Regal Petroleum
Realising Potential

Press Release

25 April 2013

REGAL PETROLEUM PLC

2012 AUDITED RESULTS

Regal Petroleum plc ("Regal", "the Company" or "the Group"), the AIM-listed (RPT) oil and gas exploration and production group, today announces its audited results for the year ended 31 December 2012.

Principal Developments

Ukraine Operations

- Average daily production over the year to 31 December 2012 of 201,002 m^3/d of gas and 45 m^3/d of condensate (1,539 boepd in total)

- Two new wells, SV-53 and MEX-105, were spudded in February 2012 and April 2012 respectively. SV-53 is currently subject to further testing and monitoring and production testing for MEX-105 is planned for June 2013. Another new well, SV-59 was spudded in February 2013

- Sale of Romanian subsidiary completed in July 2012

- An independent report commissioned to assess the Group's reserves and resources as at 31 December 2012 resulting in a material reduction in Proved (1P) and Proved + Probable (2P) categories of remaining reserves

Finance

- Profit for year from continuing operations of $13.0 million (2011: $3.3 million loss)

- Realised 2012 average gas and condensate price of $420/Mm^3 and $99/bbl respectively

- Realised average gas and condensate price for first quarter 2013 of $420/Mm^3 and $95/bbl respectively

- Cash and cash equivalents held at 31 December 2012 increased to $28.5 million (2011: $19.7 million)

Outlook

- Continued development of Ukrainian asset through new wells, workovers and compression installation

- Facilities upgrades to gas processing facility to improve quality of gas produced and recovery of LPG

The Annual Report and Accounts for 2012, together with the Notice of Annual General Meeting, will be posted to shareholders and published on the Company's website during May 2013.

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Joe Staffurth, BSc Geology, PESGB, AAPG, consultant to the Company, has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

Definitions

AAPG	American Association of Petroleum Geologists
bbl	barrel
boe	barrels of oil equivalent
Bscf	thousands of millions of standard cubic feet
boepd	barrels of oil equivalent per day
$	United States Dollar
GIIP	gas initially in place
km	kilometres
km^2	square kilometres
LPG	liquefied petroleum gas
m^3/d	cubic metres per day
Mm^3	thousand cubic metres
MMbbl	million barrels
MMboe	million barrels of oil equivalent
%	per cent
scf	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
SPE	Society of Petroleum Engineers
SPEE	Society of Petroleum Evaluation Engineers
WPC	World Petroleum Council

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Chairman's Statement

I am pleased to report that the Group is continuing with the development of our 100% owned and operated Mekhediviska-Golotvshinska ("MEX-GOL") and Svyrydivske ("SV") gas and condensate fields in Ukraine.

The Group operated profitably during 2012. This has been attributable to ongoing production in Ukraine, together with the continued benefit of favourable gas prices, the effects of which are reflected in these financial results.

The Group's profit from continuing operations for the period was $13.0 million (2011: $3.3 million loss). Revenue from continuing operations, derived from the sale of the Group's Ukrainian gas and condensate production, was $41.1 million (2011: $19.1 million). Cash and cash equivalents held at 31 December 2012 of $28.5 million (31 December 2011: $19.7 million) principally reflects the positive cash generated from operations less capital investment in the assets.

In July 2012, we completed the sale of our Romanian subsidiary, Regal Petroleum Romania SRL, and as a result our operational activities are now focused entirely on the MEX-GOL and SV fields. During 2012, we undertook a capital investment programme at these fields, involving the drilling of two new wells, undertaking three workovers, commencing the upgrade of the gas processing plant and the installation of compression.

We commenced the drilling of the SV-53 and MEX-105 wells during the first half of 2012. In February 2013 another new well, SV-59, was spudded, and later this year one well workover is planned and one further well is under consideration. In addition, our 2013 capital investment programme includes the second phase of the upgrade of the gas processing plant, upgrade work to provide for LPG recovery, upgrade of methanol facilities and further work on the utilisation of compression equipment.

I am pleased to be able to report we continued to operate safely during the year, with no Lost Time Incidents or Restricted Work Cases.

On 15 April 2013 the Group announced the results of an independently prepared report which provided an updated assessment of the remaining Reserves and Contingent Resources attributable to the Company's MEX-GOL and SV fields, as at 31 December 2012. In summary, the Proved (1P) reserves reduced from 40.9 MMboe to 7.7 MMboe and the Proved and Probable (2P) reserves reduced from 151.3 MMboe to 31.6 MMboe. A detailed analysis is set out in the Review of Operations.

