
Press Release

12 June 2009

Regal Petroleum plc (RPT LN)

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Proposed Placing to raise approximately \$100 million

Details of the Placing

Regal Petroleum plc ("Regal" or the "Company") announces today its intention to place new Ordinary Shares (the "Placing Shares"), with both new and existing institutional shareholders, in order to raise approximately \$100 million.

The Placing is being conducted, subject to the satisfaction of certain conditions, through an accelerated book-building process to be carried out by Merrill Lynch International ("Merrill Lynch") who is acting as sole bookrunner in relation to the Placing. The identity of Placees and the basis of the allocations are at the discretion of Regal and Merrill Lynch. The number of Placing Shares and the price at which the Placing Shares are to be placed (the "Placing Price") will be agreed by Regal with Merrill Lynch at the close of the book-building process. Details of the number of Placing Shares and the Placing Price will be announced as soon as practicable after the close of the book-building process.

The Placing Shares will be, when issued, credited as fully paid and will rank *pari passu* in all respects with existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue of the Placing Shares. The Placing will be made on a non-preemptive basis subject to the valid passing of the Resolutions (without amendment) at the General Meeting scheduled for 30 June 2009. In the event that the Resolutions are not passed, the Placing will not proceed.

The Company will apply for admission of the Placing Shares to trading on the AIM market of the London Stock Exchange ("Admission"). It is expected that Admission will take place and that trading will commence on 1 July 2009.

The Placing is conditional upon, *inter alia*, Admission becoming effective and upon the valid passing of the Resolutions (without amendment) at the General Meeting. The Placing is also conditional on the placing agreement made between the Company and Merrill Lynch becoming unconditional and not being terminated in accordance with its terms. It is anticipated that the settlement date will be 1 July 2009.

The Appendix to this announcement (which forms part of this announcement) sets out the terms and conditions of the Placing.

Background to the Placing

Over the last 18 months, Regal has strengthened its management team and assembled the personnel, relationships and technology to execute a successful growth plan for its Ukrainian assets.

Regal's principal focus remains the development of its gas and condensate fields in Ukraine, where significant steps have been taken during 2008 and 2009. The Company has two distinct development objectives in relation to the Fields. Firstly, to increase production from the existing reservoirs containing proved and probable reserves of 169 MMboe in the Visean Sands ("B Sands") and secondly, to appraise and develop additional gas discoveries made in the Tournasian Sands ("T Sands") below these reservoirs with the aim of making a notable addition to the Company's proved and probable reserve base and increasing production.



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To date, Regal has acquired, processed and interpreted approximately 200 sq km of 3D seismic over the Fields and leased and imported two brand new American-built top-drive Saipem operated drilling rigs. The first two new generation wells, MEX-106 and SV-58, to be drilled using these drilling rigs were spudded in January and February 2009 and drilling is currently continuing on these wells. Regal plans to utilise the detailed sub-surface model that was constructed using the acquired 3D seismic to support the pursuit of its field development plan. The field development plan entails the drilling, back to back, of up to 95 wells over the Fields and is expected to require around \$1.6 billion in capital expenditure to be invested over the next decade to produce the production levels targeted by the Company.

The sub-surface model represents a huge improvement in the Company's understanding of the subsurface. It provides Regal's sub-surface team with the means to better delineate the form and structure of the gas and condensate reservoirs, thereby supporting the drilling operations. Furthermore, it provides encouraging indications of the extent of the deeper, gas-bearing T Sands in the Fields. Using the model, Regal's subsurface team has estimated a GIIP volume of 854 MMboe for the B Sands and T Sands combined. This estimate has not been independently verified or audited.

MEX-106 and SV-58 are currently expected to reach their target depths at the end of July and August respectively, with production test results to be available during September 2009. The total drilling time is expected to be half that typically experienced in Ukraine to drill similar wells with regionally available rigs. As at 10 June 2009, MEX-106 had reached a depth of 5,333 metres and SV-58 had reached a depth of 4,885 metres. The Company's current production from the Fields is approximately 1,200 boepd.

Future Development Plan for Ukraine

The Company's plan has always been to increase the number of new, top-drive rigs operating on the Fields beyond the two already drilling. The pace at which this can be implemented is a function of the funding available and the timing thereof.

