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REGAL PETROLEUM PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Regal Petroleum plc ("Regal", "the Company" or "the Group"), the oil and gas exploration and production company, today announces its un-audited results for the six months ended 30 June 2007 and an update on the Company's progress.

In accordance with the requirements of AIM, these results are reported under International Financial Reporting Standards ("IFRS") as opposed to UK Generally Accepted Accounting Practices ("UK GAAP") which were adopted in previous financial periods. The un-audited results include comparative IFRS financial statements for the six months ended 30 June 2006 and the year ended 31 December 2006 audited results.

Highlights include:

Ukraine

- The Company announced on 14 September 2007 that it has entered into an exclusive Memorandum of Understanding with the private oil and gas company, MND Exploration and Production Limited ("MND"). Under the terms of the proposed transaction, which is for a 50% interest in the assets, KKCG Oil and Gas BV, MND's holding company in The Netherlands, will invest a total of $330,000,000 in the development of the MEX-GOL and SV fields. The proposed transaction is subject to due diligence and the negotiation of transaction documentation.
- Average production for the six month period was 4.44 mmcf of gas per day and 303 barrels of condensate per day (total equivalent of 1,093 boepd). Production is currently averaging 5.59 mmcf of gas per day and 308 barrels per day of condensate (total equivalent of 1,304 boepd).
- In May 2007, the Company connected the SV-10 well to the existing Regal-owned MEX-GOL facility. This increased the Company's wells in production to five: MEX-102, MEX-3, GOL-1, GOL-2 and SV-10.
- Operations remained cash flow positive and profitable during the six month period to June 2007.
- Gas prices increased from an average for the last five months of 2006 of $3.05 per mscf to $4.02 per mscf for the first six months of 2007, an increase of approximately 32%.

- Average condensate sales price achieved by the Company for the six months to end June 2007 was $55 per barrel (excl VAT) compared to $41 per barrel in the same period of 2006.
- The Company signed a contract with Chernihivnaftagasgeologia ("CNGG") for the drilling of the MEX-103 well in late July 2007 and expects drilling to commence in the fourth quarter of 2007.
- A 3D seismic survey covering approximately 100 square kilometres of the MEX-GOL licence area commenced in January 2007 and was completed in late May 2007.
- Following shareholder approval at an Extraordinary General Meeting on 25 May 2007, in mid-June 2007 the Company completed the acquisition of Alberry Limited's shares in Regal Petroleum Corporation Limited under the Subscription and Services Agreement. As consideration for such acquisition 13,910,623 ordinary shares of 5 pence each in the capital of the Company were allotted and issued to Alberry Limited.

Romania

- Suceava Block: The Company's farm-in partner, Aurelian Oil and Gas Plc ("Aurelian"), acquired 160 kilometres of 2D seismic data in the block and is planning to spud an exploration well (Dornesti-1-Sud) in late October or early November 2007 to test a shallow gas target. This well will complete the earn-in work programme under the farm-in agreement with Aurelian.
- Barlad Block: Regal plans to spud the first of two planned exploration wells in October 2007. These wells are targeted at the same shallow gas reservoirs as the Dornesti-1-Sud well and are expected to be completed in the fourth quarter of 2007.

Egypt

East Ras Budran: 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 has now reached its target depth (11,921 feet TVD) and has been 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 will be suspended as a future production well and an appraisal well, ("ERB-A-2X"), is under consideration. The drilling of the second exploration well ("ERB-B-1X") will be commenced shortly.

Corporate activity

- Mirabaud were appointed as joint broker in mid February 2007.

Board & Senior Management

- Mr Gordon Stein was appointed as Chief Financial Officer on 15 January 2007 following the resignation of Mr Roger Phillips as Finance Director.

