RNS Number : 5622W
Reabold Resources PLC
13 December 2023

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Reabold Resources plc

("Reabold" or the "Company")

Publication of Circular and Notice of Requisitioned General Meeting

As announced on 22 November 2023, Reabold received a Requisition Notice (the "Requisition Notice") from Pershing Nominees Limited ("Pershing"), which owns approximately 7.79% of the Company's issued share capital on behalf of thirteen beneficial shareholders (the "Requisitioning Shareholders"), requesting the Board to convene a general meeting under section 303 of the Companies Act 2006 as amended ("Act"), 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 has today published 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 10:00am on 10 January 2023.

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.

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

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

2. The Board believes that the motives of the Requisitioning Shareholders cannot be trusted and the Board has multiple examples of Kamran Sattar attempting to extract value from Shareholders for self-serving gains.

3. The Requisitioning Shareholders have conducted themselves in a manner that the Board considers to be unprofessional, and the Board condemns the decision to force the Company to commit further valuable time and resources to yet another proxy battle.

4. The Board believes this second requisition for a general meeting is vexatious in nature and serves only to disrupt and impede the Board and Reabold.

5. The Board finds it concerning that the Requisitioning Shareholders have not proposed a clear strategy for Reabold and its assets.

6. The Board is concerned that there is a potential conflict of interest with respect to the proposed CEO, Andrea Cattaneo (who is the current CEO & President of Zenith Energy) and another Proposed Director, José Ramón López-Portillo Romano (the current Chairman of Zenith Energy). Zenith Energy is listed on the Main Market of the London Stock Exchange and is a competitor of Reabold.

7. The Requisitioning Shareholders state that they are dissatisfied with the Company's strategy, yet in previous communications with the Company, Kamran Sattar communicated his alignment with the strategy, and his desire to publish a joint statement of support for the Board on 12 October 2023.

8. The Board believes the Requisitioning Shareholders have proved that they are not aligned with ALL Shareholders and has evidence that they want control of the Company and its assets and are acting in a self-serving manner.

9. 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 standards of Reabold would be

jeopardised.

A statement from the Board of Reabold:

"It is the Board's view that the requisitioned general meeting is an opportunistic attempt to, once again, seize control of the Company and its assets without paying a control premium to all shareholders.

"The Board believes the motives of the Requisitioning Shareholders cannot be trusted and that the timing of the Requisition Letter is not coincidental; it is in fact opportunistic. The first requisition coincided with the first tranche payment due from Shell for the sale of Corallian. This second requisition coincides with the subsequent £5.2 million received from Shell on 5 December 2023 and £4.4 million expected in the coming months. The timing is such that the Proposed Directors would be in control of a well-funded company should the Resolutions be duly passed, and the Board strongly believes that the Requisitioning Shareholders and Proposed Directors are using this requisitioned general meeting as a way of attempting to take control of your Company, your cash and your assets.

"Of significant concern to the Company is the fact that Kamran Sattar and Portillion have invested approximately £2.7 million and are interested in 40% of Daybreak Oil & Gas, with Reabold holding a 42% interest. Given Mr. Sattar's significant interest in Daybreak, the Board fears that Mr Sattar has a strong motive to take control of Reabold in order to prioritise the Company's cash resources towards Daybreak ahead of investments in West Newton and Colle Santo, and making capital returns to Shareholders. Daybreak is not a capital priority for the current Board, which the Board believes is a source of frustration to Mr Sattar and Portillion. Mr. Sattar has proposed, to the management of Reabold, that Reabold acquires Mr Sattar and Portillion's interest in Daybreak.

"We continue to develop our portfolio of assets, and over the next twelve months we expect to see progress towards the first horizontal well at West Newton, the continued development of the Colle Santo project in Italy, and the execution of capital returns to Shareholders. 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."

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

For further information, contact:

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Notes to Editors

Reabold Resources plc has a diversified portfolio of exploration, appraisal and development oil & gas projects. Reabold's strategy is to invest in low-risk, near-term projects which it considers to have significant valuation uplift potential, with a clear monetisation plan, where receipt of such proceeds will be returned to shareholders and re-invested into further growth projects. This strategy is illustrated by the recent sale of the undeveloped Victory gas field to Shell, the proceeds of which are being returned to shareholders and re-invested.