The Group continues to be supported by Energees Management Limited ("Energees"; part of the Smart Holding Group "Smart"), which has maintained its 54% shareholding in the Company's issued share capital and continues its support of the Group and its operations in Ukraine.

Board Changes

Following the partial acquisition of Regal by Energees, and in accordance with the Relationship Agreement announced on 3 March 2011, Energees Investments Limited and JSC Smart Holding UA are entitled to nominate three representatives to the Regal Board. On 20 February 2012, Denis Rudev resigned from the Board and Sergei Glazunov was appointed, joining Alexey Pertin and Alexey Timofeyev as Energees' representatives.

Outlook

Our focus during 2013 will be to drill the SV-59 well, hook-up the MEX-105 well, finalise the assessment of the SV-53 well and undertake one workover, with the drilling of one further well under consideration. Successful completion of these activities, together with continuing analysis of our geological and geophysical data, will ultimately help enable us to improve our daily production, as well as provide a better understanding of the MEX-GOL and SV reservoirs and their performance.

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The upgrades to our gas treatment facility will improve the efficiency of our gas processing and production, improve the quality of the gas produced and enable us to recover and sell LPG. Based on our current production, and the resultant revenue we receive for our gas and condensate sales, we anticipate that our planned 2013 development programme will be funded from existing cash resources and operational revenues.

Subject to positive results from our new wells, we plan to increase the number of wells drilled on the MEX-GOL and SV fields to more fully develop the reservoir.

In conclusion, on behalf of the Board, I would like to thank our staff for the continued dedication and support they have shown.

Keith Henry
Executive Chairman

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Review of Operations

Health, Safety, Environment and Security ("HSES")

Regal is committed to maintaining the highest standards of HSES and the effective management of these areas is an intrinsic element of the overall business ethos. Through strict enforcement of the Group's HSES Management System, together with regular management meetings, training and the appointment of dedicated safety professionals, the Group strives to ensure that the impact of its business activities on its staff, contractors and the environment is as low as is reasonably practicable. Regal reports safety and environmental performance in accordance with industry practice and guidelines.

Ukraine

Asset Overview

Regal Petroleum Corporation Limited (a wholly owned subsidiary in the Regal group of companies) holds a 100% working interest and is the operator of the MEX-GOL and SV fields. The licences are the Group's sole assets and extend over a combined area of 269 km², approximately 200 km east of Kiev. The two licences are adjacent and the interests are operated and managed as one field.

The fields are located, geologically, towards the middle of the Dnieper-Donets sedimentary basin which extends across most of north-east Ukraine. The vast majority of Ukrainian gas and condensate production lies within this basin. The reservoir comprises a series of gently dipping Carboniferous sandstones of Visean age ("B-Sands") inter-bedded with shales that form stratigraphic traps at around 4,700 metres below the surface, with a gross thickness between 800 metres and 1,000 metres. Analysis suggests that these deposits range from fluvial to deltaic in origin. Below these reservoirs is a thick sequence of shale above deeper, similar, sandstones which are encountered at a depth of around 5,800 metres. These sands are of Tournasian age ("T-Sands"). Deeper sandstones of Devonian age ("D-Sands") have also been penetrated in the fields.

Production

The Group's average production over the year to 31 December 2012 was 201,002 m³/d of gas and 45 m³/d of condensate, which equates to a combined total oil equivalent of 1,539 boepd.

The Group's average production over the period 1 January 2013 to 23 April 2013 was 203,911 m³/d of gas and 45 m³/d of condensate, which equates to a combined total oil equivalent of 1,553 boepd.

Operations

Two new wells, SV-53 and MEX-105, were spudded in February 2012 and April 2012 respectively, and another new well, SV-59 was spudded in February 2013. The objective of all three wells is the B-Sands. The new wells have been drilled by local Ukrainian drilling contractors, with the Ukrainian drilling rigs being supplemented by the use of selected western technology and equipment designed to improve the efficiency of drilling operations.

Well SV-53 reached its target depth of 5,450 metres in mid-October 2012. The well was hooked up to the gas processing facility in mid-January 2013, and production testing was undertaken using a variety of choke sizes and operating modes. Although initial flow rates were encouraging, they declined very significantly over the testing period. Testing and monitoring continues, and the well is currently being assessed as a potential candidate for hydraulic fracturing.

Well MEX-105 was drilled to a depth of 5,228 metres. Drilling was terminated 22 metres short of its original target depth as all targeted B-Sands formations had been encountered. The well is currently being hooked up to the gas processing facility and production testing is planned to commence in June 2013.