Financial highlights

- Gross profits increased from $0.8 million to $3.8 million when comparing the six month periods ending June 2006 and June 2007 respectively.
- Turnover increased to $6.5 million (30-Jun-06: $4.9 million). This increase is primarily attributable to an uninterrupted six months of continued production in the first half of 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.
- Loss for the period of $10.4 million (30-Jun-06: loss of $3.7 million), with loss per share of 8.1 cents (30-Jun-06: loss per share of 2.9 cents). The increased loss was primarily due to significant administration costs being incurred following the successful outcome of the legal cases in Ukraine at the end of 2006, in addition to share based charges accounted for in accordance with the requirements of IFRS 2 "Share Based Payments".
- Capital cash expenditure of $3.4 million (30-Jun-06: $7.3 million).
- Net cash of $9.4 million (30-Jun-06: $25.6 million) at period end and net assets of $62.8 million (30-Jun-06: $123.4 million). At the date of this announcement the Company had cash in hand of approximately $7.5 million.
- In September 2007 the Company secured a $15 million Revolving Credit Facility with Bank of Scotland.

OPERATIONAL STATEMENT

Ukraine

Mekhediviska/Golotvschinska ("MEX-GOL") and Svyrydivske ("SV") fields (working interest 100%)

The Ukraine production operations continue to be profitable and generate positive cashflow for the Group. During the six-month period to 30 June 2007 the Company achieved a Gross Profit percentage of 58%.

Partial Divestment

In February 2007, the Company appointed Tristone Capital Limited to carry out a strategic review of options for the Company's MEX-GOL and SV fields (the "Fields") in Ukraine. Since April 2007, Tristone Capital Limited has been advising the Company on a partial divestment of the Fields with the objective of identifying a strategic partner to assist the Company in accelerating their development.

The Company announced on 14 September 2007 that it has entered into an exclusive Memorandum of Understanding ("MOU") with the private oil and gas company, MND

Exploration and Production Limited ("MND"). Under the terms of the proposed transaction, which is for a 50% interest in the assets, KKCG Oil and Gas BV, MND's holding company in The Netherlands, will invest a total of $330,000,000 in the development of the MEX-GOL and SV fields. The terms of the MOU allow the Company and MND to conduct due diligence and negotiate transaction documentation on an exclusive basis, but it must be stressed however that, save in respect of certain matters, the MOU is non-binding and conditional upon due diligence and the execution of transaction documentation and there is no certainty that any transaction or the proposed transaction will reach completion.

Production

Average production for the six month period to June 2007 was 4.44 mmcf of gas per day and 303 barrels of condensate per day (total equivalent of 1,093 boepd). In May 2007, the Company completed the 4.3 kms pipeline which connected the SV-10 well to the existing Regal-owned MEX-GOL facility. The SV-10 well was originally drilled in 1998 and was subsequently worked-over by Regal in late 2006 using coiled tubing and nitrogen lift. The well was flow tested from mid November 2006 to February 2007 during which time average flow rates of approximately 46,000 m^3/d of gas (1.62 mmcf/d) and 8.5 m^3/d (50 bopd) of condensate were achieved. With SV 10 coming into production in May 2007, this increased the Company's wells in production to 5: MEX-102, MEX-3, GOL-1, GOL-2 and SV-10.

Production is currently averaging 5.59 mmcf of gas per day and 308 barrels per day of condensate (total equivalent of 1,304 boepd).

Seismic

A 3D seismic survey covering approximately 100 square kilometres of the MEX-GOL production licence area, was acquired during the period. This data has been processed and interpreted by Ukrgeofizika in Ukraine and is expected to assist in the full field development.

Drilling

The Company continued to prepare for additional drilling on the MEX-GOL field in accordance with the requirements of its Field Development Plan. Regal has been in discussions since early 2007 with Chernihivnaftagasgeologia ("CNGG") to restart the drilling of MEX-103, the next planned production well. A drilling contract for that well was signed in late July 2007 and the Company expects drilling to commence in the fourth quarter of 2007.