In light of current economic and market conditions, the Company has decided to follow a phased development plan, which will continue to exploit and assess the Fields, initially at a modified rate using the two rigs currently under contract. Under the phased development plan, the proceeds of the Placing and the Company's existing cash resources, will allow the Company to continue to develop its assets without the need for further financing, and to reach a cash flow positive position. In the absence of further funding, it is anticipated that the Company will be cash flow positive under this phased development plan by the end of 2011. Under this plan, the Company expects to continue drilling over this period with an expected significant rise in production from current levels. Moreover, as wells are brought on stream, it is hoped that the resulting increase in operational cash will enable the Company to access debt or similar markets to further increase the pace of development and production by increasing the number of wells in this phased development plan.

Discussions Update

As announced on 15 April 2009, the Company has been in negotiations with potential lenders and commercial or joint venture partners to further strengthen its financial position. The Company continues to be engaged in discussions with potential strategic partners in relation to a number of proposals, including possible joint ventures in relation to the Fields and/or the acquisition of shares in Regal Petroleum (Jersey) Limited ("RPJ") or the Company. These discussions are at an early stage and may or may not lead to an acceptable proposal being made or legally binding documentation being entered into. Further announcements will be made by the Company if and when appropriate.

Use of Proceeds

The Company intends to use the proceeds of the Placing to fund the phased development of the Fields and to fund the general working capital requirements of the Company. The Company anticipates that the proceeds of the Placing, together with its existing cash resources and the proceeds of production from the Fields, will be sufficient to take the Company to a cashflow positive position.



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The distribution of this announcement and the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or Merrill Lynch, or any of their respective Affiliates that would permit an offer of the Placing Shares or possession or distribution of this announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company and Merrill Lynch to inform themselves about and to observe any such restrictions.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933 (the "Securities Act") or an exemption therefrom. The Company has not registered and does not intend to register any of its Ordinary Shares under the Securities Act.

The securities to which this announcement relates may be illiquid and/or subject to restrictions on their resale. Prospective investors in the Placing Shares should conduct their own due diligence on the Placing Shares and the Company. Prospective investors who do not understand the contents of this announcement should consult an authorised financial adviser.

This document includes statements that are, or may be deemed to be, forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs or current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the oil and gas industry. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, none of the Company or Merrill Lynch undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this document. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in expectations and assumptions used and changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

APPENDIX: TERMS AND CONDITIONS

Important information on the Placing for Placees, or proposed Placees, only

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE DIRECTED ONLY TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE 'ORDER') OR ARE PERSONS FALLING WITHIN ARTICLE 49(1) ('HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC') OF THE ORDER OR TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED AND ARE PERSONS WHO FALL WITHIN PARAGRAPH (7) OF SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE 'FSMA') (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS 'RELEVANT PERSONS' AND INDIVIDUALLY AS A 'RELEVANT PERSON'). THIS ANNOUNCEMENT AND THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH



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RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT AND THIS APPENDIX MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. THIS ANNOUNCEMENT AND THIS APPENDIX DOES NOT CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN REGAL PETROLEUM PLC. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY APPLICABLE STATE SECURITIES LAWS, AND ABSENT REGISTRATION OR AN EXEMPTION THEREFROM MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES.

Persons who are invited to and who choose to participate in the Placing by making an oral offer to subscribe for Placing Shares, will be deemed to have read and understood this Announcement and this Appendix in its entirety and to be making such offer and participating on the terms and conditions contained in this Appendix, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in this Appendix.

In particular, each Placee represents, warrants and acknowledges that it:

1. is a Relevant Person; and
2. is outside the United States and is acquiring the Placing Shares in an 'offshore transaction' (within the meaning of Regulation S under the Securities Act).

This Announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in the United Kingdom, Australia, Canada, Japan, the Republic of South Africa or the United States, or in any other jurisdiction in which such offer or solicitation is or may be unlawful and the information contained herein is not for publication or distribution to persons in Australia, Canada, Japan, the Republic of South Africa or the United States or any jurisdiction in which such publication or distribution is unlawful. Any failure to comply with these restrictions may constitute a violation of Australian, Canadian, Japanese, South African or US securities laws. Persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) must not distribute, mail or send it in, into or from the United States, or use the United States mails, directly or indirectly, in connection with the Placing, and by so doing may invalidate any related purported application for Placing Shares. The Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, resold or delivered, directly or indirectly in or into the United States absent such registration or an exemption therefrom. No public offering of the Placing Shares is being made in the United States. The Placing Shares are being offered and sold outside the United States in reliance on Regulation S. Until the expiration of 40 days after the closing of the Placing, an offer or sale of the Placing Shares within the United States by a dealer, whether or not participating in the Placing, may violate the registration requirements of the Securities Act.

The distribution of this Announcement (including this Appendix) and the Placing and / or issue of Ordinary Shares in certain other jurisdictions may be restricted by law. No action has been taken by the Company or Merrill Lynch that would permit an offer of Ordinary Shares or possession or distribution of this Announcement (including this Appendix) or any other offering or publicity material relating to such Ordinary Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement (including this Appendix) comes are required by the Company or Merrill Lynch to inform themselves about and to observe any such restrictions.

Details of the Placing Agreement and the Placing Shares

Merrill Lynch has entered into the Placing Agreement with the Company, whereby Merrill Lynch has, on the terms and subject to the conditions set out therein, agreed to use their reasonable endeavours as agent for and on behalf of the Company to procure Placees for the Placing Shares at the Placing Price during the Bookbuilding. The Placing is not being underwritten by Merrill Lynch.

The Placing Shares will be, when issued, credited as fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.



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Application for Admission

The Company will apply for admission of the Placing Shares to trading on AIM. It is expected that Admission will take place and that trading in the Placing Shares will commence on 1 July 2009.

Bookbuilding Process

Merrill Lynch is conducting an accelerated bookbuilding process to determine demand for participation in the Placing and the Placing Price. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Bookbuilding and the Placing. No commissions will be paid to Placees or by Placees in respect of their agreement to subscribe for any Placing Shares.

How to Participate in the Bookbuilding Process

An institution that is a Relevant Person and that wishes to participate in the Bookbuilding should communicate its bid by telephone to its usual sales contact at Merrill Lynch or to Oliver Holbourn at Merrill Lynch (020 7995 3700). If successful, an allocation will be confirmed orally following the close of the Bookbuilding, and a conditional Contract Note will be dispatched as soon as possible thereafter. Merrill Lynch's oral confirmation will constitute a legally binding commitment upon the Relevant Person to subscribe for the number of Placing Shares allocated to that Relevant Person at the Placing Price (as defined below) set out in the Pricing Announcement (as defined below) and otherwise on the terms and conditions set out in this Appendix and in accordance with the Company's memorandum and articles of association. Each Placee's obligations will be owed to the Company and Merrill Lynch. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to Merrill Lynch to pay to Merrill Lynch (or as Merrill Lynch may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee is allocated. The Company will make a further announcement following the close of the Bookbuilding detailing the Placing Price at which the Placing Shares are being placed and the number of Placing Shares being issued (the "Pricing Announcement").

Principal Terms of the Bookbuilding Process

1. Merrill Lynch is arranging the Placing as agent for the Company;
2. Participation will only be available to Relevant Persons invited to participate by Merrill Lynch and who communicate their wish to participate in the Bookbuilding to Merrill Lynch in accordance with paragraph 4 below and who are able to participate in accordance with the terms and conditions set out herein. Merrill Lynch is entitled to enter bids and participate as principal in the Bookbuilding;
3. The Bookbuilding will establish a single price payable by all Placees. The Placing Price will be determined by the Company and Merrill Lynch;
4. An institution that is a Relevant Person and that wishes to participate in the Bookbuilding should communicate its bid by telephone to its usual sales contact at Merrill Lynch or to Oliver Holbourn at Merrill Lynch (020 7995 3700). The bid should state the number of Placing Shares and / or monetary amount which the institution wishes to subscribe for at either the Placing Price or at prices up to a maximum price limit specified in the bid;
5. Any bid will be made on the terms and conditions in this Appendix and will not be capable of variation or revocation after the close of the Bookbuilding process;
6. Merrill Lynch reserves the right not to accept bids or to accept bids in part rather than in whole. The acceptance of bids shall be at the absolute discretion of Merrill Lynch and the Company; and
7. The Bookbuilding process is expected to close no later than 4.30 p.m. (London time) on 12 June 2009, but may be closed earlier or later at the sole discretion of Merrill Lynch. Merrill Lynch and the Company jointly may, in their sole discretion, accept bids that are received after the Bookbuilding process has closed. The Company and Merrill Lynch will be entitled to effect the Placing by such alternative method to the Bookbuilding process as they may, in their discretion, determine.