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Well SV-59 has a target depth of 5,470 metres, with drilling operations scheduled to be completed in December 2013 and, subject to successful testing, production hook-up by the end of the first quarter of 2014. At 23 April 2013, the intermediate casing has been installed and cemented at 2,314 metres, allowing drilling ahead to proceed.

Workovers on three existing wells were undertaken during 2012 with a view to maintaining and improving production. The workover of the SV-66 well involved the installation of a velocity string, which was successfully completed and the well was brought back on production. Workover operations were also undertaken on the MEX-3 and GOL-1 wells, which were designed to eliminate the ingress of water. Unfortunately, these operations proved unsuccessful and as a result, it has not been possible to bring these wells back on production. Further interventions are being considered at these wells.

The upgrade of methanol equipment at two existing wells is progressing, with equipment currently being installed. In addition, installation of equipment for the upgrade of the Group's gas treatment facility has commenced. This upgrade is the second phase of the work and is designed to enhance the facility's overall efficiency and incorporate compression equipment. It is anticipated that this will provide financial benefits as well as HSES improvements.

Additional upgrade work, to provide for LPG recovery at the gas processing facility, will enable us to reduce hydrocarbon losses and improve the quality of gas produced, and add to our revenue from the sale of the LPG.

2013 Reserves Report

The Group engaged independent petroleum consultants, ERC Equipoise Limited ("ERCE"), to prepare an updated assessment of the remaining Reserves and Contingent Resources attributable to the Group's MEX-GOL and SV fields as at 31 December 2012 (the "ERCE Report"). The ERCE Report, announced on 15 April 2013, is consistent with Regal's field development plans, which comprise the drilling of a further 27 wells and accords with the March 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System standard for classification and reporting.

The ERCE Report estimated the remaining Reserves as at 31 December 2012 in the Visean B-Sands reservoirs of the MEX-GOL and SV fields as follows:-

	Proved (1P)	Proved + Probable (2P)	Proved + Probable + Possible (3P)
Gas	37.1 Bscf	146.5 Bscf	230.7 Bscf
Condensate	1.5 MMbbl	7.2 MMbbl	14.2 MMbbl
Total	**7.7 MMboe**	**31.6 MMboe**	**52.6 MMboe**

The ERCE Report estimated the Contingent Resources in the Visean B-Sands reservoirs of the MEX-GOL and SV fields as follows:-

	Contingent Resources (1C)	Contingent Resources (2C)	Contingent Resources (3C)
Gas	174.7 Bscf	330.2 Bscf	648.0 Bscf
Condensate	7.5 MMbbl	17.2 MMbbl	40.8 MMbbl
Total	**36.6 MMboe**	**72.2 MMboe**	**148.8 MMboe**

The ERCE Report was commissioned to provide an update on the Group's reserves and resources since the previous reserves estimation undertaken by Ryder Scott in 2010 and takes into account information gathered during the drilling of additional wells in the fields since then. The Gas Initially In Place ("GIIP") assessment in the ERCE Report demonstrates discovered GIIP in the B-Sands reservoirs of 5816 Bscf but, compared with the previous assessment by Ryder Scott, there has been a material reduction in the Proved (1P) and Proved + Probable (2P) categories of remaining Reserves from the previous Ryder Scott estimates which were 40.9 MMboe and 151.3 MMboe respectively. These reductions reflect lower expected recovery factors, production since 2010 of approximately 1.6 MMboe and the transfer of a significant portion of previously booked Reserves into the Contingent Resources category, reflecting their current immaturity for commercial development. Further evaluation and development of the fields may result in future movement of these Contingent Resources into Reserves.

In its Report, ERCE has estimated volumes of discovered gas totalling 1944 Bscf in the deeper T-Sands and D-Sands intervals, but has concluded that there is insufficient information at this time to determine whether the discovered gas is recoverable or not, and hence no Reserves or Contingent Resources have been assigned to these formations. Accordingly, all Reserves and Contingent Resources assessed in the ERCE Report are within the B-Sands reservoirs.

Romania

On 30 May 2012, the Company entered into a conditional sale and purchase agreement with Zeta Petroleum plc ("Zeta") for the sale of the Company's wholly owned subsidiary, Regal Petroleum Romania SRL, which holds a 50% interest in the Suceava concession in Romania. Completion of this transaction occurred on 31 July 2012.

The consideration payable under the sale agreement was $650,000, subject to certain adjustments principally relating to the apportionment between Regal and Zeta of joint venture balances relating to the Suceava concession. Following these adjustments, the net amount paid to Regal on completion was approximately $915,000.