Several other production wells are in the process of being permitted and preliminary discussions have been initiated with a number of potential drilling companies able to provide equipment and services. The drilling of further wells is expected to get underway in early 2008. Additionally, Regal is considering methods to prolong production from its five existing production wells and has recently completed a logging programme.

Alberry Limited

On 18 June 2007, the Company announced that it had completed the acquisition from Alberry Limited of its 15% interest in Regal Petroleum Corporation Limited (“RPC”) and that RPC was subsequently a wholly owned subsidiary of Regal. In consideration for the acquisition of this shareholding interest, 13,910,623 ordinary shares of 5 pence each in the capital of the Company were allotted and issued to Alberry Limited. These shares rank pari passu with the Company's existing ordinary shares of 5 pence each and such shares were admitted to trading on AIM on 21 June 2007.

Romania

Suceava Block (working interest 50%)

Pursuant to the agreed work programme with Regal’s farm-in partner Aurelian Oil and Gas Plc (“Aurelian”), it is planned to spud the Donesti-1-Sud exploration well in late October or early November 2007. This well is part of Aurelian’s earn-in work programme and accordingly the well costs are to be fully carried by Aurelian. A second contingent exploration well may be drilled in late 2007/early 2008, depending on the success of the first well. If such a well is approved by the partners, Regal will be required to fund its own share of the well costs.

Barlad Block (working interest 100%)

Regal has contracted a rig to drill two exploration wells in the fourth quarter of 2007, with the first well planned to spud in October 2007. All necessary preparations are in place and long lead items have been received for these two wells, which will test shallow Sarmatian gas prospects similar to those being pursued in the Suceava block to the north. The wells are each expected to take less than 30 days to drill and, if successful, will lead to testing being conducted at a later date. The close proximity of existing gas infrastructure allows relatively small gas accumulations to be commercially exploited.

Egypt

East Ras Budran Concession (working interest 25%)

Apache Khalda Corporation LDC (“Apache”), the Company’s joint venture partner in the Eas Ras Budran concession in Egypt, acquired a 3D seismic survey in early 2007. In addition two exploration wells (“ERB-A-1X” and “ERB-B-1X”) are committed to be drilled on the concession and the first exploration well, ERB-A-1X, was spudded in June 2007. This well has recently reached its target depth (11,921 feet TVD) in the Darat Limestone and has been flow tested. The well was opened for a 12 hour period and produced at an average rate of 1,901 bopd. Wellsite estimates of average flow rate of 1,910 bopd and oil gravity of approximately 17 degree API have subsequently been confirmed by the operator as 1,901 bopd and 16-16.2 degree API.

The ERB-A-1X well has confirmed the presence of commercial production from the Darat Limestone which has previously been tested in a nearby location by Tullow Oil Plc in 1999. The well is less than 1 km from the existing Ras Budran onshore oil processing and export facilities which have available ullage. The well was designed to intersect the reservoir at the optimal angle (near horizontal) to maximise production potential. Apache has indicated that it will submit a Notice of Commercial Discovery with the Egyptian authorities shortly. The ERB-A-1X well will be suspended as a future production well and an appraisal well, ("ERB-A-2X"), is under consideration.

The second exploration well, ERB-B-1X, will be drilled shortly using the same rig, and will explore potential reservoirs in a different part of the concession.

Greece

Kavala Oil S.A. (working interest 95%)

The operational management of Kavala Oil S.A. has continued to be undertaken by Greek local management, with the assistance of the unionised workforce. The Company has received no operational or financial information relating to the first half of the year from Kavala Oil S.A. which continues to function without any financial assistance or investment from the Company.

The Company has recently entered into a conditional agreement for the sale of its entire holding in Eurotech S.A. to a Greek buyer. Subject to satisfaction of certain conditions, completion of such sale is expected to occur in the fourth quarter of 2007, following which further information will be provided.