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All obligations under the Placing will be subject to fulfilment of the conditions referred to below under 'Conditions of the Placing'.

Conditions of the Placing

The Placing is conditional upon, *inter alia*, Admission becoming effective and upon the valid passing of the Resolutions (without amendment) at the General Meeting scheduled for 30 June 2009. The Placing is also conditional on the placing agreement made between the Company and Merrill Lynch becoming unconditional and not being terminated in accordance with its terms.

If (a) any of the conditions contained in the Placing Agreement are not fulfilled or waived by Merrill Lynch by the respective time or date where specified (or such later time or date as Merrill Lynch and the Company may agree but not later than 8.00 a.m. (London time) on 15 July 2009) or (b) the Placing Agreement is terminated in the circumstances specified below, the Placing will lapse and the Placees' rights and obligations under the Placing shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Bookbuilding, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and will not be capable of rescission or termination by it.

Merrill Lynch may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company with, or extend the time and / or date for fulfilment by the Company of, the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments.

Neither Merrill Lynch nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision Merrill Lynch and/or the Company may make as to whether or not to waive or to extend the time and / or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally.

Right to terminate under the Placing Agreement

Merrill Lynch may, at any time before the Closing Date, terminate the Placing Agreement in accordance with the terms of the Placing Agreement by giving notice to the Company in certain circumstances, including the occurrence of certain force majeure events or a material adverse change in the financial condition of the Company or the Group taken as a whole.

If the obligations of Merrill Lynch under the Placing Agreement are terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Announcement (including this Appendix) shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing each Placee agrees with Merrill Lynch that the exercise of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Merrill Lynch and that Merrill Lynch need not make any reference to any such Placee and shall have no liability whatsoever to any such Placee (or to any other person whether acting on behalf of a Placee or otherwise) in connection with the exercise of such rights.

No prospectus

No prospectus, admission document or other offering document has been or will be submitted to be approved by the FSA, the UK Listing Authority or the London Stock Exchange in relation to the Placing and the Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix), and the Investor Letter and other information published by or on behalf of the Company via a Regulatory Information Service. Each Placee, by accepting a participation in the



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Placing, agrees and confirms that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either Merrill Lynch or the Company and neither the Company nor Merrill Lynch will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial and trading position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall however exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares (ISIN: GB0031775819) following Admission will take place within the CREST system, subject to certain exceptions. Merrill Lynch reserves the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Announcement (including this Appendix) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a contract note (the "Contract Note") stating the number of Placing Shares allocated to it, the Placing Price, the aggregate amount owed by such Placee to Merrill Lynch (as applicable) and settlement instructions. Settlement should be through Merrill Lynch against CREST ID: 686, account designation "IPO".

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing will be sent a contract note stating the number of Placing Shares to be allocated to it at the Placing Price and settlement instructions.. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the settlement instructions set out in the Contract Note.

It is expected that settlement will be on 1 July 2009 in accordance with the instructions set out in the Contract Note.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above and in the Contract Note at the rate of two (2) percentage points above the base rate of Barclays Bank plc from time to time.

Each Placee is deemed to agree that if it does not comply with these obligations, Merrill Lynch may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for their account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the Contract Note is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below (and in particular subject to paragraph 15 below), be so registered free from any liability to UK stamp duty or stamp duty reserve tax. No Placee (or any nominee or other agent acting on behalf of a Placee) will be entitled to receive any fee or commission in connection with the Placing.

