

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your Existing Shares, please immediately forward this document, together with the accompanying Form of Proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that admission to AIM and dealings in the New Ordinary Shares will commence on 22 February 2008.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. Neither London Stock Exchange plc nor the UK Listing Authority has examined or approved the contents of this document.

Regal Petroleum plc

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered no. 4462555)*

Notice of General Meeting relating to a conditional Placing of 56,440,000 New Ordinary Shares of 5p each at £1.50 per share by Mirabaud Securities Limited

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 5 to 10 of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

Mirabaud Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as broker to the Company in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to in this document. Mirabaud Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

Strand Partners Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to the Company in relation to the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to in this document. Strand Partners Limited is not making any representation or warranty, express or implied, as to the contents of this document.

The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of any province or territory of Canada, Australia, Japan or the Republic of South Africa nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, unless otherwise determined by Regal and permitted by applicable law and regulations, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into the United States, Canada, Australia, Japan or the Republic of South Africa. Mirabaud Securities Limited may arrange for the offer and sale of New Ordinary Shares in the United States under the Placing only to persons that Mirabaud Securities Limited reasonably believe to be "qualified institutional buyers" in reliance upon Rule 144A of the United States Security Act of 1933 (as amended). Overseas Shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Notice of a General Meeting of Regal Petroleum plc, to be held at the offices of Citigate Dewe Rogerson at 3 London Wall Buildings, London Wall, London EC2M 5SY at 10.00 a.m. on 19 February 2008, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, by not later than 10.00 a.m. on 17 February 2008. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

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PLACING STATISTICS

Placing Price	£1.50
Number of Existing Shares	143,028,824
Number of New Ordinary Shares being placed on behalf of the Company	56,440,000
Estimated net proceeds of the Placing receivable by the Company	£80,000,000
Number of Ordinary Shares in issue following Admission	199,468,824
Number of New Ordinary Shares as a percentage of the existing issued share capital	39.5 per cent.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of forms of proxy.....	10.00 a.m. on 17 February 2008
General Meeting	10.00 a.m. on 19 February 2008
Admission and commencement of dealings in the New Ordinary Shares. . .	8.00 a.m. on 22 February 2008
CREST accounts credited with New Ordinary Shares.	by 5 March 2008
Despatch of definitive share certificates for New Ordinary Shares.	by 5 March 2008

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2006 Act”	the Companies Act 2006
“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules for companies and their nominated advisers governing the admission to and operation of AIM as published by the London Stock Exchange from time to time
“bar”	one atmosphere pressure
“boepd”	barrels of oil equivalent per day
“bopd”	barrels of oil per day
“Company” or “Regal”	Regal Petroleum plc
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“Directors” or “Board”	the directors of the Company whose names are set out on page 5 of this document
“Enlarged Share Capital”	the Ordinary Shares expected to be in issue immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Shares”	the 143,028,824 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
“Fields”	the gas and condensate fields at Svrydivske and Mekhediviska-Golotvschinska, Ukraine where RPC holds the Licences
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“General Meeting”	the General Meeting of the Company to be held on 19 February 2008
“Group”	the Company, its subsidiaries and its subsidiary undertakings
“Licences”	the production licences numbered 3334 and 3335 in respect of the Fields
“London Stock Exchange”	London Stock Exchange plc
“Mboe”	thousand barrels of oil equivalent
“MD”	measured depth
“Mirabaud”	Mirabaud Securities Limited, the Company’s broker
“mm”	millimetres
“Mscf”	thousand standard cubic feet of gas
“MMscfd”	million standard cubic feet of gas per day
“New Ordinary Shares”	the 56,440,000 new Ordinary Shares to be issued pursuant to the Placing
“Notice of General Meeting”	the notice convening the general meeting which is set out on pages 16 and 17 of this document

“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company
“Placing”	the conditional placing by Mirabaud of the New Ordinary Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 23 January 2008 between the Company and Mirabaud relating to the Placing
“Placing Price”	£1.50 per New Ordinary Share
“psi”	pounds per square inch
“Resolutions”	the resolutions set out in the Notice of General Meeting
“RPC”	Regal Petroleum Corporation Limited, an indirect subsidiary of the Company
“RPJ”	Regal Petroleum (Jersey) Limited, a subsidiary of the Company
“Ryder Scott”	Ryder Scott Company, L.P.
“Shareholders”	holders of Ordinary Shares
“Sm ³ d”	standard cubic metres per day
“TVD”	true vertical depth
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions
“\$”	United States Dollars, the lawful currency of the United States

PART I

Letter from the Chairman

Regal Petroleum plc

(Incorporated and registered in England and Wales under the Companies Act 1985
with registered no. 4462555)

Directors:

David John Greer, OBE (Chairman and Chief Executive Officer)
Hendrikus (Harry) Verkuil (Chief Operating Officer)
Francesco Scolaro (Non-executive Director)
Lord Anthony St John of Bletso (Non-executive Director)
Antonio Mozetic (Non-executive Director)

Registered Office:

11 Berkeley Street
London
W1J 8DS

24 January 2008

To Shareholders and, for information only, participants in the Company's share option schemes

Dear Shareholder,

Placing of New Ordinary Shares and Notice of General Meeting

1. Introduction and summary

The Company announced earlier today that it proposes to raise approximately £84.6 million (before expenses) by way of a conditional placing of 56,440,000 New Ordinary Shares at a price of £1.50 per share. The net proceeds of the Placing will be used, primarily, to fund the exploitation and development of the Group's Ukrainian assets and also to provide additional working capital to the Group.