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Finance Review

The Group's profit from continuing operations for the period was $13.0 million (2011: $3.3 million loss).

Revenue from continuing operations, derived from the sale of the Group's Ukrainian gas and condensate production, was $41.1 million (2011: $19.1 million). No revenue in Ukraine was recorded during the first half of 2011 due to the suspension of production on the MEX-GOL and SV fields which was lifted in July 2011.

During 2012, the average realised gas and condensate prices were $420/Mm^3 and $99/bbl respectively. There continues to be speculation regarding the renegotiation of the gas supply agreement between Russia and Ukraine and its potential effects on the Ukrainian gas price. No decision has been reached on any adjustment to this agreement and therefore the Company has continued to realise an average gas price of $420/Mm^3 in the first quarter of 2013. It is recognised that this level of realisation may decrease in 2013 due to the negotiations outlined above and the Company has taken this possibility into consideration in its internal projections and budgets.

Cost of sales of $21.4 million (2011: $10.1 million) for the 2012 year are $11.3 million higher than in the comparative period, principally reflecting royalty and depreciation charges which were not present in the first half of 2011 due to the suspension of production. From 1 January 2013, due to legislative changes in Ukraine, the royalty and subsoil tax regime relating to hydrocarbon production was replaced by a single subsoil tax. The overall effect of these changes has meant that production tax charges will increase for the Group. This will to some extent be offset by the decrease in corporate income tax rates from 21% to 19% for 2013, decreasing further to 16% from 2014.

Administrative expenses of $9.5 million are significantly lower than the $16.9 million incurred in 2011. This is mainly attributable to corporate transaction costs of $4.3 million included in the comparative period, which were incurred in respect of the competitive takeover process for the acquisition of the Company during the first half of 2011.

Other finance income for the year of $2.5 million (2011: $1.1 million) primarily represents the unwinding of the discount on long-term purchase tax balances recoverable from the Ukrainian Government.

The tax charge for the year of $0.1 million (2011: $3.5 million credit) is primarily comprised of a current tax expense of $1.7 million (2011: $0.4 million) representing taxes incurred in the Group's Ukrainian companies and a deferred tax credit of $1.6 million (2011: $3.9 million).

Loss from discontinued operations is attributable to the Company's wholly-owned Romanian subsidiary, Regal Petroleum Romania SRL, the sale of which completed in July 2012. The loss principally comprises exchange differences historically recognised in Other Comprehensive Income.

Capital expenditure in Ukraine for 2012 was $19.4 million compared to the $1.0 million invested in Ukraine during 2011, when development activity was limited due to the suspension of production and operational activities until July 2011.

Cash and cash equivalents held at 31 December 2012 of $28.5 million (31 December 2011: $19.7 million) principally reflects the positive cash generated from operations during the year.

The Group's cash balance, at 23 April 2013 was $24.8 million. The movement from 31 December 2012 reflects operational cash generated since that date less capital investment in the assets.

Cash from operations has funded the capital investment during the 2012 year, and the Group's current cash position and positive operating cash flow are the sources from which the Group expects the 2013 capital investment programme will be funded.

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Operating Environment, Principal Risks and Uncertainties

The Company has a risk evaluation methodology in place to assist in the review of the risks across all material aspects of its business. This methodology highlights technical, operational, external and fiduciary risks and assesses the level of risk and potential consequences. It is periodically presented to the Audit Committee and the Board for review, to bring to their attention potential concerns and, where possible, propose mitigating actions. Key risks recognised are detailed below:

Risks relating to Ukraine
Emerging markets are subject to greater risks than those which are more developed including, in some cases, significant legal, economic and political risks. Such economies may also be subject to rapid change and the Company may need to adapt and alter itself, as needed, relatively quickly.

The Ukrainian Government is keen to develop the country's domestic production of hydrocarbons since Ukraine imports the majority of its gas needs from Russia. Whilst this should put the Company in a well-placed position, as experienced in 2010 and the first half of 2011, there are significant risks to carrying out business in the country. It is hoped the involvement of Energees, as a major shareholder with extensive experience in Ukraine, will help mitigate such risks in the future.

Risks relating to further development and operation of the Group's gas and condensate fields in Ukraine
The planned development and operation of the Group's gas and condensate fields in Ukraine is susceptible to appraisal, development and operational risk. This could include, but is not restricted to, delays in delivery of equipment in Ukraine, failure of key equipment, lower than expected production from wells that are currently producing, or new wells that are brought on-stream, problematic wells and complex geology which is difficult to drill or interpret. The generation of significant operational cash is dependent on the successful delivery and completion of the development and operation of the fields. Furthermore, the optimisation of all of the Company's assets is dependent on maintaining constructive relationships between all of our business stakeholders.

