RNS Number : 5707E
Reabold Resources PLC
31 October 2022

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Reabold Resources plc

("Reabold" or the "Company")

Posting of Circular and Notice of Requisitioned General Meeting

As announced on 17 October 2022, Reabold received a requisition letter (the "Requisition Letter") from Pershing Nominees Limited, which owns approximately 6.93% of the Company's issued share capital on behalf of five beneficial shareholders, requesting the Board to convene a general meeting under section 303 of the Companies Act 2006 to consider resolutions which, taken together, remove the entire current board of directors and replace them with four new directors of their own choosing.

Accordingly, the Company is today posting a circular to Shareholders (the "Circular") in response to the Requisition Letter and a Notice of General Meeting (the "Notice") convening the requisitioned General Meeting for Shareholders which is to be held at 8th Floor, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW at 10.00 a.m. on 16 November 2022.

The Board Unanimously Recommends Shareholders VOTE AGAINST ALL Resolutions for, *inter alia*, the following reasons:

1. The Requisitioning Shareholders are opportunistically trying to gain control of Reabold, its operational asset base and its cash without paying a control premium.

2. The Board believes that the Requisitioning Shareholders interests are not aligned with the Company or its wider Shareholders. They are acting in a self-serving manner.

3. The Requisitioning Shareholders are seeking to replace the Board in its entirety without outlining any form of alternative strategy to ensure value for Shareholders.

4. Reabold has delivered on its investment strategy to date and has a plan to maximise value for all shareholders in the future. The Company intends to make a distribution to Shareholders of £4 million and planned replication of Corallian success to enable future distributions.

5. The track record of two of the Proposed Directors includes examples of significant value destruction at listed resource companies where they acted as directors. The other two Proposed Directors have no public company director experience that we are aware of.

6. Should the Requisitioning Shareholders be successful in removing the currently QCA Code compliant board structure, the corporate governance of Reabold could be jeopardised.

7. The Requisition has caused serious and extremely unwelcomed disruption and expense to the Board, the Company and its Shareholders.

A statement from the Board of Reabold:

"It is the Board's view that the requisitioned general meeting is an opportunistic attempt to seize control of the Company and its assets without paying a control premium to all shareholders, particularly as the requisition to replace the Board was received less than two weeks following the agreed terms of sale of Corallian to Shell for which Reabold will receive £12.7 million. The Company believes that a portion of the £12.7 million cash receivable by the Company from the sale of Corallian should be returned to Shareholders and we are today stating our intent to distribute £4 million to Shareholders upon receipt of the second tranche of funds from Shell. The mechanism of this distribution will be determined following due consultation with our Shareholders.

Of significant concern to the Company is the fact that the neither the Requisitioning Shareholders nor the Proposed Directors have outlined a strategy for Reabold. The current management team, with the oversight of the board, has created Reabold's portfolio since joining the Board in 2017, and the Proposed Directors have not articulated how they would create value for Shareholders.

We continue to develop our portfolio of assets, and over the next twelve months we expect to see the results from the Pensacola well, the results of which will be key for the adjacent licence that we are acquiring, the farming out of our Reabold North Sea portfolio, and the drilling of the first horizontal well at West Newton. The current management team has significant knowledge of these assets and how best to extract value from them. Replacing the Board of Reabold with Proposed Directors that do not possess the same level of experience and understanding could significantly derail the development of these assets at a crucial time for the Company and its shareholders."

Extracts from the Circular are available below. A copy of the Circular and Notice will shortly be made available to view at www.reabold.com

Capitalised terms used herein but not otherwise defined shall have the same meaning given to them in the Circular being posted to shareholders today.

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LETTER FROM THE CHAIRMAN

REABOLD RESOURCES PLC

Directors:

Jeremy Samuel Edelman
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EC2A 2EW

31 October 2022

Dear Shareholder,

NOTICE OF REQUISITIONED GENERAL MEETING

The Board considers the resolutions proposed by Pershing Nominees Limited, on behalf of the Requisitioning Shareholders, to be an opportunistic attempt to gain control of YOUR company without paying a control premium

The Board recommends Shareholders VOTE AGAINST ALL the Resolutions at the General Meeting

1. Introduction

As announced by the Company on 20 October 2022, Reabold received a requisition letter (the "**Requisition Letter**") from Pershing Nominees Limited ("**Pershing**"), on behalf of Stephen Pycroft, Napsbury Holdings Ltd, Raglan Road Capital Limited, B Kerr & Keltbray Ltd and K Lagan/M Lagan & Furbs (the "**Requisitioning Shareholders**"), pursuant to section 303 of the Companies Act, requesting the Board to convene a general meeting of Shareholders.