Representations and warranties

By participating in the Bookbuilding, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read this Announcement (including this Appendix) in its entirety and acknowledges that its participation in the Placing will be governed by the terms of this Appendix;
2. represents and warrants that it has received this Announcement (including this Appendix) solely for its use and has not redistributed or duplicated it;



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3. represents and warrants that it has not received a prospectus, admission document or other offering document in connection with the Placing and acknowledges that no prospectus, admission document or other offering document has been prepared in connection with the Placing;
4. acknowledges that the Placing Shares are of the same class as the Ordinary Shares, being securities admitted to trading on AIM and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, FSMA, the FSA Handbook of Rules and Guidance, the rules and regulations of London Stock Exchange plc and all other rules and practices of AIM and the laws of the United Kingdom (the "Exchange Information"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account, and similar statements for preceding financial years, and that it is able to obtain or access such information without undue difficulty;
5. represents, warrants and agrees that when making its investment decision to subscribe for or purchase the Placing Shares it has relied only on publicly available information released by or on behalf of the Company via a Regulatory Information Service relating to the Company and this Announcement (including, without limitation, this Appendix and the sections headed "Update on Regulatory Matters" and "Discussions Update"), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares;
6. acknowledges that it has relied on its own investigation with respect to the Placing Shares and the Company in connection with its decision to subscribe for or to purchase the Placing Shares and acknowledges that it has not relied on (i) Merrill Lynch, any of its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates, or (ii) any information relating to the Company contained in any research reports or other documents prepared by Merrill Lynch, any of its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates or (iii) any investigation that Merrill Lynch, any of its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates may have conducted with respect to the Placing Shares or the Company;
7. acknowledges that neither Merrill Lynch nor any of its respective Affiliates nor any person acting on behalf of Merrill Lynch or any of its Affiliates nor the Company or any of its Affiliates has provided, and will not provide, it with any material regarding the Placing Shares or the Company other than this Announcement (including this Appendix); nor has it requested Merrill Lynch, or any of its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates or the Company to provide it with any such information;
8. acknowledges that the content of this Announcement (including this Appendix) is exclusively the responsibility of the Company and that neither Merrill Lynch nor any of its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates has or shall have any liability for any information, representation or statement contained in this Announcement (including this Appendix) or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement (including this Appendix) or otherwise;
9. understands that none of Merrill Lynch, its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates: (i) has or shall have any liability for public information or any representation concerning the Company or the Placing Shares (including any misstatements therein or omissions therefrom); (ii) has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of publication, the date of the announcement or otherwise; and (iii) makes any representation or warranty, express or implied, with respect to the Company or the Placing Shares or the accuracy or completeness of any such information or any publicly available information (including the Exchange Information), whether at the date of publication, the date of the announcement or otherwise;
10. acknowledges it has had the opportunity to ask questions concerning the terms and conditions of the offer of the Placing Shares;
11. represents and warrants that it has the power and authority to carry on the activities in which it is engaged, to subscribe for the Placing Shares and to execute and deliver all documents necessary for



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such subscription and the person signing the Investor Letter on its behalf has been duly authorised to do so;

12. represents and warrants that it, or the beneficial owner, as applicable, is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions which apply to it, or the beneficial owner, as applicable, and that it has fully observed such laws and obtained all such governmental and other guarantees and other consents in either case which may be required thereunder and complied with all necessary formalities (including any applicable foreign exchange rules);
13. represents and warrants that it and any person acting on its behalf (or, if acquiring the Placing Shares as fiduciary or agent for any investor account, such investor, as applicable), is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions and it has fully observed such laws and obtained all such governmental and other guarantees and other consents in either case which may be required thereunder and complied with all necessary formalities (including any applicable foreign exchange rules);
14. represents and warrants that it has the necessary capacity and has obtained all necessary consents and authorities to enable it to commit to participating in the Placing and to perform its obligations in relation thereto including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement (including the Appendix) and to make the representations, acknowledgments, warranties, undertakings and agreements included in this Appendix and will honour such obligations;
15. represents and warrants that it (or if acquiring the Placing Shares as fiduciary or agent for any investor account, such investor) will be the beneficial owner of such Placing Shares and that the beneficial owner of such Placing Shares will not at the time that the Placing Shares are acquired be a resident of Australia, Canada, Japan, the Republic of South Africa or the United States;
16. understands and acknowledges (and confirms that each beneficial owner of the Placing Shares has been advised) that the Placing Shares are being offered and sold to it pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") in a transaction not involving a public offering of securities in the United States and that the Placing Shares have not been and will not be registered under the Securities Act or under any applicable state securities laws, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority. Each Placee acknowledges and agrees that the offer and sale of the Placing Shares to it is being made outside the United States in an "offshore transaction" and that it was outside the United States during any offer or sale of Placing Shares to it;
17. understands and acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of Australia, Canada, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
18. represents and warrants that if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with applicable laws and regulations;
19. represents and warrants that the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being subscribed for by it in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;
20. represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2003 and the Money Laundering Regulations 2007 (the "Regulations") and, if making payment on behalf of a third party, that satisfactory customer due diligence measures have been taken (including obtaining and recording satisfactory evidence to verify the identity of the third party) as required by the Regulations;