Ukraine Production Licences
The Group operates in a region where the right to production can be challenged by State and non-State parties. During 2010, this manifested itself in the form of a Ministry Order instructing the Group to suspend all operations and production from its Ukrainian production licences. Whilst the Ministry Order has now been resolved, the environment is such that a challenge may arise at any time in the future in relation to the Group's operations, licence history, compliance with licence commitments and/or local regulations. The Group endeavours to ensure compliance with commitments and regulations via Company procedures and controls or, where this is not immediately feasible for practical or logistical considerations, seeks to enter into dialogue with the relevant Government bodies with a view to agreeing a reasonable timeframe for achieving compliance or an alternative, mutually agreeable course of action.

Production risks
Producing gas and condensate reservoirs are generally characterised by declining production rates which vary depending upon reservoir characteristics and other factors. Future production of the Group's gas and condensate reserves, and therefore the Group's cash flow and income, are highly dependent on the Group's success in operating existing producing wells, drilling new production wells and efficiently developing and exploiting any reserves, and finding or acquiring additional reserves. The Company may not be able to develop, find or acquire reserves at acceptable costs. The experience gained from drilling undertaken to date highlights such risks as the Company targets the appraisal and production of these hydrocarbons.

Currency risk
The Group's main activities are (i) investment into the development of the Group's Ukrainian gas and condensate assets; (ii) the production and sale of gas and condensate; and (iii) the continued exploration for further hydrocarbon reserves.

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The Group receives sales proceeds in Ukrainian Hryvnia, and the majority of the capital expenditure costs for the 2013 investment programme will be incurred in Hryvnia, thus revenue and costs are matched. As with all currencies, the value of the Hryvnia is subject to foreign exchange fluctuations. Currently the Hryvnia does not enjoy the range of benefits of currency hedging instruments which are available in more developed economies and, as a result, the Group has adopted a policy that funds not required for use in Ukraine be retained on deposit in the United Kingdom, principally in US Dollars.

Financial Markets and Global Economic Outlook
The performance of the Group will be influenced by global economic conditions and, in particular, the conditions prevailing in the United Kingdom and Ukraine. The economies in these regions have been subject to volatile pressures during the period, with the global economy experiencing continued difficulties during 2012. If these pressures continue, worsen or recur, the Group may be exposed to increased counterparty risk as a result of business failures in the countries in which it operates and will continue to be exposed if counterparties fail or are unable to meet their obligations to the Group. The precise nature of all the risks and uncertainties the Group faces as a result of these risks cannot be predicted and many of these are outside of the Group's control.

Oil and gas price risk
The Group derives its revenue principally from the sale of its Ukrainian gas and condensate production. These revenues are subject to oil price volatility and political influence. A prolonged period of low oil (and hence gas and condensate) prices may impact the Group's ability to maintain its long-term investment programme with a consequent effect on growth rate which in turn may impact the share price or any shareholder returns. Lower gas and condensate prices may not only decrease the Group's revenues per unit, but may also reduce the amount of gas and condensate which the Group can produce economically.

Although set in Hryvnia, Ukrainian gas prices are largely dictated by Russian, US Dollar-based, import prices due to the dependency of Ukraine on imported gas. The Russian and Ukrainian Governments continue to negotiate future gas import prices and there is a risk that these may be reduced. However, the outcome of these negotiations and its full impact on the price that the Group is able to achieve are as yet unknown.

The overall economics of the Group's key asset (being the net present value of the future cash flows from the Ukrainian project) are far more sensitive to long term oil (and hence gas and condensate) prices than short term oil price volatility. However, short term volatility does affect liquidity risk, as, in the early stage of the project, income from production revenues are outweighed by capital investment.

Industry risks
The Group's ability to execute its strategy is subject to risks which are generally associated with the oil and gas industry. For example, the Group's ability to pursue and develop its projects and development programmes depends on a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, gas, oil and condensate prices, development costs and drilling success. As a result of these uncertainties, it is unknown whether potential drilling locations identified on proposed projects will ever be drilled or whether these or any other potential drilling locations will be able to produce gas, oil or condensate. In addition, drilling activities are subject to many risks, including the risk that commercially productive reservoirs will not be discovered. Drilling for hydrocarbons can be unprofitable, not only from dry holes, but from productive wells that do not produce sufficiently to be economic. In addition, drilling and production operations are highly technical and complex activities and may be curtailed, delayed or cancelled as a result of a variety of factors.