Liberia

Blocks 8 & 9 (working interest 25%)

The two production sharing agreements in respect of Blocks 8 and 9 still await ratification by the Liberian Government. The Government has sought clarification on various terms of these agreements and discussions with the Government and NOCAL, the State oil company, are continuing.

FINANCIAL STATEMENT

Review of Results

The financial results for the six months ended 30 June 2007 indicate an improvement in the profitability of the Ukraine operations following the satisfactory conclusion of the legal dispute over the validity of the production licences in December 2006. A full six months of continued production in the first half of 2007, together with new production following the hook-up of the SV-10 well in May 2007, compares very favourably to the same period in 2006 which was marred by intermittent disruption to production due to the court enforced shut-ins. Together with increased commodity prices (see below), gross profits subsequently increased from $0.8 million to $3.8 million when comparing the six month periods ending 30 June 2006 and 2007 respectively.

Turnover for the six months was $6.5 million (30-Jun-06: $4.9 million) which is attributable to gas and condensate sales in Ukraine. The average gas price achieved for the first six months of 2007 was $141.95 per 1,000 m^3 (excl. VAT) or $4.02 per mscf. This compares very favourably to average prices in the first six months of 2006 of $94.99 per 1,000 m^3 and $2.69 per mscf. The Company believes the trend of increasing gas prices appears set to continue in the coming years as Russia progressively seeks to eliminate the discount paid by Ukraine for imported gas. This will further underpin value in the Ukrainian field development operations.

The Company continues to achieve good condensate prices, although the price environment is subject to relatively high price fluctuations due to seasonal demand cycles in Ukraine (eg. the harvesting season). The average condensate sales price achieved by the Company for the six months to 30 June 2007 was $55 per barrel (excl. VAT) compared to $41 per barrel in the same period of 2006, although the above-mentioned price fluctuations meant that the Company has achieved as high as $69 per barrel in 2007 for certain condensate shipments and as low as $47 per barrel.

The loss for the period of $10.4 million (30-Jun-06: loss of $3.7 million) partially reflects an increase in activity and administration costs following the successful outcome of the legal cases in Ukraine at the end of 2006, together with share based charges accounted for in accordance with the requirements of IFRS 2 “Share Based Payments”.

Other administrative costs have increased from $5.2 million in the first six months of 2006 to $7.4 million in 2007, with the main increase in costs being an additional $1.1 million in consultancy and professional fees as the Company seeks to accelerate the development of its Ukrainian fields and find a strategic partner through a partial divestment. Other administrative charges also include a charge of $0.6 million as recognition of a future National Insurance liability on share options (30-Jun-06: no comparable charge) and a movement in foreign exchange translation losses of $1.0 million between the comparable periods in 2006 and 2007.

In accordance with IFRS 2, the Company is required to recognise the fair value of long-term equity based awards which have been granted in the current and prior periods, which are available to be exercised in the current and future periods. A charge of $7.4 million has been made for the six month period to June 2007, representing equity awards to new directors, senior managers and external service providers who have been appointed since mid 2006. Due to the volatility of the share price in the past two years, the requirements of IFRS have resulted in a large Income Statement charge for the period in which the awards were made. This charge has been verified by an independent firm specialising in the valuation of awards that fall within the scope of IFRS 2. The majority of these equity awards are expected to vest in the coming years as the directors and management continue to deliver results in line with shareholder expectations.

At the end of June 2007 the Company had cash in hand of $9.4 million and the Group had no external borrowings at that time.

At the date of this announcement the Company had cash in hand of approximately $7.5 million and has access to a further $12.0 million from a $15.0 million one-year revolving credit facility which has recently been entered into with Bank of Scotland.

The capital cash expenditure of $3.4 million (30-Jun-06: $7.3 million) represented the continued investment toward development and exploration in Romania, Egypt and Ukraine. Activity will increase significantly in the second half of 2007 as drilling commences in all three countries and this will be reflected by an increase in capital expenditure during this period when compared to the first six months.