The Resolutions to be put to Shareholders at the General Meeting comprise the removal of all six of the existing Directors of the Company, the removal of any director appointed to the Company

subsequent to the date of the Requisition Letter, and the appointment of four new directors proposed by the Requisitioning Shareholders.

The Board believes that the Requisitioning Shareholders are seeking to gain control of your Company without paying a control premium or providing any detail on its strategy for Reabold. The Board also believes that the Proposed Directors are not appropriate for the Company and include individuals with a track record of value destruction as public company board directors in some instances, or no public board experience that we are aware of.

The purpose of this letter is to provide Shareholders with details of the Resolutions, and explain why the Board strongly believes that these Resolutions are not in the best interests of the Company. The Board unanimously recommends that you **VOTE AGAINST ALL** the Resolutions.

PLEASE DO NOT ABSTAIN FROM VOTING - YOUR VOTE IS NEEDED

A statement from the Board of Reabold:

"The Board has provided the oversight of and support to the current management team which, it believes, over the last five years, has created a portfolio of exciting high impact strategically valuable upstream oil and gas assets, essentially from scratch, during a turbulent time for the sector. The team is now harvesting value from the portfolio while concurrently strengthening it, leaving the Company very well positioned, particularly given the critical need for security of supply of energy in Europe. This valuable portfolio, and the strong position of the Company means that, in the Board's view, the Requisitioning Shareholders are opportunistically seeking to gain control of Reabold, its operational asset base and its cash without paying a control premium to Shareholders. The Board believes that the Requisition has deliberately been timed so that the Requisitioning Shareholders through the Proposed Directors can be in control of the Company at the time of the cash receipts from the sale of Corallian to Shell, should the Resolutions be duly passed.

"It is our belief that a portion of the £12.7 million cash receivable by the Company from the sale of Corallian should be returned to Shareholders and we are today stating our intention to distribute £4 million to Shareholders upon receipt of the second tranche of funds from Shell. The mechanism of this distribution will be determined following due consultation with our Shareholders.

"In the Board's experience, the Proposed Directors, Kamran Sattar and Cathal Friel, have conflicts of interest that are incompatible with being a director of your company. Specifically, Kamran Sattar previously approached Corallian attempting to acquire Corallian's non-Victory licences for £500,000 after Corallian had agreed to sell these assets to Reabold for £250,000. This would have deprived Reabold shareholders of the value we expect to create from these assets. Furthermore, Kamran Sattar, and Cathal Friel (through Raglan Road Capital Limited), have used their ownership of convertible loan notes in Corallian to attempt to enforce legal claims that the Board believes jeopardised the sale of Corallian to Shell and, in doing so, potentially also damaging Reabold's reputation as a credible counterparty.

*"We highlight that two of the Proposed Directors have a track record of significant value destruction as public natural resource company directors and that the other two Proposed Directors have no public company director experience at all that we are aware of. Of particular concern to the Board, is that the Proposed Directors have not set out **any** form of strategy to run the Company or outlined how they plan to create value for Shareholders. The Board is concerned that the Proposed Directors may*

attempt to act in a way for the benefit of the Requisitioning Shareholders given their significant conflicts of interest.

"Prior to the appointment of the current management team, Reabold had no significant assets. Over the course of the last five years, the Board believes that this management team has built up a highly attractive portfolio of oil and gas assets, has demonstrated its ability to monetise these at the right time and is positioned to deliver significant value to Shareholders in the future - your current Board is best positioned to deliver this."

