018 ***(Restated)****	**3,549**	**129**	**32,718**	**37,061**	**73,457**
Balance at 1 January 2019	**3,549**	**129**	**32,718**	**37,061**	**73,457**
Profit for the year	-	-	-	84,091	**84,091**
Other comprehensive income	-	-	-	1,830	**1,830**
Total comprehensive income	**-**	**-**	**-**	**85,921**	**85,921**
Transactions with owners					
Issue of share capital	133	1,493	-	-	**1,626**
Employee share incentive plan	-	-	3,315	-	**3,315**
Dividends paid	-	-	-	(10,372)	**(10,372)**

	133	**1,493**	**3,315**	**(10,372)**	**(5,431)**
Balance as 31 December 2019	**3,682**	**1,622**	**36,033**	**112,610**	**153,947**

This information has been extracted from the Company's 2019 Annual Report, which has been published on the Company's website: www.rockroseenergy.com.

CONSOLIDATED STATEMENT OF CASH FLOWS: For the year ended 31 December 2019

	2019	2018
	$'000	$'000
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**121,700**	**87,983**
Interest received	1,703	51
Interest paid	(3,277)	(3,711)
Decommissioning spend	(9,423)	(2,402)
Income taxes paid	(10,098)	(4,534)
Net cash inflow from operating activities	**100,605**	**77,387**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from/(Payment for) acquisition of subsidiaries	239,097	(11,773)
Payment for intangible assets	(4,573)	(215)
Payment for property, plant and equipment	(72,330)	(10,414)
Net cash generated from/(used in) investing activities	**162,194**	**(22,402)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,626	169
Distribution to Company's shareholders	-	(30,360)
Payments for shares bought back	-	(22,041)
Dividends paid to Company's shareholders	(10,372)	-
Principal elements of lease payments	(2,048)	-
Net cash used in financing activities	**(10,794)**	**(52,232)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**252,005**	**2,753**
Cash and cash equivalents at 1 January	67,944	64,955
Effect of foreign exchange rate	(4,150)	236
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**315,799**	**67,944**

This information has been extracted from the Company's 2019 Annual Report, which has been published on the Company's website: www.rockroseenergy.com.

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