The New Ordinary Shares have been conditionally placed with institutional investors. Subject, *inter alia*, to the passing of the Resolutions at the General Meeting, Admission and dealings in the New Ordinary Shares on AIM are expected to commence on 22 February 2008.

The Placing is conditional, *inter alia*, upon the Shareholders passing the Resolutions at the General Meeting. The Directors intend to vote in favour of the Resolutions in respect of 6,500 Ordinary Shares, representing, in aggregate, approximately 0.005 per cent. of the Company's issued share capital.

The purpose of this document is to provide you with information about the background to and the reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Placing

The Group's most significant assets are the Fields. During the course of 2007, the Company has been planning the further development and exploitation of the Fields. In March 2007 the Company appointed Tristone Capital Limited ("**Tristone**"), a specialist global energy advisory firm, to carry out a review of the strategic options available to Regal in respect of the further development and exploitation of the Fields. Following the conclusion of that study, Tristone were engaged by Regal to advise on the partial divestment of an interest in the Fields, and a competitive bid process began in April 2007.

Following the conclusion of that process, KKCG Oil & Gas B.V. ("**KKCG**") became the preferred bidder and, on 14 September 2007, the Company announced that an exclusive memorandum of understanding had been entered into with MND Exploration and Production Limited (the UK subsidiary of KKCG) whereby, KKCG would invest US\$310 million in the development of the Fields and pay \$20 million to Regal, in return for a 50 per cent. interest in RPJ. Following the expiration of the exclusivity period, it was announced on 21 November 2007 that the Company had entered into an exclusive memorandum of understanding with

Shell Exploration & Production Ukraine Investments (1) BV ("**Shell**"). The proposed outline terms for that transaction were that Shell would acquire a 51 per cent. interest in RPJ in return for investing a total of US\$360 million in the development of the Fields and the payment of \$50 million to Regal. On 26 November 2007, the Company announced that it had received notice of termination of the Memorandum of Understanding between the Company and Shell. The Company now intends to fund the proposed further development and exploitation of the Fields as detailed in this paragraph 2, from the proceeds of the Placing.

The Company intends to increase and accelerate the exploitation and development of the Fields through improved reservoir delineation through the use of new 3D seismic data (including a 3D seismic survey of the SV field which has recently commenced) and the use of modern well engineering, workovers, stimulation and production practices. The Company is developing a full field development plan for the Fields which envisages the drilling of approximately 60 wells (including vertical and multi-lateral wells) and the construction of new gas treatment facilities and flowlines.

In order to implement the development and exploitation of the Fields, the Company has recruited a management team of experienced oil and gas industry professionals with strong technical skills.

The Company intends to use the proceeds of the Placing to meet the costs of the planned exploitation and development of the Fields (as detailed herein) and to provide additional working capital to the Group.

3. The Ukrainian Assets

The Group's Ukrainian assets comprise the Fields, which are located in the Dnieper-Donets sedimentary basin. The gas condensate Fields are made up of eleven mapped gas bearing horizons, up to 19 metres thick, from 4,700 to 6,000 metres below surface.

Lower Carboniferous reservoirs form the main gas bearing horizons. The gross interval reaches a thickness of 800 to 1,000 metres within the Fields. Due predominantly to the depth of burial, the reservoirs have moderate porosity and low permeability. Despite this, a number of the exploration wells and appraisal wells which have been drilled have demonstrated encouraging production rates on test.

The published proved and probable reserves of the Fields as at 31 December 2006 were 810,400 MMscf of gas and 25,009 Mbbbls of condensate (169,410 Mboe). The most recent reserves audit was conducted by Ryder Scott in 2005 and is the basis for these published proved and probable reserves. A copy of the reserves report prepared by Ryder Scott is published on the Company's website – www.regalpetroleum.co.uk.

The Group owns and operates its own gas and condensate treatment plant, which has a processing capacity of approximately 700,000 cubic metres per day of gas and 200 cubic metres per day of condensate.

The Group also owns a 13.2 kilometre long, 325 mm pipeline connecting the gas and condensate plant to the main Kursk-Kiev export trunk pipeline and bypassing the local gas distribution network by tying into the international Majestral gas trunk line. The pipeline has a capacity of 1,500,000 cubic metres per day.

4. Operational and Trading Update

Ukraine (100 per cent. working interest)

The Company's average production for the six month period to 31 December 2007 was 5.32 MMscfd and 275 barrels of condensate per day (equivalent to 1,222 boepd). This was from the five wells in production during that six month period: GOL-1, GOL-2, MEX-3, MEX-102 and SV-10.

Operations in Ukraine have remained cash flow positive and profitable throughout the course of 2007.