The Board Recommends that Shareholders VOTE AGAINST ALL Resolutions at the General Meeting

The Board believes that the Resolutions being proposed at the General Meeting to be held at 10.00 a.m. on 17 November 2022 at 8th Floor, The Broadgate Tower, 20 Primrose Street, London, EC2A 2EW requisitioned by Pershing on behalf of the Requisitioning Shareholders are **NOT** in the best interests of the Company and Shareholders as a whole and unanimously recommends that you **VOTE AGAINST ALL** of the Resolutions at the General Meeting.

2. Reasons why the Board recommends you VOTE AGAINST ALL the Resolutions

a. The Requisitioning Shareholders are opportunistically seeking to gain control of Reabold, its operational asset base and its cash without paying a control premium to Shareholders

In line with its duties, the Board would consider any reasonable *bona fide* offer for the Company by the Requisitioning Shareholders, but the Board will not cede control of the Company without ALL Shareholders being paid an appropriate control premium. The Board believes that the timing of this action is opportunistically linked to the £12.7m cash which is due from the sale of the Company's Corallian assets to Shell.

b. Certain of the Proposed Directors are not aligned with the Company or its Shareholders and we believe are acting in a self-serving and conflicting manner

On 5 October 2022, the Company announced the successful sale of Corallian to Shell for £32m gross proceeds. As part of the sale of Corallian to Shell, Reabold acquired six attractive appraisal licences from Corallian (the "**North Sea Assets**"), excluding the Victory asset, for £250,000. The Board believes that the Requisitioning Shareholders wanted control of the North Sea Assets. After Reabold announced its acquisition of the North Sea Assets on 4 May 2022, Kamran Sattar, one of the Proposed Directors, sought to circumvent Reabold's acquisition of the North Sea Assets by offering Corallian £500,000 for these same assets. It is the Board's view that ALL Shareholders should benefit from the value of these assets not just the Requisitioning Shareholders and the Board fears that, if the Requisitioning Shareholders gained control of the Company, the Proposed Directors may continue to behave in a way that benefits their own position to the detriment of the Company and the Shareholders. Such action, in turn, may lead to serious corporate governance deficiencies, which could ultimately jeopardise the Company's suitability for admission to trading on AIM.

Finally, Kamran Sattar, and Cathal Friel (through Raglan Road Capital Limited), each of whom is a Proposed Director, have used their ownership of convertible loan notes in Corallian to attempt a legal challenge that the Board believes jeopardised the sale of Corallian. Specifically, their claim

implied that the conversion price of the Corallian convertible loan should be £1.50 rather than £3.20 (plus accrued interest) per Corallian share. This claim could have resulted in the sale of Corallian to Shell not proceeding and therefore the Company and the Shareholders not realising the benefits of the successful monetisation of Reabold's interest in Corallian.

The Board believes that the relationship established by the existing Board with Shell will be beneficial to the Company in the medium to long term, and believes the convertible loan note challenge by Kamran Sattar, if successful, would have undermined Reabold's reputation as a trustworthy and credible counterparty in future transactions. If the Proposed Directors' actions described above were successful it would have prevented Reabold from selling Corallian to Shell and would have left Reabold unfunded for drilling at West Newton next year, and of course unable to make the intended distribution to Shareholders.

c. The Requisitioning Shareholders have not set out a strategy for the Company

The Board notes with alarm that the Requisitioning Shareholders are seeking to replace the Board in its entirety without outlining an alternative strategy for the Company to Shareholders. The Requisitioning Shareholders and the Proposed Directors do not have access to significant non-public technical data on Reabold's assets and have not identified how they plan to run the assets to ensure value generation is achieved for Shareholders.

d. Despite the criticism from the Proposed Directors, the Company has delivered on its investment strategy and has achieved a number of value enhancing deals since 2017. Reabold has a strict investment criteria which has enabled the Reabold management team and Board to build, in its view, a meaningful and growing portfolio of near-term, high growth energy projects

Reabold's strategy has been to identify low technical risk projects, which can be progressed with a relatively modest amount of capital such that the Company can take the asset to the point of monetisation/value realisation. Reabold can use the proceeds generated from monetisation to reinvest in progressing and growing the portfolio as well as providing a distribution to Shareholders.