CORPORATE ACTIVITY

Board and Senior Management Appointments

Mr Gordon Stein was appointed as Chief Financial Officer on 15 January 2007 following the resignation of Mr Roger Phillips as Finance Director.

It is anticipated that additional Directors may be appointed in the fourth quarter of 2007 and a search for new Directors has been underway since mid year.

Advisors

Mirabaud Securities Limited was appointed as joint broker in mid February 2007.

Responsibility

The Directors accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

In accordance with the guidelines of the AIM market of the London Stock Exchange, Neil Ritson BSc (Hons) Geophysics, FGS, Chief Executive Officer of Regal Petroleum plc, is the qualified person that has reviewed the technical information contained in this press release.

Definitions:

$	United States dollar
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
kms	kilometres
mmcf	million cubic feet
mscf	thousand standard cubic feet
m^3/d	cubic metres per day
mmcf/d	million cubic feet per day

TVD	true vertical depth

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Attached	Consolidated Income Statement
	Consolidated Balance Sheet
	Consolidated Cash Flow Statement
	Consolidated Statement of Recognised Income and Expenditure
	Consolidated Statement of Changes in Equity
	Notes to the Accounts
	Independent review report by the Auditors

Regal Petroleum plc

Consolidated Income Statement for the period ended 30 June 2007

	Notes	**30-Jun-07 (unaudited) $'000**	**30-June-06 (unaudited) $'000**	**31-Dec-06 (audited) $'000**
Revenue	2	**6,473**	4,861	10,811
Cost of sales		**(2,704)**	(4,086)	(8,285)
Gross profit		**3,769**	775	2,526
Ukraine settlement costs		**-**	-	(54,801)
Share based (charge)/credit	3	**(7,337)**	91	(387)
Other administrative expenses		**(7,440)**	(5,182)	(20,467)
Total administrative expenses		**(14,777)**	(5,091)	(75,655)
Other operating income		**697**	-	858
Operating loss		**(10,311)**	(4,316)	(72,271)
Impairment of financial asset		**-**	-	(43,700)
Finance revenue		**267**	679	1,182
Finance costs		**-**	(1)	(2)
Loss on ordinary activities before taxation		**(10,044)**	(3,638)	(114,791)
Tax on loss on ordinary activities		**(394)**	(32)	(489)
Loss for the financial period		**(10,438)**	(3,670)	(115,280)
Loss per ordinary share (cents)				
Basic and diluted	4	**(8.1)**	(2.9)	(89.8)

All amounts for the six months ended 30 June 2007 and 2006 relate to continuing activities.
The notes on pages 15 to 17 form part of these interim accounts.

Regal Petroleum plc

Consolidated Balance Sheet as at 30 June 2007

	30-Jun-07 (unaudited) $'000	30-June-06 (unaudited) $'000	31-Dec-06 (audited) $'000
Non-current assets			
Intangible assets	**23,711**	20,487	20,672
Property, plant and equipment	**32,168**	33,321	29,620
Financial asset	**-**	43,700	-
	55,879	97,508	50,292
Current assets			
Inventories	**63**	40	37
Trade and other receivables	**1,759**	3,515	3,368
Investments	**-**	117	-
Cash and cash equivalents	**9,440**	25,478	13,048
	11,262	29,150	16,453
Current liabilities			
Trade and other payables	**(2,601)**	(3,086)	(2,171)
Net current assets	**8,661**	26,064	14,282
Non-current liabilities			
Creditors	**(33)**	-	-
Provisions	**(1,736)**	(207)	(950)
	(1,769)	(207)	(950)
Net assets	**62,771**	123,365	63,624
Equity			
Called up share capital	**12,379**	10,934	10,934
Share premium account	**265,899**	217,640	217,640
Other reserves	**18,199**	8,294	10,598
Equity reserves	**-**	-	49,049
Profit and loss account	**(233,706)**	(113,503)	(224,597)
Total equity	**62,771**	123,365	63,624

The notes on pages 15 to 17 form part of these interim accounts.

