
Press Release

24 March 2020

**Regal Petroleum plc
("Regal" or the "Company")**

Acquisition of Assets in Ukraine

Regal Petroleum plc (AIM: RPT), the AIM-quoted oil and gas exploration and production group, is pleased to announce the acquisition of LLC Arkona Gas-Energy ("Arkona"), which holds the Svystunivsko-Chervonolutskyi exploration licence (the "Licence") in Ukraine (the "Acquisition").

The Acquisition was completed earlier today pursuant to an acquisition agreement made between (1) the Company and (2) Igor Mychko, Oleksandr Neschchotnyy, Dmitro Volonets and Oleg Olkhovoy (the "Sellers") to acquire a 100% shareholding interest in Arkona (the "Acquisition Agreement"). The aggregate consideration for the Acquisition is up to \$8,630,000, comprising: (i) a first tranche of \$4,315,000 (less certain adjustments for debt liabilities) paid on completion; (ii) a second tranche of \$2,157,500 payable on satisfaction of certain conditions including the favourable resolution of a third party claim against Arkona relating to the Licence, the absence of any contractual, warranty or indemnity claims, and the delivery of certain documentation by the Sellers; and (iii) a third tranche of \$2,157,500 payable in 12 months from the date of payment of the second tranche, provided that if the conditions for payment of the second tranche are not satisfied, then neither the second tranche nor the third tranche shall become payable. The Acquisition Agreement contains representations, warranties and indemnities, which are customary for this type of transaction and entitle the Company to defer consideration payments and/or seek recovery of previously paid tranches of consideration in the event of a breach of the Acquisition Agreement.

Arkona is a Ukrainian incorporated company, and its unaudited financial statements for the year ended 31 December 2019 show that its net assets as at 31 December 2019 were UAH2.6 million (\$0.10 million) and losses after tax for the year ended 31 December 2019 were UAH1.6 million (\$0.06 million).

Arkona holds a 100% interest in the Licence, which is located in the Poltava region in north-eastern Ukraine. The Licence has an area of 97 km², and is approximately 15 km east of the Company's Svyrydivske ("SV") licence. The Licence was granted in May 2017 with a duration of 20 years. The Licence is prospective for gas and condensate, and has been the subject of exploration since the 1980s, with 5 wells having been drilled on the Licence since then, although none of these wells are currently on production. As with the productive reservoirs in the SV field, the prospective reservoirs in the Licence are Visean, at depths between 4,600 – 6,000 metres.

According to the recorded information on the Ukrainian State Balance of Natural Resources as at 1 January 2020, the Licence has hydrocarbon reserves, in the category of C₁ and C₂ under the Ukrainian classification, DKZ, of approximately 38.0 MMboe (4.9 billion m³ of gas and 0.86 Mtonnes of condensate). Whilst the Company has undertaken a detailed review of the available technical data relating to the Licence, which is considered supportive of such assessment of hydrocarbon reserves, it should be noted that such hydrocarbon reserves have not been verified by an independent reserves assessor and do not correspond to the SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("PRMS") standard for classification and reporting.

The Company now intends to undertake development planning for the Licence, and envisages that this will include the commencement of a new well within the next 12 months, with drilling and completion operations expected to take up to a further 12 months.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.



Press Release

For further information, please contact:

Regal Petroleum plc

Chris Hopkinson, Chairman
Sergii Glazunov, Chief Executive Officer
Bruce Burrows, Finance Director

Tel: 020 3427 3550

Strand Hanson Limited

Rory Murphy / Richard Tulloch

Tel: 020 7409 3494

Arden Partners plc

Ruari McGirr / Dan Gee-Summons (Corporate Finance)
Simon Johnson (Corporate Broking)

Tel: 020 7614 5900

Citigate Dewe Rogerson

Louise Mason-Rutherford / Elizabeth Kittle

Tel: 020 7638 9571

Dmitry Sazonenko, MSc Geology, MSc Petroleum Engineering, Member of AAPG, SPE and EAGE, Director of the Company, has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

Definitions

AAPG	American Association of Petroleum Geologists
C ₁	reserves in deposits that were not put into commercial development and that may be the subject matter of production testing or individual well production testing
C ₂	reserves in deposits that were not put into commercial development and that are developed based on a production testing plan or individual well production testing plan, matured with seismic exploration or other methods, and the availability of which is supported by geological and geophysical study data as well as testing data obtained from individual wells whilst drilling
km	kilometre
km ²	square kilometre
m ³	cubic metre
MMboe	millions of barrels of oil equivalent
Mtonnes	thousand tonnes
%	per cent
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
\$	United States Dollar
UAH	Ukrainian Hryvnia
WPC	World Petroleum Council