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## Press Release

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5 January 2018

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

**Ukraine Update**

Regal Petroleum plc (AIM: RPT), the AIM-quoted oil and gas exploration and production group, announces an update of its operational activities in Ukraine, where it operates the Mekhediviska-Golotvshinska (MEX-GOL), Svyrydivske (SV) and Vasyschevskoye (VAS) gas and condensate fields.

**Operations**

The aggregate rate of production from the MEX-GOL, SV and VAS fields at the end of 2017 was approximately 2,800 boepd. This compares with an aggregate production rate of approximately 1,700 boepd at the end of 2016, which represents an increase of nearly 65% over the year.

The average daily production of gas, condensate and LPG from the MEX-GOL and SV fields for the period from 1 October 2017 to 31 December 2017 was 276,089 m<sup>3</sup>/d of gas, 54 m<sup>3</sup>/d of condensate and 30 m<sup>3</sup>/d of LPG (2,187 boepd in aggregate) (Q4 2016: 140,818 m<sup>3</sup>/d of gas, 38 m<sup>3</sup>/d of condensate and 19 m<sup>3</sup>/d of LPG (1,196 boepd in aggregate)).

Average daily production of gas and condensate from the VAS field for the period from 1 October 2017 to 31 December 2017 was 87,631 m<sup>3</sup>/d of gas and 6.4 m<sup>3</sup>/d of condensate (616 boepd in aggregate) (Q4 2016: 86,801 m<sup>3</sup>/d of gas and 7.0 m<sup>3</sup>/d of condensate (604 boepd in aggregate)).

For the year ended 31 December 2017, average daily production:-

- (i) from the MEX-GOL and SV fields was 197,961 m<sup>3</sup>/d of gas, 47 m<sup>3</sup>/d of condensate and 24 m<sup>3</sup>/d of LPG (1,629 boepd in aggregate) (2016: 157,228 m<sup>3</sup>/d of gas, 41 m<sup>3</sup>/d of condensate and 19 m<sup>3</sup>/d of LPG (1,321 boepd in aggregate)); and
- (ii) from the VAS field was 86,242 m<sup>3</sup>/d of gas and 6.5 m<sup>3</sup>/d of condensate (608 boepd in aggregate) (Period from 4 July 2016 to 31 December 2016: 82,624 m<sup>3</sup>/d of gas and 6.5 m<sup>3</sup>/d of condensate (556 boepd in aggregate)).

In November 2017, the Company entered into an agreement with NJSC Ukrnafta, the partially State-owned oil and gas producer, relating to the SV-12 well, which is a suspended well owned by NJSC Ukrnafta located within the Company's SV licence area. Under the agreement, the Company agreed to investigate the re-activation of this well, which may include a workover of the well, and, if this action is successful, the well will be brought back into production, with the gas and condensate produced from the well being sold under an equal net profit sharing arrangement between the Company and NJSC Ukrnafta. Initial work has commenced on the well to ascertain which operations are likely to be required to re-activate the well.

At the VAS field, mobilisation of equipment for the acquisition of 3D seismic has commenced, and preparation for the VAS-10 well is well underway, with spudding of this well expected in mid-February 2018.

**Ukrainian Tax Authorities**

Following on from the announcements made on 16 and 20 November 2017 relating to searches of the Company's premises by the Ukrainian Tax Authorities ("Tax Authorities"), the Tax Authorities have now returned the vast majority of the documents that were taken away during the searches. In addition, the suspension of the electronic VAT registration of one of the Company's subsidiaries has been



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rectified and this subsidiary is now able to issue VAT invoices through the electronic system operated in Ukraine.

### New Legislation

In December 2017, the Ukrainian Government passed new legislation for the oil and gas sector in Ukraine as follows:-

- (i) for new wells drilled after 1 January 2018, the subsoil tax rates will be reduced from 29% to 12% for gas produced from deposits at depths above 5,000 metres and from 14% to 6% for gas produced from deposits below 5,000 metres;
- (ii) with effect from 1 January 2019 and applicable to all wells, the subsoil tax rates for condensate will be reduced from 45% to 29% for condensate produced from deposits above 5,000 metres and from 21% to 14% for condensate produced from deposits below 5,000 metres.

The Company considers that this new legislation is encouraging and supportive to the independent oil and gas producers in Ukraine, and, whilst the legislation will not have an immediate impact on the Company's operational revenues, there is likely to be a positive impact on the Company's operational revenues in due course as the legislation takes effect.

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

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Philip Frank, PhD Geology, Chartered Geologist, FGS, PESGB, 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

|                   |                                   |
|-------------------|-----------------------------------|
| boepd             | barrels of oil equivalent per day |
| LPG               | liquefied petroleum gas           |
| m <sup>3</sup> /d | cubic metres per day              |
| %                 | per cent                          |