In the second half of 2007, gas prices achieved by the Company have been almost constant with an average price of \$4.04 per Mscf, an increase of approximately 32 per cent. over the same period in 2006. On 5 December 2007, it was announced by the Ukrainian Government that an agreement had been reached between Russia and Ukraine whereby, commencing during 2008, Ukraine will pay Russia \$5.08 per Mscf compared to the current levels of \$3.68 per Mscf. This is an increase of 38 per cent. on the prices for 2007. Historically an increase in importation prices has led to a similar increase in the price caps set by the Ukrainian Government for the sale of gas within Ukraine.

The average condensate sales price achieved by the Company for the six month period to 31 December 2007 was approximately \$74 per barrel compared to \$55 per barrel in the first half of 2007. The average realised price achieved by the Company in December 2007 was approximately \$87 per barrel.

The Company signed a contract with Chernihivnaftagasgeologia (“**CNGG**”) for the drilling of the MEX-103 production well in late July 2007 with drilling commencing in early October 2007. The well had reached 3,700 metres on 31 December 2007 and drilling continues as planned. The well is due to be completed in October 2008.

Six other production wells are in the process of being permitted and preliminary discussions have been initiated with a number of drilling companies able to provide equipment and services. The drilling of further wells is planned to commence in mid 2008. Additionally, Regal is considering methods to prolong production from its existing production wells and has recently completed a production logging programme with a view to working over some of these wells.

A 3D seismic survey covering approximately 100 square kilometres of the MEX-GOL licence area was completed in late May 2007 and the processing of this data is due to be completed by February 2008. This information will assist with an improved understanding of sub-surface geology leading to more informed placement of new wells and a better understanding of reserve estimates.

In addition, the Company has engaged Ukrgeophysica to undertake a 100 square kilometre 3D seismic survey of the SV field. The seismic acquisition for this survey has recently commenced and is expected to take approximately 4 to 5 months to complete. This will conclude the complete 3D coverage of the MEX-GOL and SV licences.

Romania

Barlad Block (100 per cent. working interest)

On 13 December 2007, the Company announced that the initial flow testing of Regal’s first exploration well, RBN-4, on the Barlad Concession in Romania, had resulted in a maximum flow rate of dry gas at a rate of 3.74 MMscfd on a 12mm choke with a flowing tubing head pressure of 49 bar over a 24 hour flow period. A 4.6 metre interval, between 756.7 metres and 761.3 metres, was perforated and tested and there was minimal water production in the test. A second interval of 12.7 metres, between 543.3 metres and 556.0 metres was flow tested but hydrocarbons were not present. This well was completed to a total depth of 973 metres TVD into the Sarmatian formation.

The RBN-4 well has now been suspended to allow re-entry to the lower producing interval and the Company is currently evaluating the results of the well.

In addition, the Company drilled a second planned exploration well, RBN-3, on the Barlad Concession. This well was drilled to a total depth of 1,116 metres but, after logging, it was considered that no commercial hydrocarbons were present and the well was plugged and abandoned. This well was located approximately 17 kilometres to the northwest of the RBN-4 well and was intended to evaluate primary targets in the Sarmatian formation and a secondary target in the Eocene formation.

Suceava Block (50 per cent. working interest)

During 2007, the Company’s farm-in partner, Aurelian Oil and Gas Plc (“**Aurelian**”), acquired 160 kilometres of 2D seismic data in the block and drilled an exploration well, Dornesti Sud-1, which was intended to target reservoirs in the Sarmatian formation. This well encountered a gas bearing zone in the Sarmatian formation and flow testing of a 12.5 metre interval, from 531.8 metres to 544.3 metres, produced gas at an average rate of 24,840 Sm³d (876 Mscfd) with a flowing wellhead pressure of 32 bar (464 psi) on a 12mm choke over an 8 hour main flow period.

The Dornesti Sud-1 well was drilled to a total depth of 910 metres and encountered gas in the interval 528 metres to 545 metres. This section, which consists of sandstones interbedded with siltstones and claystones, was interpreted to be gas bearing on evaluation with electrical logs. The well has been completed as a production well and it is now planned to tie it in during 2008 to the Bilca Gas Plant, operated by Aurelian on its adjacent Brodina Block EIII-1 concession.

A second exploration well may be drilled in the first half of 2008, once the results of the first well have been evaluated. If such a well is approved by each of Aurelian and Regal, the Company will be required to fund its own share (50 per cent.) of the well costs.

Egypt (25 per cent. working interest)

The Company holds a 25 per cent. interest in the East Ras Budran Concession (the “**Concession**”) in the Gulf of Suez with its partner, Apache Khalda Corporation LDC (“**Apache**”), which holds the remaining 75 per cent. interest.

In early 2007 Apache, as Concession operator, acquired a 3D seismic survey over the central portion of the Concession. The resulting 3D seismic data has been processed and interpreted. The first of two exploration wells, ERB-A-1X, was spudded in June 2007 and this well reached its target depth of 13,615 feet MD (11,921 feet TVD), including a 1,000 foot near horizontal section, and was subsequently flow tested. The well was opened for a 12 hour period and produced at an average rate of 1,901 bopd from the target Darat Limestone. This well was suspended as a future production well and an appraisal well (“**ERB-A-2X**”), is under consideration for mid 2008. Apache and the Company have applied to the Egyptian authorities for a development lease in respect of the “A” structure.