Exposure to credit, liquidity and cash flow risk
The Group does not currently have any loans outstanding. Local customers are managed in Ukraine and their financial position, past experience and other factors are evaluated. Internal financial projections are regularly made based on the latest estimates available, and various scenarios are run to assess the robustness of the liquidity of the Group. The Group currently holds sufficient cash and cash equivalents for the anticipated short to medium term needs of the business. Whilst much of the future capital need is expected to be derived from operational cash generated from production,

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including from wells yet to be drilled, there is a risk that in the longer term insufficient operational cash is generated, or that additional funding, should the need arise, cannot be secured.

Risks relating to key personnel
The Group has a relatively small team of executives and senior management. Whilst this is sufficient for a company of this nature, there is a dependency risk relating to the loss of key individuals.

Going concern risk
The Group is exposed to production and hydrocarbon price risk, as detailed in the paragraphs above. In view of this the Group prepares monthly cash flow forecasts which take into account all risks facing the business, to assess its ability to meet its obligations as they fall due, taking into account the risks of variances in revenues. Having taken into account the risks to revenue, and considering the relatively fixed-price nature of the drilling programme and committed expenditure in Ukraine, the Directors continue to believe the Going Concern basis of preparation is appropriate.

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Regal Petroleum plc
Consolidated Income Statement
for the year ended 31 December 2012

	Note	2012 $000	2011 $000
Continuing operations			
Revenue	2	**41,103**	19,069
Cost of sales		**(21,407)**	(10,125)
Gross profit		**19,696**	8,944
Share-based charge		**-**	(780)
Other administrative expenses		**(9,490)**	(16,099)
Total administrative expenses		**(9,490)**	(16,879)
Operating profit / (loss)		**10,206**	(7,935)
Interest income		**1,056**	253
Other finance income		**2,485**	1,085
Finance costs		**(397)**	(282)
Other (losses) / gains		**(231)**	114
Profit / (loss) on ordinary activities before taxation		**13,119**	(6,765)
Income tax (charge) / credit		**(78)**	3,460
Profit / (loss) for the year from continuing operations		**13,041**	(3,305)
Discontinued operations			
(Loss) / profit for the year from discontinued operations	3	**(1,400)**	9,713
Profit for the year		**11,641**	6,408
Profit / (loss) per ordinary share (cents) from continuing operations			
Basic and diluted		**4.1c**	(1.0)c
Profit per ordinary share (cents) from total operations			
Basic and diluted		**3.6c**	2.0c

Regal Petroleum plc
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	2012 $000	2011 $000
Equity – foreign currency translation	**91**	(8)
Net income / (expense) recognised directly in equity	**91**	(8)
Profit for the year	**11,641**	6,408
Total comprehensive profit for the year	**11,732**	6,400

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Regal Petroleum plc
Consolidated Balance Sheet
at 31 December 2012

	2012 $000	2011 $000
Assets		
Non-current assets		
Intangible assets	**65**	84
Property, plant and equipment	**233,508**	225,300
Trade and other receivables	**7,014**	12,207
Inventory	**2,390**	-
Deferred tax	**3,169**	-
	246,146	237,591
Current assets		
Inventories	**7,620**	9,139
Assets held for sale	**-**	786
Trade and other receivables	**17,535**	16,734
Cash and cash equivalents	**28,453**	19,694
	53,608	46,353
Total assets	**299,754**	283,944
Liabilities		
Current liabilities		
Trade and other payables	**(3,044)**	(2,370)
Current tax liabilities	**-**	(41)
Provisions	**(761)**	(454)
Liabilities directly associated with assets classified as held for sale	**-**	(12)
	(3,805)	(2,877)
Net current assets	**49,803**	43,476
Non-current liabilities		
Trade and other payables	**-**	(9)
Provisions	**(6,776)**	(6,372)
Deferred tax	**(4,055)**	(2,468)
	(10,831)	(8,849)
Total liabilities	**(14,636)**	(11,726)
Net assets	**285,118**	272,218
Equity		
Called up share capital	**28,115**	28,115
Share premium account	**555,090**	555,090
Other reserves	**5,692**	4,433
Retained deficit	**(303,779)**	(315,420)
Total equity	**285,118**	272,218

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Regal Petroleum plc
Consolidated Statement of Changes in Equity
at 31 December 2012

	Share capital $000	Share premium account $000	Equity share option reserve $000	Merger reserve $000	Capital contributions $000	Foreign exchange reserve $000	Retained deficit $000	Total $000
At 1 January 2011	27,932	555,090	11,176	(3,204)	7,477	168	(333,784)	264,855
Retained profit for the year	-	-	-	-	-	-	6,408	6,408
Current year IFRS 2 charge	-	-	780	-	-	-	-	780
Exchange differences	-	-	-	-	-	(8)	-	(8)
Transfer for options exercised or expired	183	-	(11,956)*	-	-	-	11,956	183
At 31 December 2011	28,115	555,090	-	(3,204)	7,477	160	(315,420)	272,218

* The partial acquisition of the Company by Energees Management Limited in March 2011 triggered the automatic vesting of share options.