Regal Petroleum plc

Consolidated Cash Flow Statement for the period to 30 June 2007

	Notes	30-Jun-07 (unaudited) $'000	30-June-06 (unaudited) $'000	31-Dec-06 (audited) $'000
Operating activities				
Cash generated from operations	5	**(844)**	(2,874)	(18,024)
Interest received		**263**	678	1,183
Interest paid		**-**	(1)	(2)
Taxation paid		**(274)**	(34)	(491)
Net cash used in operating activities		**(855)**	(2,231)	(17,334)
Investing activities				
Proceeds from sale of intangible fixed assets		**-**	-	4,245
Purchase of intangible assets		**(2,112)**	(4,124)	(7,966)
Purchase of property, plant and equipment		**(1,256)**	(3,168)	(1,926)
Net cash used in investing activities		**(3,368)**	(7,292)	(5,647)
Financing activities				
Funds received in connection with share options		**655**	-	80
Net cash from financing activities		**655**	-	80
Net decrease in cash and cash equivalents		**(3,568)**	(9,523)	(22,901)
Cash and cash equivalents at beginning of period		**13,048**	34,916	34,916
Effect of foreign exchange rate changes		**(40)**	202	1,149
Other non-cash movements		**-**	-	(116)
Cash and cash equivalents at end of period		**9,440**	25,595	13,048

Regal Petroleum plc

Consolidated Statement of Recognised Income and Expenditure for the six months ended 30 June 2007

	30-Jun-07 (unaudited) $'000	30-June-06 (unaudited) $'000	31-Dec-06 (audited) $'000
Loss for the financial period	**(10,438)**	(3,670)	(115,280)
Exchange differences on translation of subsidiaries and associates	**1,593**	2,312	4,285
Total recognised losses relating to the financial period	**(8,845)**	(1,358)	(110,995)

Regal Petroleum plc

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2007

	Share capital $'000	Share premium account $'000	Equity share option reserve $'000	Shares to be issued $'000	Merger reserve $'000	Capital contribution $'000	Foreign exchange reserve $'000	Profit and loss account $'000	Total $'000
Balance at 31 December 2005	10,934	217,640	1,791	-	(3,204)	7,477	9	(109,831)	124,816
Loss for the period	-	-	-	-	-	-	-	(3,670)	(3,670)
Share based credit	-	-	(91)	-	-	-	-	-	(91)
Exchange differences	-	-	-	-	-	-	2,312	-	2,312
Other	-	-	-	-	-	-	-	(2)	(2)
Balance at 30 June 2006	10,934	217,640	1,700	-	(3,204)	7,477	2,321	(113,503)	123,365
Balance at 31 December 2005	10,934	217,640	1,791	-	(3,204)	7,477	9	(109,831)	124,816
Loss for the period	-	-	-	-	-	-	-	(115,280)	(115,280)
Share based charge	-	-	387	49,049	-	-	-	-	49,436
Cost of shares vesting	-	-	-	-	-	-	-	80	80
Exchange differences	-	-	-	-	-	-	4,285	-	4,285
Transfer for options exercised or expired	-	-	(147)	-	-	-	-	147	-
Other	-	-	-	-	-	-	-	287	287
Balance at 31 December 2006	10,934	217,640	2,031	49,049	(3,204)	7,477	4,294	(224,597)	63,624
Loss for the period	-	-	-	-	-	-	-	(10,438)	(10,438)
Issued shares	1,445	48,259	-	(49,049)	-	-	-	-	655
Share based charge	-	-	7,337	-	-	-	-	-	7,337
Exchange differences	-	-	-	-	-	-	1,593	-	1,593
Transfer for options exercised	-	-	(1,329)	-	-	-	-	1,329	-
Balance at 30 June 2007	**12,379**	**265,899**	**8,039**	**-**	**(3,204)**	**7,477**	**5,887**	**(233,706)**	**62,771**

Notes forming part of the financial statements for the six months ended 30 June 2007

1 Basis of preparation

The interim financial report has been prepared using accounting policies in accordance with International Financial Reporting Standards (IFRS) for the first time.