LETTER FROM THE CHAIRMAN

REABOLD RESOURCES PLC

Directors:

Jeremy Samuel Edelman
Michael Craig Felton
Marcos Estanislao Mozetic
Sachin Sharad Oza
Anthony John Samaha
Stephen Anthony Williams

Registered Office:

The Broadgate Tower
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20 Primrose Street
London
EC2A 2EW

13 December 2023

Dear Shareholder,

NOTICE OF REQUISITIONED GENERAL MEETING

The Board considers the Resolutions proposed by Pershing, 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 22 November 2023, Reabold received a requisition letter (the "**Requisition Letter**") from Pershing Nominees Limited ("**Pershing**"), on behalf of Kamran Sattar, Stephen Pycroft, Napsbury Holdings Ltd, Lagan Holdings Ltd, Brendan Kerr, Michael Lagan, Kevin Lagan, John Patrick Keehan, Keltbray Ltd, Majithia S, Sheikh B, Asim Sarwar and Roman Teslya (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 regrets to inform Shareholders that they will have to engage with another Requisition procedure from Pershing, which it considers unnecessary and vexatious in nature. These procedures take up significant management time, as well as generating significant unnecessary costs for Reabold. The focus of management and the Directors should be on delivering value from the various activities being undertaken by the Company, including, but not limited to, the Rathlin funding/farmout process currently underway with Hannam & Partners and its investment in LNEnergy. Following several failed attempts, the Board believes that the Requisitioning Shareholders are once again trying to gain control of Reabold, its operational asset base and its cash, without compensating Shareholders appropriately or paying a control premium.

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. Two of the Proposed Directors have potential conflicts of interest with Reabold and the other two Proposed Directors were voted by Shareholders not to be appointed to the Board at the last requisitioned general meeting in November 2022.

The purpose of this letter is to provide Shareholders with details of the Resolutions and to 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:

"Firstly, the Board would like to express its sincere regret that, little more than one year on from the previous requisition from Pershing Nominees Limited, Shareholders will once again have to engage in a requisition of a general meeting. The Board considers certain of the Requisitioning Shareholders' actions to be unprofessional and condemns the decision to drag the Company into another proxy battle for the personal interests of a small number of individuals.

"The Board believes that the current management team is delivering on its strategy, with the Company currently holding significant stakes in two of the largest onshore undeveloped gas discoveries in Western Europe and remains focused on developing Western gas assets in response to the European gas crisis. Since the Company's restructuring in 2017, the management team has built a substantial portfolio of upstream assets with highly active drilling operations relative to other small cap oil and gas companies.

"The Board is unanimous in its view that the Requisitioning Shareholders are, once again, trying to gain control of Reabold, its operational asset base and its cash, without paying a control premium. In March this year, one of the Proposed Directors, Kamran Sattar, via Portillion, made an unsolicited indicative offer for the Company, which was deliberately leaked by Mr. Sattar via a media outlet prior to approaching the Company. Portillion did not make a firm offer for the Company and therefore brought no value to Shareholders; rather it consumed management's time and the Company's cash resources dealing with the regulatory implications and workstreams.

"It is the Board's view that this leaked expression of interest clearly shows that Mr. Sattar sees the intrinsic value of the Company and its assets, but does not possess either the desire or the means to make a firm offer to acquire Reabold and seemingly did not seek appropriate professional advice in relation to the matter. In line with the key fiduciary responsibility of the Board, we would of course engage in any discussion regarding a reasonable and bone fide offer for the Company, but the Board does not intend to cede control without ALL Shareholders being compensated appropriately and the bidder going through the proper process to make a realistic offer for the Company at a recommendable premium.

"The Board believes the motives of the Requisitioning Shareholders cannot be trusted and that the timing of the Requisition Letter is not coincidental; it is in fact opportunistic. The first requisition coincided with the first tranche payment due from Shell for the sale of Corallian. This second requisition coincides with the subsequent £5.2 million received from Shell on 5 December 2023 and £4.4 million expected in the coming months. The timing is such that the Proposed Directors would be in control of a well-funded company should the Resolutions be duly passed, and the Board strongly believes that the Requisitioning Shareholders and Proposed Directors are using this requisitioned general meeting as a way of attempting to take control of your Company, your cash and your assets.