Corallian was recently sold for £32m (which was significantly above book value), with £12.7m net to Reabold, and Reabold acquiring Corallian's remaining six licences for a total consideration of £250,000, whilst it invested only £7.5 million (net) across the entire Corallian portfolio. The sale is proof of the business model and strategy, achieving monetisation of investments giving the Company financial flexibility to make a distribution to Shareholders and progress the strategy from a re-capitalised footing, which is now being disrupted by the Requisition.

The Company has also built a 56% economic ownership of its West Newton asset which has the potential to be one of the largest UK conventional onshore oil and gas discovery with gross 2C unrisked recoverable resource of 197.6 bcf of sales gas. The Company has built a 42% stake in Daybreak California and a 50.8% stake in Danube Petroleum in Romania. The Company established Reabold North Sea which has a number of prospective licenses in the North Sea and a farmout process is underway for these licences.

The Company is also acquiring the P2332 licence where it will be partnered with Shell (operator) and, we believe, is set to benefit from the soon to be drilled Pensacola prospect on the adjacent

licence, also operated by Shell.

Historically the Company has been active in respect of drilling its portfolio.

In addition, the Company has undertaken a number of corporate transactions to facilitate monetisation of assets, including the sale of Corallian to Shell and the completion of the merger between Reabold California and Daybreak, exchanging Reabold's California position for shares in Daybreak.

Finally, the Company has stated its intention to distribute £4 million to Shareholders upon receipt of the second tranche of funds from Shell, the mechanism of which is to be determined upon consultation with Shareholders. The Board's strategy is to replicate its success with Victory and make considerable further distributions from future monetisation events.

e. Two of the Proposed Directors have a track record of significant value destruction at public natural resource companies as directors, and the remaining two Proposed Directors have no public company director experience at all that the Board is aware of

John McGoldrick was Chairman of Caza Oil & Gas from 2007 to December 2015 and over his tenure the share price fell 99.4%. before the company delisted and became a private entity in May 2016.

Given that Cathal Friel was not a director at Cove Energy plc, Touchstone Exploration Inc. and Rockrose Energy Limited, the Directors believe that the success of these companies does not enhance his suitability as a proposed director for Reabold. Cathal Friel was however executive chairman of Fastnet Oil & Gas from 2012 to 2016, over which time it saw a 74.1% fall in share price, before transitioning from an oil and gas company to become a biotechnology company. Furthermore, following Cathal Friel's appointment as executive chairman of Fastnet Oil & Gas the share price decreased by 90.4% from its peak to the date of his resignation.

We also note that the Board has been unable to find any UK public company director experience for Kamran Sattar or Francesca Yardley.

f. Kamran Sattar personally, and Portillion, the company in which he is a director and chief executive, have failed in their obligation to make relevant regulatory filings to the U.S. SEC in relation to their ownership in Daybreak based on publicly available information

Section 13(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), requires any person who acquires direct or indirect beneficial ownership of more than 5% of an outstanding class of an equity security of a reporting company, such as Daybreak to file a report containing certain information with the SEC within ten calendar days of becoming the beneficial owner of such security. The failure to file such a report is a violation of Section 13(d) of the Exchange Act. Under Section 21 of the Exchange Act, the SEC can seek injunctions or cease and desist orders against beneficial owners enjoining them from any future violations of Section 13(d) or money penalties. Daybreak's proxy statement filed with the SEC on July 1, 2022 reports, under the section titled "Security Ownership of Certain Beneficial Owners and Management", a 33% beneficial ownership in the common stock of Daybreak attributed to Portillion and a 7% beneficial ownership in the common stock of Daybreak attributed to Kamran Sattar, in his individual capacity. Based on publicly available information as at the Last Practicable Date, neither Portillion nor Kamran Sattar had complied with its or his obligation to file the necessary beneficial ownership report with the SEC. Such potential violations of a Proposed Director are highly incompatible with the highest levels of corporate governance you should expect from your Board.

g. Should the Requisitioning Shareholders be successful in removing the entire existing Board, which is currently compliant with the QCA Code's guidelines, the corporate governance of Reabold would be jeopardised

The existing Board comprises two executive directors and four non-executive directors, two of which are considered to be independent, which provides the Company with a balanced board, a strong level of independence and appropriate executive function, which is supported by a non-board Chief Financial Officer. Indeed, the Board is committed to achieving high levels of corporate governance as set out in detail in its annual corporate governance statement which is available on the Company's website.