In the third quarter of 2007, a second exploration well, ERB-B-1X, was drilled to a total depth of 5,146 feet. This well encountered oil shows and the well was subsequently tested without a productive flow of oil being achieved. The well has now been plugged and abandoned.

A third exploration well, ERB-B-2X, is under preparation for spudding in February 2008 which is intended to further explore the “B” structure.

Greece

As announced on 21 December 2007, the Company has disposed of its entire shareholding in Eurotech Services SA, through which the Company had held its 95 per cent. economic interest in Kavala Oil SA. Under the terms of sale, the Company sold the entire issued share capital of Eurotech Services SA to Aegean Energy SA for a consideration of US\$1.5 million in cash. The Company fully impaired its investment in Eurotech Services SA in its accounts for the year ended 31 December 2006 and no profits were attributable to its investment in Eurotech Services SA in such period.

Liberia

As announced on 21 December 2007, the Company has disposed of its entire shareholding in Regal Liberia Limited, through which the Company had held its 25 per cent. interest in Blocks 8 & 9 offshore Liberia. The production sharing contracts in respect of these Blocks remained unratified by the Liberian Government and the Company took the view that this project did not constitute part of its future area of core interest.

Financial Position

The unaudited gross profits increased from \$2.7 million to \$7.0 million when comparing the nine month periods ending September 2006 and September 2007 respectively.

The unaudited turnover for the 11 month period to 30 November 2007 increased to \$13.9 million (30 November 2006: \$10.4 million). This increase is primarily attributable to an uninterrupted nine months of continued production in 2007 in Ukraine, together with new production following the hook-up of the SV-10 well in May 2007, whereas the same period in 2006 was marred by intermittent disruption to production due to court enforced shut-ins.

The Group had net cash of \$7.0 million (30 June 2007: \$9.4 million) at 30 September 2007 and net assets of \$59.2 million (30 June 2007: \$62.8 million). As at 31 December 2007, the Group had cash in hand of approximately \$5.6 million and had drawn down \$9 million from its \$15 million Revolving Credit Facility with Bank of Scotland. As at 31 December 2007, the Group had net assets of approximately \$55 million (unaudited).

Board Changes

On 22 November 2007, the Company announced the appointment of Mr David John Greer OBE as Chairman and Chief Executive Officer and Mr Antonio Mozetic as a Non-Executive Director of the Company, each with immediate effect. In addition, Mr Hendrikus (Harry) Alardus Verkuil was appointed as an Executive Director and Chief Operating Officer on 15 January 2008.

It was also announced on 22 November 2007 that Mr Francesco Scolaro had stepped down as Non-Executive Chairman of the Company due to other business commitments but would continue as a Non-Executive Director and that Mr Neil Ritson had resigned from his position as Chief Executive Officer and Director with immediate effect.

Regulatory Matters

Regal has been notified by the London Stock Exchange, that following an investigation it intends to refer a case regarding alleged breaches by Regal of the AIM Rules to the AIM Disciplinary Committee (“ADC”).

Regal understands that the case against it relates to alleged breaches of what were, at the relevant time, AIM Rules 9 and 10 (equivalent to Rules 10 and 11 of the current AIM Rules) in connection with notifications made by Regal during the period from June 2003 to June 2005, regarding the drilling of two exploration wells known as Kallirachi 1 and Kallirachi 2, in its Kallirachi Prospect in the North Aegean Sea, over which Regal’s former indirect subsidiary, Kavala Oil S.A. held rights. This referral follows an extensive investigation by the London Stock Exchange.

Subsequent to the commencement of the London Stock Exchange’s investigation, Regal received notification that the Financial Services Authority (“FSA”) had also decided to investigate the same matters and the London Stock Exchange’s investigation was therefore suspended pending the outcome of the FSA’s investigation. The FSA and the London Stock Exchange have now agreed, and have advised Regal, that the FSA has discontinued its own investigation in light of the London Stock Exchange’s proposed referral of this matter to the ADC.

In view of the referral of the case to the ADC, it is likely that the outcome of this matter will not be known for a further six months at least.

Relationship Agreement

The Company has entered into a relationship agreement (the “**Relationship Agreement**”) with CA Fiduciary Services Ltd as trustee for the Timis Trust (the “**Trustee**”), Frank Timis (“**Mr. Timis**”) and Strand Partners Limited under the terms of which the Trustee and Mr. Timis (in respect of himself and his associates (as defined therein)) have undertaken to exercise or procure the exercise of their voting rights in the share capital of the Company so as to procure that, *inter alia* and subject to certain exceptions: (i) the Company is capable at all times of carrying on its business independently of Mr. Timis and his associates; (ii) no variations are made to the Company’s articles of association which would be contrary to the maintenance of the Company’s ability to carry on its business in such a way; (iii) the Board’s independence is maintained in relation to the enforcement of the Relationship Agreement; and (iv) any transactions, agreements or arrangements entered into by the Company with such persons (or their enforcement, implementation or amendment) will be made on an arm’s length basis and on normal commercial terms. The Relationship Agreement contains provisions under which it will terminate: (i) on its second anniversary (unless extended by agreement); (ii) upon the Trustee, Mr. Timis and his associates ceasing, in aggregate, to hold 10 per cent or more of the rights to vote at general meetings of the Company, provided that, such persons will continue to be bound by the Relationship Agreement should they subsequently hold such rights; or (iii) if the Company decides to abandon completely the development of the Ukrainian operations and Mr. Timis and the Trustee serve written notice of termination upon the other parties.