"The Board has serious concerns about all four Proposed Directors, which include individuals with a track record of significant value destruction as public company board directors in some instances, or no public board experience that we are aware of. Additionally, two of the Proposed Directors' appointments were voted down by Shareholders at the last requisitioned general meeting in November 2022. Two of the Proposed Directors currently sit on the board of Zenith Energy - a competitor to Reabold, which poses a potential conflict of interest which may result in operational, governance and regulatory issues should such Proposed Directors be appointed to the Board.

"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 standards of Reabold would be jeopardised.

"Once again, the Requisitioning Shareholders have not proposed a coherent, alternative strategy for Reabold and its assets. The Board disputes the notion that the Proposed Directors possess a better understanding of, and better relationships with, key stakeholders critical to the successful implementation of the Company's business strategy.

"The Board believes that the Proposed Directors are acting in a self-serving manner by trying to extract value from Shareholders and are not acting in the best interest of all Shareholders of Reabold. If the Requisitioning Shareholders or Zenith Energy want to gain control of your Company, they need to compensate Shareholders appropriately and pay a control premium. The Board would seriously consider any proposal which is credible and funded, at an appropriate valuation, in-line with its statutory and fiduciary duties."

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, 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 to VOTE AGAINST ALL the Resolutions

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

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 compensated appropriately and being paid a control premium. The Board believes that the timing of this action is opportunistically linked to the £5.2 million second cash payment from Shell, received on 5 December 2023, and the third cash payment of £4.4 million that is expected in the coming months from the sale of the Company's Corallian assets to Shell, such that the Proposed Directors would be in control of a well-funded Company, should the Resolutions be duly passed.

On 26 October 2023, Kamran Sattar enquired of the Board when the deadline for the incoming Shell payment was; eight days later, the Company learnt that a draft of the Requisition Letter had been leaked to the media by Mr. Sattar, albeit the Company notes that the notice was itself deficient and required significant revision prior to being resubmitted.

Kamran Sattar and Portillion have invested approximately £2.7 million and are interested in 40% of Daybreak Oil & Gas, with Reabold holding a 42% interest. Given Mr. Sattar's significant interest in Daybreak, the Board fears that Mr Sattar has a strong motive to take control of Reabold in order to prioritise the Company's cash resources towards Daybreak ahead of investments in West Newton and Colle Santo, and making capital returns to Shareholders. Daybreak is not a capital priority for the current Board, which the Board believes is a source of frustration to Mr Sattar and Portillion. Mr. Sattar had previously proposed, to the management of Reabold, that Reabold acquires Mr Sattar and Portillion's interest in Daybreak.

b. The Board believes that the motives of the Requisitioning Shareholders cannot be trusted and the Board has multiple examples of Kamran Sattar attempting to extract value from Shareholders for self-serving gains:

i) On 20 April 2023, Mr. Sattar contacted the Company with a proposal to procure the sale of certain web domains, which included website addresses bearing Reabold's name and the website he had set up for the first requisition attempt, to the Company for £100,000. Mr. Sattar claimed that this sum represented the costs incurred by him for the previous requisition. The Company did not engage in what it considered to be an irresponsible use of Reabold's cash resources. Mr. Sattar then followed up with a much-reduced offer of *"£20,000 - £25,000"*, on 12 October 2023 and a further revised offer of £30,000 on 20 October 2023 (see also paragraph 2g below). The Company declined this offer from Mr. Sattar and a previous undated invalid requisition letter was leaked to the media on 3 November 2023.

ii) In March 2023, four months after failing to pass any of the proposed resolutions at the requisitioned general meeting in November 2022, Kamran Sattar made an unsolicited, indicative offer for the Company on behalf of Portillion SPV O&G, which was initially leaked by Mr. Sattar to the media (along with materially misleading statements about the terms of the offer and its status) before approaching the Company. The Company was obliged to make an announcement pursuant to the Takeover Code, thereby commencing an offer period and had to allocate significant resources, including cash, to comply with all applicable regulatory and legislative requirements.

Portillion's leaked possible offer was not supported by any meaningful engagement, save for a rudimentary email and the Board believes that the approach was not made following a diligent and prudent process. The possible offer subsequently received was proposed to be at a 10% premium to Reabold's prevailing share price, which the Board considered to materially undervalue the Company's investment portfolio and business as a whole.