Should all the Resolutions be duly passed, the Board expects that Reabold's standards of corporate governance would be hampered. It is noted that the Requisition Letter did not advise whether each of the Proposed Directors would assume an executive or non-executive directorship role at the Company. Accordingly, it cannot be assessed how the proposed Resolutions would affect the Board's structure, efficacy and compliance with the QCA Code.

AIM-quoted companies are required to either comply with a recognised corporate governance code or explain why they are not fully complying. The Company currently complies with the QCA Code's 10 principles.

The QCA Code assigns great responsibilities to the board of directors. The QCA Code contains a list of requirements, these include that a board should have a clear view on a company's purpose and strategy, that a board understand the needs of its stakeholders, that a board identify risks facing the company, and that a board be comprised of at least two independent non-executive directors. The Company's governance structure could be harmed if the proposed Resolutions were passed, and we do not believe that this is in the best interest of the Company or its Shareholders. Furthermore, pursuant to the AIM Rules for Companies, the Company's nominated adviser continually assesses the suitability of the Board and, should it consider the Board to be unsuitable for an AIM-quoted company, it may be forced to consider its position as nominated adviser to the Company, thereby jeopardising the Company's admission to trading on AIM.

It should also be noted that a significant conflict of interest would arise should Kamran Sattar be appointed to the Board as he represents the other major shareholder in Daybreak where his investment company, Portillion and Kamran Sattar personally, have a 40% holding. As a result, he may be conflicted and could potentially have competing interests to those of the Shareholders. The Board considers this unacceptable.

It is not clear to the Board whether any of the Proposed Directors would be deemed to be independent directors. Mr Sattar and Mr Friel's independence status is in question as both have aforementioned conflicts of interest. The relationship the Requisitioning Shareholders have with Ms Yardley and Mr McGoldrick is not clear and it is possible that, if each of the nominees are elected, the Board could have insufficient independence and thus breach the QCA Code.

The Board questions the Requisitioning Shareholders' intention for the Company going forward given that no strategy has been made available. Given this and the Requisitioning Shareholders' previous actions, including seeking to acquire certain of Reabold's assets, the Board is concerned that the Requisitioning Shareholders would circumvent sound corporate governance practices and act in a manner that maximises value for themselves rather than for the benefit of ALL Shareholders. Whereas, the current Board has pursued its publicly disclosed strategy and achieved a recent monetisation of its interest in Corallian, of which ALL Shareholders will receive a portion.

h. The requisition has caused serious, time-consuming disruption and expense to the Board, the Company and its Shareholders

Whilst the Board is confident that its position - that the Requisition Letter is invalid pursuant to the Companies Act - is correct, the Board wishes to avoid any costly and protracted court process that might follow if it were to challenge the Requisition Letter's validity through formal legal channels. The Board wishes to continue operating in an open and transparent manner and, accordingly, the Board has decided to call the General Meeting to allow Shareholders to vote on the Resolutions proposed and with the hope of drawing a line under the actions of the Requestioning Shareholders and allowing the Company to fully focus on its operational priorities.

Reabold is an investing company with a portfolio of upstream oil and gas projects and therefore is not focused on revenue generation, instead seeking to develop through asset value appreciation and monetisation. As noted in this document, the Company seeks to keep its costs to a minimum and the time spent and costs incurred as a result of the Requisition, including the nature of it being legally invalid will hinder the Company's working capital position and ultimately its net asset value, which is intrinsically linked to Reabold's share price.

3. Why the criticism of the Board by the Requisitioning Shareholders and Proposed Directors should be dismissed out of hand

In various letters and exclusive press briefings, the Board notes a plethora of criticism and allegations by the Requisitioning Shareholders and Proposed Directors. Set out as follows is the Board's response to various of these allegations.

Allegation

"The conditional sale of Corallian Energy; having expected a significantly higher valuation."

Response

Reabold never guided to a sales price for Corallian, and therefore to talk about expectations of a higher price is considered to be misleading. The sale of Corallian was achieved as a result of an extremely thorough process run over several months which fully tested the market, and the best offer was accepted and subsequently the deal successfully executed. According to our analysis, the sale price is more than 50% higher than trading values of North Sea peer companies with similar undeveloped assets, and c.30% higher than comparable North Sea transactions for undeveloped assets. This was despite selling into a crowded market, with many competing asset packages for sale in the North Sea.