Change of Nomad

The Company has appointed Strand Partners Limited as its new nominated adviser. Mirabaud will continue in its capacity as the Company’s broker.

5. Details of the Placing

The Company proposes to raise approximately £80 million (after the deduction of expenses) through the issue of the New Ordinary Shares at the Placing Price. The Placing Price represents a premium of approximately 2.2 per cent. to the closing mid-market price of 146.75 pence per Existing Share on 22 January 2008, being the last dealing day prior to the announcement of the Placing. The New Ordinary Shares will represent approximately 28.3 per cent. of the Company’s Enlarged Share Capital.

Pursuant to the terms of the Placing Agreement, Mirabaud, as agent for the Company, has agreed to use reasonable endeavours to procure subscribers for the New Ordinary Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 22 February 2008 (or such later date as the Company and Mirabaud may agree, but in any event no later than 5 March 2008). The Placing Agreement contains provisions entitling Mirabaud to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will not proceed. The Placing has not been underwritten by Mirabaud.

Pursuant to the terms of the Placing Agreement, conditional on Admission, Mirabaud will be issued warrants equal to 1.5 per cent. of the number of the New Ordinary Shares issued pursuant to the Placing (the

“Broker Warrants”). Such Broker Warrants will be exercisable at the Placing Price and have a maturity of three years from Admission.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares on AIM will commence on 22 February 2008.

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared following Admission. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be despatched shortly thereafter.

6. General Meeting

Set out on pages 16 and 17 of this document is a notice convening the General Meeting to be held on 19 February 2008 at 10.00 a.m. at the offices of Citigate Dewe Rogerson at 3 London Wall Buildings, London Wall, London EC2M 5SY, at which the Resolutions will be proposed.

The Resolutions to be proposed at the General Meeting are as follows:

- Resolution 1 is an ordinary resolution which will authorise the Directors to allot the New Ordinary Shares and otherwise relevant securities (as defined in section 80(2) of the Act) of up to £3,324,480 in nominal value (representing one third of the Enlarged Share Capital). Save for the issue of the New Ordinary Shares and the Broker Warrants, the Directors have no present intention of exercising this authority. Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.
- Resolution 2 is a special resolution which disapplies Shareholders’ statutory pre-emption rights in relation to the issue of the New Ordinary Shares and grants further authority to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal value of £498,672 (representing five per cent. of the Enlarged Share Capital) and in certain other limited circumstances. Unless revoked, varied or extended, such authority shall expire on the date falling 15 months after the date of the resolution or the next annual general meeting of the Company, whichever is the earlier.

In accordance with section 95(5) of the Act, the Directors believe that the proposed disapplication of pre-emption rights as detailed in Resolution 2 will be necessary in order to carry out the Placing and to give the Company the ability to issue a limited number of shares for cash to third parties should that be desirable.

7. Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company’s registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 17 February 2008. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

8. Additional Information

Your attention is drawn to the additional information about the Group set out in Parts II and III of this document.

9. Recommendation

The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their beneficial holdings amounting, in aggregate, to 6,500 Existing Shares, representing approximately 0.005 per cent. of the existing issued ordinary share capital of the Company.

Yours sincerely

David John Greer, OBE
(Chairman and Chief Executive Officer)

PART II

Additional Information

1. Share Capital of the Company

The authorised and issued share capital of the Company as at 23 January 2008 being the latest practicable dated prior to the publication of this document is as follows:

Authorised Share Capital	£15,000,000 divided into 300,000,000 Ordinary Shares
Issued Share Capital	£7,151,441.20 divided into 143,028,824 Ordinary Shares

2. Directors' and other interests

(a) The names and principal functions of the Directors are as follows:

<i>Name of Director</i>	<i>Function</i>
David John Greer OBE	Chairman and Chief Executive Officer
Hendrikus (Harry) Alardus Verkuil	Chief Operating Officer
Francesco Scolaro	Non-executive Director
Lord Anthony St John of Bletso	Non-executive Director
Antonio Mozetic	Non-executive Director

Each of the above Directors has a business address at 11 Berkeley Street, London W1J 8DS, which is the registered office of the Company.

(b) As at 23 January 2008, being the latest practicable date prior to the publication of this document, the interests (all of which are beneficial interests unless indicated) of the Directors and, in so far as they are aware after making due and careful enquiry, persons connected (within the meaning of section 252 of the 2006 Act) with the Directors in the share capital of the Company, the existence of which is known or could with reasonable diligence be ascertained by that Director, are set out below:

<i>Name of Director</i>	<i>Ordinary Shares</i>	<i>Options</i>	<i>Percentage of issued ordinary share capital</i>
David John Greer OBE	–	–	–
Hendrikus (Harry) Alardus Verkuil	–	–	–
Francesco Scolaro	1,448,067*	–	1.1
Lord Anthony St John of Bletso	6,500	750,000	0.005
Antonio Mozetic	–	–	–

*Mr Scolaro's interest in 1,448,067 ordinary shares of 5 pence each in the capital of the Company is held through derivative or economic instruments.