The act of leaking such information regarding a potential bid for a company subject to the Takeover Code is in contravention of the strict confidentiality provisions set out in the Takeover Code. The unprofessional nature of these actions is compounded by the fact that misleading information about the possible offer price and the status of the possible offer was leaked to media outlets. The Board notes that such behaviour may constitute a potential breach of the UK Market Abuse Regulation, which prohibits certain activities that comprise market manipulation (in particular the dissemination of false or misleading information).

Portillion confirmed that it did not intend to make a firm offer 28 days later. It is the Board's view that this early stage and under-prepared expression of interest shows that Mr. Sattar sees the intrinsic value of the Company and its assets, but does not possess either the desire or the means to make a

firm offer. The Board considers this Requisition to represent yet another attempt to gain control of the Company without paying a premium.

c. The Requisitioning Shareholders have conducted themselves in a manner that the Board considers to be unprofessional, and the Board condemns the decision to force the Company to commit further valuable resources to yet another disorganised proxy battle.

The Board deeply regrets to inform Shareholders that they will have to engage with another disorganised proxy attack from the Requisitioning Shareholders. As a professionally run public company, Reabold does not want to be involved in another "soap opera" proxy battle of this nature, which will be a serious distraction from the Company's strategy. The unprofessional nature of the requisition is evidenced by the actions of the Requisitioning Shareholders to date, including:

- the leaking of a draft invalid requisition notice to the media and internet message boards on 3 November 2023, prior to it being sent to the Company, which required the Company to make an announcement in response to media speculation and confirming that the Company had not received any form of communication from, or on behalf of, the Requisitioning Shareholders with regard to a requisition;

- the Requisitioning Shareholders sending an invalid requisition notice to the Company by email on 7 November 2023, which was materially deficient and therefore invalid (see the Company's announcement of 14 November 2023);

- the Requisitioning Shareholders eventually delivering the Requisition Letter after business hours on 21 November 2023 (despite the letter being dated 15 November 2023) which contained materially different resolutions to those contained in the invalid requisition notice of 7 November 2023; and

- the apparent dissemination of false or misleading information about the Company, its assets and the Requisition on internet message boards by users that claim to be in direct dialogue with Kamran Sattar.

The Board and the Company's advisers are currently reviewing the nature of the media and internet leaks to date (and similar other actions by certain of the Requisitioning Shareholders, such as that detailed in paragraph 2bii) above). The Board is concerned that these actions are not only inappropriate from certain individuals purporting to be suitable directors of an AIM-quoted company but that they may also constitute market abuse.

The amateurism is typical of the Requisitioning Shareholders' approaches to Reabold and the Board believes it has resulted in certain institutional Shareholders exiting their position in the Company, who consider the approach taken by the Requisitioning Shareholders to be below the standards of business within which they operate.

Kamran Sattar has attempted shareholder activism before and deployed similar tactics. The Board notes the announcement made by Bushveld Minerals Limited on 10 October 2023, stating that there had been market speculation regarding Kamran Sattar and Portillion's intention to call a general meeting of shareholders in order to effect boardroom changes; however, Mr. Sattar subsequently confirmed in writing that he no longer intended to requisition a general meeting. The Board considers this to demonstrate the lack of coherence in Mr. Sattar's approach to shareholder activism, which Reabold has also had to contend with. His disregard for confidentiality and public market conduct through his activist approaches, which have repeatedly been leaked through media outlets and internet message boards, is a major cause for concern.

The Board notes that both Portillion and Kamran Sattar are regulated by the Financial Conduct Authority and is therefore astounded at the unprofessional approach to these serious matters relating to market conduct, some of which impact directly on shareholder value, where many of these campaigns seem to be carried out without appropriate professional advice.

d. The Board believes this second requisition for a general meeting is vexatious in nature and serves only to disrupt and impede the Board and Reabold.

The Board believes that the second requisition procedure is motivated by the Requisitioning Shareholders' desire to derive personal benefits, gain publicity for themselves and create a nuisance for the Board. The unsuccessful requisition of November 2022 was a serious and costly distraction for the Company and its Shareholders. The Company will again be forced to commit significant time and resources to managing the proxy battle, which could instead be deployed to further deliver on the Company's growth strategy.