The £32m gross (£12.7m net to Reabold) value of Corallian is a part of the return on the £7.5m invested across Corallian's previously held seven assets of which Reabold retains six (which the Requisitioning Shareholders tried to buy to the detriment of all other Reabold Shareholders). Reinvestment of some of the net sale proceeds will enable the Company to progress its strategy and assets to generate even greater returns. The Company successfully monetised its investment in Corallian and intends to continue to follow its strategy to facilitate additional profitable exits and distributions to Shareholders.

The Requisitioning Shareholders attempted to prevent Reabold retaining ownership of the six non-Victory Corallian licences and even attempted to circumvent Reabold acquiring these assets by offering £500,000 (a 100% premium to the acquisition price achieved by your Board) to Corallian for the assets.

Allegation

"The lacklustre results of UK onshore licence PEDL 183 (West Newton)."

Response

It is the Board's opinion that due to the substantial progress at West Newton since the Company invested, with two wells drilled and tested and with a third well due in 2023, this is not factually correct. The recent CPR, commissioned by Rathlin Energy (UK) Limited and undertaken by RPS Energy Canada Ltd, published on 27 September 2022 estimates West Newton has gross 2C unrisked recoverable resource of 197.6 bcf of sales gas, at an 86% geological chance of success, which underpins the strong commercial and economic case, and additional gross 2U unrisked prospective resource of 363.7 bcf of sales gas at a 43% geological chance of success. Extensive work has been done by, *inter alia*, Applied Petroleum Technology, CoreLab N.V. and RPS Group to model flow potential from West Newton wells and inform the drilling and completion method to achieve good well productivity. There has also been engagement ongoing with various regulatory bodies including to secure planning permission for drilling further wells at West Newton. The future, the Board believes, augers well for West Newton and it is confident in the ability of the management team to carry the project forward.

Allegation

"The current board having failed to capitalise on the downtrend in oil prices to acquire producing assets to secure the future of the business."

Response

Buying and operating producing assets is not part of the Company's strategy nor business model which has been continuously articulated to and supported by Shareholders. The Board does not know if acquiring producing assets would be part of the strategy of the Requisitioning Shareholders as they have not set out a strategy.

Allegation

"The Company's share price, and ultimately Shareholders, have suffered and will continue to suffer given the Board's failings and a new board of directors is recommended to advance the Company."

Response

The Board believes that the value of the portfolio of the Company has continued to grow. The Board is considering the mechanisms available to it for the intended £4 million distribution it will make to Shareholders on receipt of the net proceeds from the sale of Corallian to Shell. The Company had a cash balance of £3.6 million at the date of the last published accounts. The

Company expects to receive £3.2 million in cash in Q4 2022 at completion of the sale of Corallian to Shell (first tranche), and a further £9.5 million in cash (second tranche) is expected in 2023. The Company has c. £4m of reserves available to facilitate a distribution.

This is an evolution of the business model and the Board will consider how to return value to Shareholders from other future sales in consultation with Shareholders.

Allegation

"A change in the board and direction of the Company is needed NOW to significantly reduce the Company's general and administrative expenses."

Response

The Board believes that the Company's general and administrative expenses, which are expected to be approximately £1.5 million for the current financial year are amongst the lowest of its London listed peers.

Allegation

"A change in the board and direction of the Company is needed NOW to align the Company's senior management with stakeholders by appointing directors with meaningful stakes in the Company."

Response

The Board believes that the Proposed Directors are not at all aligned with Shareholders, are driven by an intention to gain control of Reabold and have multiple conflicts of interest. The directors of Reabold own a combined total of 3.11% of the Company's issued share capital and are completely aligned with the interest of ALL Shareholders, not just a select few. Based on the shareholder analysis available to the Company on 8 August 2022, Cathal Friel, through Raglan Road Capital Limited owns 69,905,100 shares in Reabold and Kamran Sattar owns 97,569,778 shares, which combined represents 1.87% of the outstanding shares in Reabold. We do not believe that the other Proposed Directors have any meaningful holding in the Company as at that date.