(c) No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significance in relation to the business of the Group and which was effected by the Company or any of its subsidiaries or subsidiary undertakings during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries or subsidiary undertakings during an earlier financial year and remains in any respect outstanding or unperformed.

(e) As at 23 January 2008, being the latest practicable date prior to the publication of this document, the following interests of 3 per cent. or more in the voting rights attaching to the Existing Shares were known to the Company:

<i>Name</i>	<i>Ordinary Shares</i>	<i>Percentage of issued ordinary share capital</i>
CA Fiduciary Services as Trustee of The Timis Trust	28,527,387	19.95
Henderson Global Investors	14,804,569	10.35
BlackRock Investment Managers	11,428,961	7.99
Capital Research and Management Company	11,280,000	7.89
MF Global UK Limited	10,125,445	7.08
Dmitro Gelfendbeyn as controller of Alberry Limited	8,567,808	5.99
Credit Agricole Indosuez Cheuvreux	6,253,597	4.37
Artemis Investment Managment	5,755,310	4.02

- (f) The New Ordinary Shares will rank *pari passu* in all respects with the Existing Shares including the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of the Company. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM.

24 January 2008

PART III

Risk Factors

Investors should carefully consider the risks described below before making a decision to invest in the Company. The Directors consider the following risks to be the most significant for potential investors. It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. Were any of the following risks to actually occur, the Group's business, financial condition and/or results of future operations could be materially adversely affected. In such circumstances the value of the Company's shares could decline and an investor may lose all or part of his investment.

- The Fields are located in Ukraine. Ukraine is an independent country that was part of the Soviet Union until 1991. Consequently, its legal and tax systems, as well as its economic, political, regulatory and foreign investment policies and programmes, are still developing. As a result, the Company may be subject to material political, social, economic and other risks, including, but not limited to, currency instability, high rates of inflation, royalty and tax increases, changes in policies or laws governing foreign ownership and the operations of foreign-based companies, which may include, *inter alia*, cancellation or modification of the exploration/production licences granted to the Company which would materially adversely affect the Company's ability to conduct its business in Ukraine.
- In the past, the validity of the Company's production licences in Ukraine has been challenged. The Supreme Court of Ukraine dismissed those claims on 12 December 2006. Whilst the Company is advised by its legal advisers in Ukraine that there is no further right of appeal in that action, it is possible that further challenges on other grounds could be made in the Ukrainian courts even though the relevant limitation periods have expired.
- The Company involves a small number of key people whose departure could, in the short term, materially adversely affect the business plan. Whilst the Company has established arrangements with each of the key people so that they have a vested interest in the business of the Company the retention of their services cannot be guaranteed.
- The Company's performance will be particularly vulnerable to oil and gas market conditions. If the price of oil and/or gas falls significantly from its present level (which may happen rapidly), the Company could move in to a loss making position. The Company could therefore find itself "locked into" oil and gas field investments that it cannot operate profitably.
- The Company's ability to execute its strategy is subject to risks that are generally associated with the oil and gas industry. For example, the Company's ability to pursue and develop its projects and drilling locations depends on a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, oil and natural gas prices, costs and drilling results. Because of these uncertainties, the Directors do not know if potential drilling locations identified on proposed projects will ever be drilled or be able to produce natural gas or oil from these or any other potential drilling locations.
- In addition, drilling activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. Drilling for oil and natural gas can be unprofitable, not only from dry holes, but from productive wells that do not produce sufficient revenues to return a profit. In addition, drilling and producing operations may be curtailed, delayed or cancelled as a result of other factors. Specific risks relating to the proposed development drilling of the Fields include the relatively unpredictable distribution of gas reservoir zones within the Fields, and the Company's ability to drill planned horizontal wells into relatively thin gas horizons. 3D seismic data which has or will be acquired and processed in relation to the Field is intended to improve imaging of the reservoir and reduce the chance of drilling dry holes, but the quality of this data is not certain.
- The Company's ability to operate in certain areas can encounter competition for drilling rigs, oil field equipment, services, supplies and qualified personnel, which may lead to periodic shortages. Resulting shortages or high costs could delay the Company's operations and materially increase its operating and capital costs, hindering the Company's strategy of controlling costs. Specifically, the Company's development plan for the Fields requires the long term contracting of two or more modern, western

drilling rigs. Such rigs are not available in the Ukraine, and will have to be sourced elsewhere and imported into the country. Furthermore, the ability to pursue reserve and concession acquisitions may be hindered by the intensely competitive nature of the oil and natural gas industry.