The same accounting policies and methods of computation are followed in the interim financial report as published by the Company on 19 September 2007 in its IFRS transition document which is available on the Company's website at www.regalpetroleum.co.uk. That document sets out Regal's preliminary comparative 2006 financial information for the year ended 31 December 2006 and the six months ended 30 June 2006, restated under IFRS in US dollars, including reconciliations of the consolidated income statements, consolidated balance sheets and consolidated cash flow statements between UK GAAP and IFRS. The document additionally sets out the Group's balance sheet under IFRS at the transition date of 1 January 2006, including a reconciliation to the UK GAAP balance sheet at that date.

The interim financial information for the six months ended 30 June 2007 and 30 June 2006 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The auditors have carried out a review of the interim financial information for these periods and their report is shown in page 18.

The information for the year ended 31 December 2006 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was qualified arising from a limitation in scope in respect of their comparatives.

2 Revenue

Turnover represents amounts invoiced in respect of sales of oil and gas exclusive of indirect taxes and excise duties and is recognised on delivery of product.

3 Share based (charge)/credit

	30-Jun-07 (unaudited) $'000	30-June-06 (unaudited) $'000	31-Dec-06 (audited) $'000
Share based (charge)/credit	**(7,337)**	91	(387)

The current period share based charge relates to equity awards to new directors, senior managers and external service providers who have been appointed since mid 2006. This charge has been verified by an independent firm specialising in the valuation of awards that are within the scope of IFRS 2.

All share based awards of the Group to date have been equity settled as defined by IFRS 2 Share based payments, therefore there has been no adverse cash impact to the Company arising from these charges. The fair value of these awards has been determined at the date of grant of the award allowing for the effect of any market-based performance conditions. The fair value, adjusted by the Group's estimate of the number of awards that will eventually vest as a result of non-market conditions, is expensed uniformly over the vesting period.

The fair values were calculated using a binomial option pricing model with suitable modifications to allow for employee turnover after vesting and early exercise. Where necessary this model was supplemented with a Monte Carlo model. The inputs to the model include: the share price at date of grant; exercise price; expected volatility; expected dividends; risk free rate of interest; and patterns of exercise of the plan participants.

4 Loss per ordinary share

The calculation of basic loss per ordinary share has been based on the loss for the period and 129,608,291 ordinary shares, being the average number of shares in issue for the period to 30 June 2007.

Regal Petroleum plc

Notes forming part of the financial statements for the six months ended 30 June 2007

5 Reconciliation of operating loss to operating cash flow

	30-Jun-07 (unaudited) $'000	30-June-06 (unaudited) $'000	31-Dec-06 (audited) $'000
Operating loss	(10,311)	(4,316)	(72,271)
Depreciation, amortisation and impairment charges	549	437	2,943
Exchange differences	54	(247)	(388)
Movement in provisions	786	11	754
(Increase)/decrease in inventories	(26)	(2)	1
Decrease in debtors	468	1,669	1,580
Increase/(decrease) in creditors	299	(335)	(195)
Current asset investment	-	-	116
Share option charge/(credit)	7,337	(91)	387
Exceptional share based charge	-	-	49,049
Net cash generated from operations	(844)	(2,874)	(18,024)

INDEPENDENT REVIEW REPORT BY THE AUDITORS
TO REGAL PETROLUM PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 June 2007 set out on pages 10 to 17 which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of recognised income and expenditure, consolidated statement of changes in equity, consolidated cash flow statement and related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules which require that the half-yearly report must be presented and prepared in a form consistent with that which will be adopted in the AIM company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulleting 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express and audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

UHY Hacker Young LLP
Chartered Accountants
London

26 September 2007