Allegation

"A change in the board and direction of the Company is needed NOW to pursue funding initiatives to accelerate and maximise monetisation of the Company's assets."

Response

The Company is well funded with the first tranche of the net proceeds of the Corallian sale due shortly. The Board is highly concerned about what this allegation actually means for the Requisitioning Shareholders' strategy, which has not been outlined, and could mean an imminent fundraising which the Board does not consider to be appropriate.

Allegation

"It is unacceptable to have joint chief executive officers."

Response

The management team consists of only three people (two CEOs and a CFO) and through these three positions, all functions of the business are covered. Sachin and Stephen provide complimentary and broad skill sets ranging across technical understanding of the asset base, business development, M&A, financial management, strategy and stakeholder engagement, as well as the day to day running of the business. A number of similar listed companies have larger management teams carrying out these activities, whilst Reabold has always maintained a focus on being as lean as possible, and only took on a full time CFO this year. Managing an asset base like the one within the Reabold portfolio, as well as driving forward new investments and projects, requires a significant amount of skill, experience and effort. The Board considers the team to match these demanding requirements. The fact that Sachin and Stephen are both CEO in name reflects the collaborative nature of decision making within Reabold. Out of this comes the innovative approach that Reabold has taken to building a business, and a huge amount has been achieved in a relatively short period of time.

Allegation

"Both CEOs, Sachin Oza and Stephen Williams, have significant conflicts of interest, holding board positions in associated companies and drawing an income from these roles."

Response

The Board believes that this statement is incorrect. The Board does not believe that these are conflicting interests as Sachin Oza and Stephen Williams are on these boards as Reabold's representatives, which is a key aspect of the oversight Reabold maintains on its investments. Sachin Oza sits on the Corallian board of directors and declined to take a director fee. The modest fee he could have received which is in line with the other directors is paid to Reabold instead of Sachin himself. Stephen Williams is a director of Rathlin Energy (UK) Limited and Danube Petroleum Limited and declined to take a director fee in both cases. The modest fees he could receive which is in line with the other directors of these companies is paid to Reabold instead of Stephen.

Allegation

"Additionally, given the recent sale process, the Corallian directors will be issued significant incentive bonuses. This significantly reduces the size of the cash that will be distributed to the Reabold shareholders. This incentive structure brings about inherent conflicts of interest questions, most notably the potential for the Directors to be more focussed on maximising their bonuses rather than representing the best interests of shareholders."

Response

The Board believes that this statement is incorrect. There is a significant incentive package for Corallian management, which does not include Sachin Oza as a non-executive director of Corallian, who receives no incentive bonus nor any personal remuneration at all. The Corallian management has taken very limited cash fees in return for their share options; a decision which was made to reduce the cash funding requirement of Corallian and therefore Reabold.

Allegation

"Administrative expenses are excessive, particularly the directors' fees which represent a significant cash drain on the business and ongoing liability, and the concurrent lack of meaningful transactional activity and results is alarming."

Response

The Board believes that the Company's general and administrative expenses, which are expected to be approximately £1.5 million for the current financial year are amongst the lowest of its London listed peers. Regarding executive remuneration, Reabold has a remuneration committee chaired by a senior independent non-executive director in line with the QCA Code. Reabold's executive remuneration is benchmarked by the remuneration committee. The executive directors did not take a pay rise in 2022 despite the inflationary environment.

Allegation

"We do not believe the board can execute a successful strategy. We believe the conservation of capital is critical and urge shareholders to appoint a newly constituted board to execute a strategy which is in the best interests of all stakeholders."

Response

Reabold's strategy has been to identify low technical risk projects, which can be progressed with a relatively modest amount of capital such that the Company can take the asset to the point of monetisation / value realisation. Reabold can use the proceeds generated from monetisation to reinvest in progressing and growing the portfolio as well as providing a distribution to Shareholders.

Corallian was recently sold (for its Victory asset) for £32m (at significantly above book value), £12.7m net to Reabold, whilst Reabold retained all of the remaining Corallian licences for a consideration of £250,000. The sale is proof of the Board's business model and strategy, achieving monetisation of investments giving the Company financial flexibility in which it could make a distribution to Shareholders and progress the strategy from a re-capitalised footing, which is now being disrupted by the Requisition.