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21. represents and warrants that it is any of (i) an investment professional (within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"), (ii) a person of a kind described in article 49(2) (a) to (d) of the FPO or (iii) a person to whom it would otherwise be lawful to offer a participation in and communicate with regarding the Placing;
22. represents and warrants that if it is in a member state of the European Economic Area ("EEA") it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investor");
23. represents and warrants that any Placing Shares that may be acquired by it in any offer of the Placing Shares will not be acquired on behalf of persons in the EEA other than Qualified Investors or persons in the UK and other member states (where equivalent legislation exists) for whom it has authority to make decisions on a wholly discretionary basis, nor have the Placing Shares been acquired with a view to their offer or resale in the EEA to persons where this would result in a requirement for publication by the Company or Merrill Lynch of a prospectus pursuant to Article 3 of the Prospectus Directive;
24. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
25. represents and warrants that it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
26. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement (including this Appendix) and the Contract Note on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Merrill Lynch and the Company may in their sole discretion determine and without liability to such Placee;
27. acknowledges that none of Merrill Lynch, its Affiliates or any person acting on behalf of Merrill Lynch or any of its Affiliates is providing any investment service to any investor, including making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor the exercise or performance of any of Merrill Lynch's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
28. acknowledges and agrees that it is not and does not regard itself as being, in relation to the Placing, a client or customer of Merrill Lynch for the purposes of the FSA Rules and that Merrill Lynch does not owe it any duty or responsibility to it for providing the protection offered to its clients under the FSA Rules or for providing advice in relation to the Placing;
29. undertakes that the person who it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Merrill Lynch nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Placees acknowledge that the Placing Shares will be credited to the CREST stock account of Merrill Lynch, and Placees should settle against CREST ID: 686, account designation "IPO", who will hold them as nominee for the subscribers of such shares until settlement in accordance with its standing settlement instructions;
30. acknowledges that any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in all respects in accordance with English law and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the courts of England as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Merrill Lynch in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;



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31. acknowledges that Merrill Lynch or any of its connected or associated persons may (at their absolute discretion) participate in the Placing as a Placee in respect of some or all of the Placing Shares;
32. agrees that the Company, Merrill Lynch and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to Merrill Lynch and the Company and are irrevocable;
33. acknowledges and agrees that to the fullest extent permissible by law, none of Merrill Lynch or the Company, nor any of their respective Affiliates, shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise) in connection with the Placing or Bookbuilding (or its conduct) or such alternative method of effecting the Placing; and
34. agrees to indemnify and hold each of the Company and Merrill Lynch and their respective Affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach by it (or any person on whose behalf it is acting) of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

The Company and Merrill Lynch reserve the right to waive any of the foregoing representations and warranties in individual circumstances as they deem appropriate and in accordance with applicable law.

The agreement to settle any Placee's subscription (and / or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by such Placee and / or such person for whom such Placee is contracting direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Merrill Lynch will be responsible.

If this is the case, such Placee should take its own advice and notify Merrill Lynch accordingly. In addition, Placees should note that they will be liable to pay any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them for any Placing Shares or the agreement by them to subscribe for any Placing Shares.

All times and dates in this Announcement (including this Appendix) may be subject to amendment. Merrill Lynch shall notify the Placees and any person acting on behalf of the Placees of any changes. This Announcement (including this Appendix) has been issued by the Company and is the sole responsibility of the Company.

When a Placee or person acting on behalf of the Placee is dealing with Merrill Lynch, any money held in an account with Merrill Lynch on behalf of the Placee and / or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the Financial Services Authority made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Merrill Lynch's in accordance with the client money rules and will be used by Merrill Lynch in the course of its own business; and the Placee will rank only as a general creditor of Merrill Lynch.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption therefrom. The Company has not registered and does not intend to register any of its Ordinary Shares under the Securities Act. There will be no public offering of the Placing Shares in the United States.