The Requisition Letter is inflammatory and contains unsubstantiated and false allegations throughout, which the Board responds to in full below.

e. The Board finds it concerning that the Requisitioning Shareholders have not proposed a clear strategy for Reabold and its assets.

The Requisitioning Shareholders have not proposed a coherent, alternative strategy to run the Company. The Board would like to flag that, in the Requisition Letter, the Proposed Directors plan to recommend that £3 million be returned to Shareholders if the requisition is successful. Reabold has already stated its intention to distribute £4 million to Shareholders now that it has received the second tranche of funds from Shell, the mechanism of which is to be determined upon consultation with Shareholders. The Board questions the intent behind the Requisitioning Shareholders' actions and believes that the group wishes to take control of the Company as the further tranches of cash arrive from the sale of Corallian to Shell.

The Board's strategy is to replicate its success with Corallian and make considerable further distributions from future monetisation events to return cash to Shareholders.

f. The Board is concerned that there is a potential conflict of interest with respect to the proposed CEO, Andrea Cattaneo (who is the current CEO & President of Zenith Energy) and another Proposed Director, José Ramón López-Portillo Romano (the current Chairman of Zenith Energy). Zenith Energy is listed on the Main Market of the London Stock Exchange and is a competitor of Reabold.

Andrea Cattaneo is currently CEO & President and sits on the board of Zenith Energy, a competitor company to Reabold and a company in which Mr Cattaneo is a significant shareholder (according to Zenith's most recent annual report). The Board sees this as a potential conflict of interest which could result in regulatory and governance issues. There has not been any announcement from Zenith communicating that Mr. Cattaneo is stepping down or looking for an alternative role.

The Board therefore fails to understand how the Requisitioning Shareholders' proposed CEO will be able to devote sufficient time to Reabold whilst also acting as CEO for Zenith Energy. The Board considers this particularly perplexing given that the Requisitioning Shareholders have explicitly stated that "*it is unfathomable the executives can devote sufficient time to the Company whilst having directorship commitments for numerous other companies,*" whilst the only directorship roles that Mr. Oza and Mr. Williams hold are non-executive and on the boards of Reabold's investee companies. The Board also notes that the voting guidelines from proxy advisers ISS and Glass Lewis in relation to "overboarding" - i.e. the concept that directors should not serve on too many listed company boards - recommend a maximum number of five board mandates. Under those guidelines, executive director roles count as triple mandates and, therefore, if elected to Reabold's Board as CEO, Mr Cattaneo would hold the equivalent of six mandates.

Mr. Romano currently also sits on the board of Zenith Energy, which represents another conflict of interest and potential corporate governance issues. He has acted as Zenith's Chairman since 2017.

Furthermore, the Board's concern about potential conflicts of interest in relation to Mr. Cattaneo and Mr. Romano (who are the two most senior officers on the Board of Zenith) is not merely theoretical. Zenith has previously made an offer to acquire a substantial interest in Daybreak Oil and Gas and, although a transaction was never executed, the Board believes this puts the motives of the Requisitioning Shareholders into question, suggesting that they want to gain control of Reabold's assets without paying a control premium.

Zenith's share price has depreciated over 65% year-to-date to 3.20p and has seen value destruction of 97% since the company listed on the London Stock Exchange in 2017 at a price of 101.25p, under Mr. Cattaneo and Mr. Romano's leadership**.**

g. The Requisitioning Shareholders state that they are dissatisfied with the Company's strategy, yet in previous communications with the Company, Kamran Sattar communicated his alignment with the strategy, and his desire to publish a joint statement of support for the Board on 12 October 2023.

In a meeting between Kamran Sattar, Stephen Williams and Sachin Oza on 12 October 2023, Mr. Sattar stated his support for the Company's strategy and, un-prompted, expressed his willingness to support Reabold's management and cooperate with the Company. He stated: *"If we want, I will be happy to make a statement. I think it's potentially time to do so if we can jointly just put to rest or at ease [Shareholders] that Portillion are supporting Reabold and are happy to support management at Reabold, and not looking to do any requisition or takeover of the business, after speaking with the board [we are] supportive."*

Following that meeting, the Company and its retained PR advisers prepared a draft joint statement which the Company sent to Mr. Sattar on 20 October 2023 for his review and comment. Mr. Sattar replied on the same day and stated that any joint statement would be subject to the Company *"covering our costs and website of £30,000"*. The Company did not accept those conditions.