- Lower oil and natural gas prices may not only decrease the Company's revenues on a per unit basis, but also may reduce the amount of oil and natural gas that the Company can produce economically. This may result in the Company having to make substantial downward adjustments to any estimated reserves. If this occurs or if the Company's estimates of development costs increase, production data factors change or the Company's exploration results deteriorate, accounting rules may require the Company to write down, as a non-cash charge to earnings, the carrying value of any oil and natural gas properties for impairments. The Company is required to perform impairment tests on its assets whenever events or changes in circumstances lead to a reduction of the estimated useful life or estimated future cash flows that would indicate that the carry amount may not be recoverable or whenever the Company's plans change with respect to those assets. The Company may incur impairment charges in the future, which could have a material adverse effect on the results of operations.
- Producing oil and natural gas reservoirs generally are characterised by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline changes if production from existing wells declines in a different manner than the Company estimates and can change under other circumstances. Thus, any future oil and natural gas reserves of the Company, production and, therefore, the Company's cash flow and income are highly dependent on the Company's success in efficiently developing and exploiting any acquired reserves and economically finding or acquiring additional recoverable reserves. The Company may not be able to develop, find or acquire reserves at acceptable costs.
- The Company's operations can cause substantial risks, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties. The Company intends ordinarily to maintain insurance against various losses and liabilities arising from the Company's operations. However, insurance against all operational risks may not be available to the Company or the cost of available insurance may be excessive relative to the perceived risks presented. Thus, losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event not fully covered by insurance could have a material adverse impact on the Company's business activities, financial condition and results of operations.
- The oil and natural gas industry is capital intensive. If additional capital is needed, the Company may not be able to obtain debt or equity financing on acceptable terms, or at all. If cash generated by operations or available under any credit facilities is not sufficient to meet the Company's capital requirements, the failure to obtain additional financing could result in a curtailment of the Company's operations relating to exploration and development of its prospects, which in turn could lead to a possible loss of properties or assets and a decline in any natural gas and oil reserves.
- Oil and natural gas operations can be adversely affected by seasonal or other weather conditions and licence stipulations designed to protect various wildlife. In certain areas drilling and other oil and natural gas activities can only be conducted during part of the year. This could limit the Company's ability to operate in those areas and can intensify competition during those months for drilling rigs, oil field equipment, services, supplies and qualified personnel, which may lead to periodic shortages. If applicable, these constraints and the resulting shortages or high costs could delay the Company's operations and materially increase its operating and capital costs.
- It is likely that some or all of the Company's business activities will be conducted through joint operating agreements under which the Company will own partial interests in oil and natural gas properties. If the Company does not operate the properties in which it owns an interest, the Company will not have control over normal operating procedures, expenditures or future development of underlying properties. The failure of an operator of the Company's wells to adequately perform operations, or an operator's breach of the applicable agreements, could reduce the Company's production and revenues. The success and timing of the Company's drilling and development activities on properties operated by others therefore depends upon a number of factors outside of the Company's control, including the operator's timing and amount of capital expenditures, expertise and financial resources, inclusion of

other participants in drilling wells, and use of technology. If the Company does not have a majority interest in a well it does not operate, the Company may not be in a position to remove the operator in the event of poor performance.

- Substantially all of the Company's income is expected to come from oil and natural gas sales to a limited number of customers. This concentration of customers may impact the Company's overall credit risk in that these entities may be similarly affected by changes in economic and other conditions.
- The Company's revenue, profitability and cash flow will depend upon the prices and demand for oil and natural gas. The markets for these commodities are very volatile and even relatively modest drops in prices can significantly affect the Company's financial results and impede its growth. Changes in oil and natural gas prices will have a significant impact on the value of any reserves and on the Company's cash flow. Prices for oil and natural gas may fluctuate widely in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors that are beyond the Company's control.
- Adverse changes in the market place (whether relating to the actions of competitors, changes in the oil and gas market, changes to government regulations or changes to prices or other market conditions) could adversely affect the Company's viability and financial performance.
- The ability to implement the Company's business strategy successfully may be adversely impacted by factors outside the Company's control that they cannot foresee, such as technological, legislative or regulatory change.
- The Company conducts much of its business overseas in various currencies and as such its financial performance is subject to the effects of fluctuations in foreign exchange rates.
- The New Ordinary Shares will be traded on AIM rather than the Official List of the UK Listing Authority. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List of the UK Listing Authority.

NOTICE OF GENERAL MEETING

Regal Petroleum plc

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered no. 4462555)*

NOTICE IS HEREBY GIVEN THAT a General Meeting of Regal Petroleum plc (the “**Company**”) will be held at the offices of Citigate Dewe Rogerson at 3 London Wall Buildings, London Wall, London EC2M 5SY at 10.00 a.m. on Tuesday 19 February 2008. The business of the meeting will be to consider as special business and, if thought fit, to pass the following resolutions (“**Resolutions**”) of which Resolution 1 will be proposed as an ordinary resolution of the Company and Resolution 2 will be proposed as a special resolution of the Company:

ORDINARY RESOLUTION

1. **THAT**, conditional upon the Placing Agreement (as such term is defined in the circular to shareholders of the Company dated 24 January 2008 (the “**Circular**”), becoming unconditional in all respects (save only for the passing of the Resolutions and Admission (as such term is defined in the Circular)) and it not being terminated in accordance with its terms and in substitution for any equivalent authority which may have been given to the directors prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the “**Act**”) to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) of the Company provided that this authority shall be limited to:
 - (i) the allotment of up to 56,440,000 new ordinary shares of 5 pence each in the capital of the Company in connection with the Placing (as such term is defined in the Circular); and
 - (ii) the allotment (other than pursuant to paragraph (i) above) of relevant securities up to an aggregate nominal amount of £3,324,480;

and unless previously renewed, revoked, varied or extended, this authority shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTION

2. **THAT**, conditional upon the passing of Resolution 1, the Placing Agreement becoming unconditional in all respects (save only for the passing of the Resolutions and Admission) and it not being terminated in accordance with its terms and in substitution for any power which may have been given to the directors prior to the date of the passing of this resolution pursuant to section 95 of the Act, the directors be and they are empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority of the directors under section 80 of the Act conferred by Resolution 1 and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act as if section 89(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment of 56,440,000 new ordinary shares of 5 pence each in the capital of the Company in connection with the Placing;
 - (ii) the allotment, otherwise than pursuant to paragraph (i) above, of equity securities in connection with an issue or offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their respective holdings of such shares (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the Act)) on the record date for such allotment or in accordance with the rights attached to such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical

problems under the laws of, or the requirements of any regulatory body or any stock exchange, in any territory; and

- (iii) the allotment, otherwise than pursuant to paragraphs (i) and (ii) above, of equity securities up to an aggregate nominal value equal to £498,672;

and unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

Registered Office:
11 Berkeley Street
London
W1J 8DS

By order of the Board:
C Phillips
Company Secretary
24 January 2008

NOTES

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in that member's place. A proxy need not also be a member. Completion of a form of proxy will not preclude a member from attending and voting at the meeting should the member so decide. A pre-paid form of proxy accompanies this notice. If you wish to appoint multiple proxies please photocopy the Form of Proxy, fill in each copy in respect of different shares and send the multiple forms together to Computershare Investor Services PLC in accordance with note 2 below.
2. To be valid, the instrument appointing a proxy, together, if appropriate, with a power of attorney or other authority (if any) under which it is signed (or a copy certified notarially, or in some other manner approved by the Board) must be completed and returned so as to reach the Company's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, United Kingdom not less than 48 hours before the time fixed for the holding of the meeting or any adjourned meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the General Meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the Register of Members of the Company by 10.00 a.m. on 17 February 2008.
4. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy, but the vote of the senior (by order in the register of members) who tenders a vote will be accepted to the exclusion of the others.

Regal Petroleum plc

Form of Proxy

Form of proxy for use at the General Meeting of Regal Petroleum plc (the "**Company**") to be held at the offices of Citigate Dewe Rogerson at 3 London Wall Buildings, London Wall, London EC2M 5SY at 10.00 a.m. on 19 February 2008 ("**General Meeting**" or "**Meeting**").

I/We
(in **BLOCK CAPITALS** please)

of
being a member/members of the Company entitled to receive notice, attend and vote at general meetings of the Company, hereby appoint the Chairman of the Meeting (*Note 1*)

..... as my/our proxy to vote for me/us and on my/our behalf at the General Meeting and at any adjournment thereof in relation to the resolutions specified in the notice of the General Meeting dated 24 January 2008 (the "**Resolutions**") and any other business (including adjournments and amendments to the Resolutions) which may properly come before the Meeting or any adjournment thereof.

I/We direct my/our proxy to vote as follows in respect of the Resolutions (*Note 2*):

ORDINARY RESOLUTION	FOR	AGAINST	ABSTAIN
1. <i>To grant the directors authority to allot relevant securities</i>			
SPECIAL RESOLUTION			
2. <i>To disapply statutory pre-emption rights in connection with the allotment of equity securities for cash</i>			

In the absence of instructions the proxy is authorised to vote (or abstain from voting) on the Resolutions at his or her discretion. The proxy is also authorised to vote (or abstain from voting) on any other business which may properly come before the Meeting.

Signed Dated 2008

Notes

- (1) A member wishing to appoint someone other than the Chairman of the Meeting as his or her proxy (who need not be a member of the Company) should insert that person's name in the space provided in substitution for the reference to "*the Chairman of the Meeting*" and initial the alteration.
- (2) Please indicate by inserting an "X" under "**FOR**" or "**AGAINST**" or "**ABSTAIN**" how you wish your vote to be cast on the Resolutions. On receipt of this form of proxy duly signed but without any specific directions as to how you wish your vote to be cast, you will be considered to have authorised the proxy to vote or abstain at his or her discretion.
- (3) To be effective, this form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof must reach Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH not less than 48 hours prior to the Meeting. The completion and return of a form of proxy will not preclude a member from attending the Meeting and voting in person.
- (4) In the case of a corporation, this form of proxy must be under the common seal or signed by an officer or attorney duly authorised in writing.
- (5) In the case of joint holders, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.
- (6) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to vote at the Meeting (and for the purposes of the determination by the Company of the number of votes they may cast) members must be entered on the register of members of the Company by 10.00 a.m. on 17 February 2008.



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PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 7NH

Second Fold

First Fold