The Company has also built a 56% economic ownership of West Newton which has the potential to be the largest UK conventional onshore oil and gas discovery since the 1970s.

Reabold has built a 50.8% equity interest in Danube Petroleum Romania and established Reabold North Sea which has highly prospective licences in the North Sea.

We are also acquiring the P2332 licence where we will be partnered with Shell (operator) and set to benefit from the soon to be drilled Pensacola prospect on the adjacent licence also operated by Shell.

Reabold has completed a number of corporate transactions to facilitate monetisation of assets, including the sale of Corallian to Shell and completion of the merger with Reabold California and

Daybreak, a U.S. listed company exchanging Reabold's California position for shares in Daybreak, such that Reabold has a 42% interest in Daybreak.

Finally, we intend to make a £4 million distribution of cash to Shareholders upon receipt of the second tranche of funds from Shell, the mechanism of which is to be determined upon consultation with Shareholders.

The Board believes the next 12 months could prove to be an exciting time for Reabold and its Shareholders. The Board expects to see the results from the Pensacola well, future drilling on the North Sea portfolio following the farmout process, and of course the drilling of the first horizontal well at West Newton. The board has worked hard to build the portfolio that is able to deliver this hugely exciting programme, and we look forward to taking all of our Shareholders on that journey with us. We are also delighted to be able to reward Shareholders with our intended maiden distribution next year, and believe that many more will be forthcoming as the rest of the portfolio matures.

4. Action to be taken by Shareholders

Shareholders will find enclosed with this letter a Form of Proxy for use at the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at Neville Registrars Limited, by email to info@nevilleregistrars.co.uk, by post or by hand (during normal business hours and by appointment only) at the following address: Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible and in any event not later than 10:00 a.m. on 15 November 2022.

Shareholders who hold their shares through CREST and who wish to appoint a proxy for the General Meeting or any adjournment(s) thereof may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Proxies submitted via CREST must be received by the Registrar by no later than 10:00 a.m. on 15 November 2022.

5. Recommendation

The Board Recommends Shareholders VOTE AGAINST ALL Resolutions at the General Meeting

For the reasons noted above, the Board unanimously consider that the Resolutions are not in the best interests of the Company. The Directors will be voting against the Resolutions in respect of their own beneficial holdings. The Directors hold 277,345,463 ordinary shares in aggregate, representing approximately 3.11% of the issued share capital of the Company as at the Last Practicable Date. The Board therefore strongly recommends that Shareholders **VOTE AGAINST ALL** the Resolutions being proposed at the General Meeting.

6. Due diligence on Proposed Directors

Any appointments to the board of an AIM company are subject to the satisfactory completion of regulatory due diligence and appropriateness checks by the Company's Nominated Adviser, which

require the provision of relevant documentation from any proposed director. None of the Proposed Directors put forward as part of the Requisition has been subject to full due diligence, or been approved by Strand Hanson, the Company's Nominated Adviser. Strand Hanson has commenced this process in line with its requirements under the AIM Rules for Companies and the AIM Rules for Nominated Advisers. Strand Hanson has not yet received from the Proposed Directors all the requisite information required to undertake its due diligence process.

Should the outstanding information requested from the Proposed Directors not be provided within a sufficient period to allow Strand Hanson to make an informed assessment of the proposed appointees by the time of the General Meeting, including engaging external third party due diligence reports to be commissioned (as required), or should Strand Hanson determine that any of the Proposed Directors are not suitable to act as directors of the Company, Strand Hanson may be forced to consider its position as nominated adviser to the Company. In the event that Strand Hanson were to resign as nominated adviser, the Company's ordinary shares would be suspended from trading immediately and, in accordance with AIM Rule 1, the Company would then have one month to replace Strand Hanson as nominated adviser, failing which the Company's admission to trading on AIM would be cancelled.

Yours faithfully

Jeremy Edelman
Chairman

For any shareholder questions to the Company in relation to the information in this document, please use the following contact details:

Telephone: +44 (0) 20 3781 8331
Email: reabold@camarco.co.uk

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