	Share capital $000	**Share premium account $000**	**Equity share option reserve $000**	**Merger reserve $000**	**Capital contributions $000**	**Foreign exchange reserve $000**	**Retained deficit $000**	**Total $000**
At 1 January 2012	**28,115**	**555,090**	**-**	**(3,204)**	**7,477**	**160**	**(315,420)**	**272,218**
Retained profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**11,641**	**11,641**
Exchange differences	**-**	**-**	**-**	**-**	**-**	**91**	**-**	**91**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**1,168**	**-**	**1,168**
At 31 December 2012	**28,115**	**555,090**	**-**	**(3,204)**	**7,477**	**1,419**	**(303,779)**	**285,118**

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Regal Petroleum plc
Consolidated Cash Flow Statement
for the year ended 31 December 2012

	Note	2012 $000	2011 $000
Operating activities			
Cash from / (used in) operations	4	**33,119**	(21,365)
Interest paid		**(7)**	(34)
Taxation paid		**(2,042)**	(182)
Interest received		**1,003**	256
Net cash from / (used in) operating activities		**32,073**	(21,325)
Investing activities			
Proceeds from sale of discontinued operations		**764**	23,283
Purchase tax recovery / (payment) relating to sale of discontinued operation		**2,522**	(3,219)
Purchase of property, plant and equipment		**(19,274)**	(4,136)
Increase in related purchase tax receivable		**(4,511)**	(396)
Purchase of intangible assets		**(197)**	(255)
Purchase of materials inventory		**(3,115)**	(971)
Proceeds from sale of materials inventory		**664**	1,316
Equipment rental income		**282**	111
Proceeds from sale of property, plant and equipment		**37**	5
Net cash (used in) / provided by investing activities		**(22,828)**	15,738
Financing activities			
Proceeds from issue of shares		**-**	183
Decrease in other financial assets		**-**	1,547
Net cash from financing activities		**-**	1,730
Net increase / (decrease) in cash and cash equivalents		**9,245**	(3,857)
Cash and cash equivalents at beginning of year		**19,705**	23,265
Effect of foreign exchange rate changes		**(497)**	297
Cash and cash equivalents at end of year		**28,453**	19,705*

* Includes cash and cash equivalents classified as held for sale of $11,000.

Notes forming part of the financial information

1. Statutory Accounts

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2012 or 2011, but is derived from those accounts. The Auditor's Report on the 2012 and 2011 accounts was unqualified, did not contain an emphasis of matter, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006. The statutory accounts for 2012 will be delivered to the Registrar of Companies following the Company's annual general meeting.

While the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to distribute the full financial statements that comply with IFRS in May 2013.

2. Segmental Information

	Ukraine 2012 $000	United Kingdom 2012 $000	Total continuing operations 2012 $000	Total discontinued operations* 2012 $000	Total 2012 $000
Turnover					
Gas sales	30,893	-	30,893	213	31,106
Condensate sales	10,210	-	10,210	-	10,210
Total sales (incl. sales to third parties)	41,103	-	41,103	213	41,316
Segment result	25,240	(3,790)	21,450	(176)	21,274
Depreciation and amortisation			(11,244)	-	(11,244)
Operating profit			10,206	(176)	10,030
Segment assets	272,878	26,876	299,754	-	299,754
Capital additions	19,433	-	19,433	-	19,433

* Discontinued operations during 2012 all relate to operations in Romania

There are no inter-segment sales within the Group and all products are sold in the geographical region in which they are produced. The Group's gas sales from continuing operations was $30,893,000 (2011: $13,961,000). Gas sales to the Group's two largest customers amounted to $10,833,000 and $4,711,000. During 2011 the Groups gas sales from continuing operations were with one single external party. Total revenue generated from operating and interest revenue is $42,159,000 (2011: $19,322,000).