The Board is concerned that Mr. Sattar's inconsistent messaging and vacillating support for Reabold's strategy represents a more general lack of reliability and coherence and is further evidence of a lack of professionalism and credibility. It is also telling that the Requisition was submitted shortly after Reabold declined to make payments to Portillion in exchange for websites bearing the Company's name.

h. The Board believes the Requisitioning Shareholders have proved that they are not aligned with ALL Shareholders and has evidence that they want control of the Company and its assets and are acting in self-serving manner.

As a reminder to Shareholders, in October 2022, certain of the Requisitioning Shareholders attempted to gain control of the Corallian North Sea exploration assets which Reabold bought for £250,000. Kamran Sattar and Cathal Friel offered Corallian £500,000 after an agreement had already been entered into with Reabold.

They also tried to reduce the conversion price of convertible loan notes that were issued to the group from £3.20 to £1.50 which would have been to the detriment of ALL other Reabold Shareholders by devaluing the sale of Corallian to Shell. The Board believes that the relationship established with Shell will be beneficial to the Company in the medium to long term due to future potential transactions and that the last-minute convertible loan note changes, proposed by Portillion, potentially undermined Reabold's reputation as a creditable counterparty in the industry.

i. 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 standards of Reabold would be jeopardised.

Mr. Andrea Cattaneo is the CEO and President of Zenith and has been proposed by the Requisitioning Shareholders to also be the CEO of Reabold. The nominated CEO holding another CEO role at a competitor is a clear governance failing. Not only does this mean that his external time commitments would be very demanding, but he could not possibly be acting in the best interests of Reabold while serving as an executive director of a competitor. The Board also notes that, for the purposes of the ISS and Glass Lewis overboarding guidelines, Mr Cattaneo would hold the equivalent of six board mandates against the recommended maximum of five mandates. The fact that two of the Proposed Directors are also on the Board of Zenith Energy compromises their independence, particularly as Zenith is a competitor of Reabold and it is not clear what their intentions are in relation to the two companies.

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.

The Board reminds Shareholders that two of the Proposed Directors were previously proposed to be appointed to the Board in November 2022 at a requisitioned general meeting, however Shareholders voted not to elect Francesca Yardley and Kamran Sattar to the Board by a majority of 75.19% and 75.20%, respectively. The relationship the Requisitioning Shareholders have with Ms Yardley 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.

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

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 level 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. The Company currently complies with the QCA Code's 10 principles which assign great responsibilities to the board of directors. The QCA Code contains a list of requirements, including that a board should have a clear view on a company's purpose and strategy, that a board understands 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 are passed, and we do not believe that this is in the best interest of the Company or its Shareholders.

3. Why the criticism of the Board by the Requisitioning Shareholders 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 Requisitioning Shareholders are dissatisfied by the announced sale of Corallian, having expected a significantly higher valuation to be achieved based on a previously stated valuation of Corallian of £190 million."

Response
Corallian was sold for £32.0 million which was significantly above book value, with £12.7 million net to Reabold. Reabold acquired 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. Reabold never guided to a sale price for Corallian, and 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 tested the market, and the best offer was accepted and subsequently the deal successfully executed. According to the Company's 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 Corallian 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 another general meeting requisition.

Certain of 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. This would have deprived Shareholders of the value we expect to create from these assets.

Allegation

"The Requisitioning Shareholders are dissatisfied by the performance and time taken at West Newton; its valuation accretion has only occurred because of current energy prices."

Response

The Company continues to make meaningful progress at West Newton.

The Environmental Agency permit for the use of oil-based drilling fluids at the West Newton B-2 well was approved on 27 September 2023 and a horizontal well is planned for H1 2024. Reabold is fully funded for its share of the next West Newton well.

There has been substantial progress at West Newton since Reabold invested in November 2018, including:

- Two wells drilled;
- Gross 2C unrisked recoverable resource of 197.6 bcf of sales gas at an 86% geological chance of success underpinning the strong commercial and economic case for West Newton;
- CPR estimates a prospective resource of 363.7 bcf of sales gas at a 43% geological chance of success;
- Extensive work 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;
- Engagement with various regulatory bodies including securing planning permission for drilling further wells at West Newton.