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DEFINITIONS

In this Announcement:

"Admission" means the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;

"Affiliates" means in relation to a person each of its holding companies, subsidiaries, branches, associated undertakings and affiliates (affiliates having the meaning given in Rule 405 or in Rule 501(b) of the Securities Act, as applicable in the context used) (including, without limitation, joint venture partners) from time to time (and subsidiaries of any such subsidiaries, branches, associated undertakings, affiliates and holding companies) (including, without limitation, joint venture partners) and each of their and the person's respective officers, directors, supervisory board members, employees, representatives, controlling persons, shareholders and agents from time to time;

"AIM" means the AIM market operated by the London Stock Exchange;

"AIM Rules" means the current rules published by the London Stock Exchange applicable to companies with a class of listed securities admitted to trading on AIM;

"Announcement" means this announcement, including the Appendix;

"Associate" means in relation to a person, its subsidiary undertaking or parent undertaking of a person and any other subsidiary undertakings of that parent undertaking, each as defined in Section 1162 of the Companies Act 2006 and any person's Affiliates;

"Bookbuilding" means the accelerated bookbuilding procedure to be carried out by Merrill Lynch in connection with the Placing;

"Circular" means the circular of the Company to be sent to Shareholders containing notice of the General Meeting;

"Closing Date" means 1 July or such later date as may be agreed between the Company and Merrill Lynch;

"Fields" means the gas and condensate fields at Svrydivske and Mekhediviska-Golotvshinska, Ukraine;

"FSA" means the Financial Services Authority;

"FSMA" means the Financial Services and Markets Act 2000, as amended including any regulations made pursuant thereto;

"General Meeting" means the general meeting of the Company at which the Resolutions will be proposed, to be held on 30 June 2009, notice of which appears in the Circular;

"GIIP" means gas initially in place;

"Group" means the Company and its subsidiary undertakings and Associates including, where the context requires, any one or more such companies and their respective subsidiary undertakings and Associates;

"Investor Letter" means the letter provided by Merrill Lynch to the Placees to participate in the Placing;

"London Stock Exchange" means London Stock Exchange plc;

"Ordinary Shares" means ordinary shares of 5 pence each in the capital of the Company;



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"Persons" means any individual, firm, company, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personalities);

"Placees" means persons (including individuals, funds or others) who Merrill Lynch procures to agree conditionally to subscribe for Placing Shares pursuant to the Placing and on whose behalf a commitment to subscribe for Placing Shares has been given and "Placee" means any one of them;

"Placing" means the placing of the Placing Shares by Merrill Lynch with institutional investors on behalf of the Company;

"Placing Agreement" means the conditional agreement dated 12 June 2009 between (1) the Company and (2) Merrill Lynch in connection with the Placing;

"Placing Price" means the price per Ordinary Share at which the Placing Shares are placed;

"Placing Shares" means the new Ordinary Shares which are to be issued pursuant to the Placing;

"Regal" or the "Company" means Regal Petroleum plc;

"Regulatory Information Service" means any of the regulatory information services included within the list maintained on the London Stock Exchange's website;

"Relevant Persons" means persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order') or are persons falling within article 49(1) ('high net worth companies, unincorporated associations etc') of the Order or to whom this Announcement (including the Appendix and terms and conditions set out therein) may otherwise lawfully be communicated and are persons who fall within paragraph (7) of section 86 of the Financial Services and Markets Act 2000 (the 'FSMA') (all such persons together being referred to as 'Relevant Persons' and individually as a 'Relevant Person');

"Resolutions" means the resolutions set out in the notice of general meeting contained within the Circular to, inter alia, (i) increase the Company's authorised share capital, (ii) grant the directors of the Company authority to allot new Ordinary Shares, and (iii) disapply certain statutory pre-emption rights, to be proposed to the shareholders of the Company at the General Meeting;

"Securities Act" means the US Securities Act of 1933, as amended;

"United Kingdom" means the United Kingdom of Great Britain and Northern Ireland; and

"United States" or "US" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.