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	Ukraine 2011 $000	United Kingdom 2011 $000	Total continuing operations 2011 $000	Egypt 2011 $000	Romania 2011 $000	Total discontinued operations 2011 $000	Total 2011 $000
Turnover							
Gas sales	13,961	-	13,961	-	473	473	14,434
Condensate sales	5,108	-	5,108	-	-	-	5,108
Total sales (incl. sales to third parties)	19,069	-	19,069	-	473	473	19,542
Impairment loss	-	-	-		(655)	(655)	(655)
Segment result	8,228	(11,098)*	(2,870)	360	(1,752)	(1,392)	(4,262)
Depreciation and amortisation			(4,285)			-	(4,285)
Share-based charge			(780)			-	(780)
Operating loss			(7,935)			(1,392)	(9,327)
Segment assets	262,966	20,192	283,158	-	786	786	283,944
Capital additions	994	15	1,009	7	294	301	1,310

* Including transaction costs of $4.3 million.

3. Discontinued Operations

Regal Petroleum Romania SRL
On 30 May 2012, Regal entered into a conditional sale and purchase agreement with Zeta Petroleum plc ("Zeta") for the sale of the Company's wholly-owned Romanian subsidiary, Regal Petroleum Romania SRL, which held a 50% non-operated interest in the Suceava concession in Romania.

The consideration under the sale and purchase agreement was $650,000, which was payable in cash on completion. The consideration was subject to certain adjustments to be made on completion of the sale. The adjustments principally related to the apportionment between Regal and Zeta of joint venture balances relating to the Suceava concession. The agreement was subject to certain conditions precedent which, amongst other things, related to the capitalisation of outstanding intra-group debt owed to the Company. The sale was completed on 31 July 2012. Following the adjustments, and other associated costs of the sale, the net amount received by Regal on completion was approximately $764,000.

Barlad concession in Romania
On 29 September 2010, the Company entered into a conditional sale and purchase agreement with Chevron Romania Exploration and Production BV for the sale of Regal's 100 per cent owned Barlad Concession in Romania for a cash consideration of $25.0 million. The sale was completed on 14 February 2011, with sales proceeds received, net of taxes and associated costs, amounting to $22.7 million. Associated recoverable purchase tax payments of $3.2 million were made, and recovered during 2012 (net of subsequent exchange losses of $0.7 million).

East Ras Budran in Egypt
On 27 January 2011, the Group entered into a conditional sale and purchase agreement with Apache East Ras Budran Corporation LDC in respect of its 25% non-operated interest in the East Ras Budran Concession in Egypt. The sale closed on 7 July 2011 resulting in net receipts to Regal of $640,344.

The results of these discontinued operations are shown below.

	2012 $000	2011 $000
Regal Petroleum Romania SRL*		
Revenue	**213**	473
Expenses	**(136)**	(1,506)**
Profit / (loss) before tax	**77**	(1,033)
Attributable tax expense	**(10)**	(29)
Other losses***	**(1,467)**	-
Net loss attributable to discontinued operation	**(1,400)**	(1,062)

* Excludes results associated with the Barlad concession, which are shown separately.
** Including impairment charge of $655,000.
*** Comprises exchange differences historically recognised in Other Comprehensive Income.

	2012 $000	2011 $000
Barlad (Romania)		
Expenses	**-**	(719)
Profit on disposal of discontinued operation	**-**	13,150
Attributable tax expense	**-**	(2,016)
Net profit attributable to discontinued operation	**-**	10,415
East Ras Budran (Egypt)		
Income	**-**	360
Net profit attributable to discontinued operation	**-**	360

4. Reconciliation of Operating Profit / (Loss) to Operating Cash Flow

	2012 $000	2011 $000
Group		
Operating profit / (loss) from continuing operations	**10,206**	(7,935)
Operating loss from discontinued operations	**(176)**	(1,392)
Depreciation, amortisation and impairment charges	**11,244**	4,940
Loss on disposal of intangible assets	**-**	6
Loss on disposal of property, plant and equipment	**-**	21
Write down of inventory (including discontinued operations)	**671**	1,307
Reversal of write down of inventory	**(104)**	-
Movement in provisions	**21**	693
Share option charge	**-**	780
(Increase) / decrease in condensate stock	**(79)**	163
Decrease in debtors	**10,786**	956
Increase / (decrease) in creditors	**550**	(20,904)
Cash from / (used in) operations	**33,119**	(21,365)

5. Post Balance Sheet Events

As announced on 15 April 2013, the Company engaged independent petroleum consultants, ERC Equipoise Limited, to prepare an updated assessment of the remaining Reserves and Contingent Resources attributable to the Company's MEX-GOL and SV fields. Further details are included in the Review of Operations.