Allegation

"The view of the requisitioning shareholders is that the regulatory/administrative route in relation to the Colle Santo project is very complicated - the first development plan was rejected and the operator has been waiting for the production concession since 2009. In addition, the proximity to the "Bomba" lake dam makes the Colle Santo project potentially sensitive in terms of public safety."

Response

The Board welcomes the opportunity to put the record straight with regards to the Colle Santo project, which has already seen significant progress with its approval process.

On 5 September 2023, the Abruzzo regional government confirmed its agreement with, and intention to approve, by decree, the Early Production Programme for the Colle Santo gas field, allowing early revenue generation from the Colle Santo project. LNEnergy, a company in which Reabold holds a 26.1% interest, signed a letter of Intent with a major Italian Engineering, Procurement and Construction ("**EPC**") company, Italfluid, for a micro-LNG plant in Italy, which would result in a significant reduction in upfront capex to get the field to production.

The Colle Santo project is particularly exciting for Reabold because:

- It has minimal sub-surface risk, and is development ready with no additional drilling required;
- The regulatory landscape is clearly changing in Italy, and verbal confirmation has been received from the regional government for an early production system;
- The project is valuable for energy security and the energy transition in Italy, which is increasingly driving the national government's agenda;
- Reabold enjoys an excellent relationship with the important Italian EPC company, Italfluid, which is acting as contract operator for the whole project; and
- LNEnergy believes that the field has the potential to generate an estimated €11-12m of gross post-tax free cash flow per annum.

The first development plan rejected in 2021 is very different to the new development plan submitted by LNEnergy for the development of the project, with a significant reduction in footprint relative to the original proposal submitted by Forest Oil. The revised Colle Santo project concept includes:

- Focus on micro-LNG, a transition fuel which has a central role in the EU's net zero energy plan;
- Production of only two existing wells with no further drilling; the previous development plan had up to five wells;

- Reduction of natural gas extraction below 50%, with only 40,800 LNG tons/year; the previous development plan projected gas production of 650,000 Smc/d maximum;
- No construction of a 21 km natural gas pipeline from the Municipality of Bomba to the Industrial Park of Atessa pipeline as previously planned, and no connection to the SNAM network;
- Liquefied gas delivered by road transport limited to 6-7 tankers per day;
- On-site CO_2 capture and liquefaction; gas produced will be converted to micro-LNG directly onsite using a small modular micro-LNG processing unit; and
- Emissions halved compared to the previous project proposal.

On 1 December 2023, the Italian Government approved a decree to boost the country's renewable energy production and energy security at the meeting of the Council of Ministers held on 27 November 2023. The decree provided incentives to build plants for energy production from renewable sources, such as the liquefaction of natural gas; the release of new licences for the exploitation of gas fields aimed at providing gas to industries with high gas consumption, at competitive prices; incentives for LNG terminals and incentives for carbon dioxide storage programmes. Given the focus on micro-LNG in the new development plan submitted by LNEnergy, the Board believes that the regulatory environment in Italy for the approval of the Colle Santo project is looking increasingly promising.

Allegation

"The Requisitioning Shareholders are dissatisfied by the Company's Board having failed to capitalise on the downtrend in oil prices to acquire any producing assets to secure the future of the business."

Response

Buying and operating producing assets is not part of the Company's strategy nor investing policy, 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 clear strategy for Reabold and its assets.

Allegation

"Each Co-CEO was paid an annual fee of £242k and a bonus of £50k in 2022, and an annual fee of £231k and a bonus of £50k in 2021. Meanwhile the loss for the year (before foreign exchange realisations) was £45k in 2022, £2.675 in 2021 and 2.668m in 2020."

Response

This is inaccurate.

The £242,000 figure refers to salary and pension. Both the Co-CEOs were paid a salary of £231,000 in 2021 and 2022 and were not paid a bonus. The last bonus that was paid related to the Company's performance in 2020. Neither Co-CEO has received a bonus for either the 2021 or 2022 performance year. Please see below an extract and notes from remuneration report from the Company's 2022 annual report below:

Executive Directors' pay for the year ended 31 December 2022

	Sachin Oza Co-CEO 2022	**Stephen Williams Co-CEO 2022**	**Anthony Samaha[b] FD 2022**	Sachin Oza Co-CEO 2021	Stephen Williams Co-CEO 2021	Anthony Samaha FD 2021
Salary	**£230,875**	**£230,875**	**£50,000**	£230,875	£230,875	£73,333
Annual bonus[a]	**Nil**	**Nil**	**Nil**	£50,000	£50,000	Nil
Benefits	**Nil**	**Nil**	**Nil**	Nil	Nil	Nil
Pension	**£11,419**	**£11,419**	**£1,250**	£11,419	£11,419	Nil
Performance shares	**Nil**	**Nil**	**Nil**	Nil	Nil	Nil
Total remuneration	**£242,294**	**£242,294**	**£51,250**	£292,294	£292,294	£73,333

Notes:

[a] The annual bonus paid in 2021 related to the 2020 performance year. From 2022, annual bonuses are accrued in the year in which they are earned.

[b] Anthony Samaha resigned as finance director on 30 June 2022

Sachin Oza's and Stephen Williams' salaries were not increased in 2022. No bonuses were awarded for either the 2022 or 2021 performance year (see note a above). The Directors receive no benefits from the Company apart from the pension contributions shown in the table above and the directors are not paid by any investee company where they sit on the board as a Reabold representative. The Directors have never been awarded Ordinary Shares as part of share option plans.

Reabold's total general and administrative expenses for the 2022 financial year was £1.7 million which is below the average of its peers.

Regarding executive remuneration, Reabold has a remuneration committee chaired by a senior independent non-executive Director in line with the QCA Corporate Governance Code. All remuneration payable to Directors is decided by the remuneration committee. In 2023, the committee engaged with BDO LLP to design the Company's incentive package, which includes share options and bonuses. Share option plans do not pay unless targets are met, and base salaries were benchmarked by the Company's remuneration committee in 2021. The executive Directors did not take a pay rise in 2022 despite the inflationary environment.

Reabold's executive team's remuneration is comparatively lower than peers of similar market capitalisation, as demonstrated below:

Company market capitalisation	**Reabold** £11.1m	**Sound Energy plc** £15.2m	**Deltic Energy plc** £20.7m	**Union Jack Oil plc** £21.0m	**United Oil & Gas plc** £4.1m	**Challenger Energy Group plc** £12.1m
Executive Team Remuneration 2022	£535,838	£1,090,000	£905,190	£407,083	$833,209	$800,000

Allegation
"an example showing the failure of the Company's current management and their strategy is the Daybreak Oil & Gas transaction for which Kamran Sattar and his group brought two lucrative offers but the Company's management were unaware of these offers despite having a board representative for the Company's interest."

Response
Reabold is aware that the party that made offers to invest in Daybreak Oil and Gas was Zenith.

Reabold management met with Andrea of Zenith on three occasions prior to the offers made by Zenith to invest in Daybreak notably the written offer on 7 June 2023. These meetings were on 27 April, 30 May and 2 June 2023. Reabold management attempted to follow up on Zenith's interest in Daybreak on 26 July and 1 August 2023, but received no intent to engage.

Reabold, through its significant equity holding, would be supportive of any genuinely value accretive transaction involving Daybreak.

The Board also wishes to correct the false statement that Reabold has a board representative on the board of Daybreak. There is no representative from Reabold on the board of Daybreak, a point that had been repeatedly made to Kamran Sattar during a meeting on 12 October 2023.

Allegation
"The reason why hardly any other companies divide this role is because of the need for clear leadership, which the Company is devoid of."

Response
The management team consists of only three people (two Co-CEOs and a CFO) and through these three positions, all functions of the business are covered.

Sachin Oza and Stephen Williams 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 public companies have larger management teams carrying out these activities, whilst Reabold has always maintained a focus on being as lean as possible, only taking on a full time CFO last 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 both have the title of Co-CEO 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
"Stephen Williams holds external directorships unrelated to the Company...it is unfathomable the executives can devote sufficient time to the Company whilst having directorship commitments for numerous other companies."

Response
The Board disputes the validity of this statement. Stephen Williams does not hold external directorships unrelated to the Company.

The Board would like to point out that, with associate or investee companies, it is standard practice to have executives stand as a director, to provide critical influence over decision making and investments, to protect Reabold's interests. The board believes that Shareholders would expect such representation.

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.

Stephen Williams is a director of Rathlin Energy (UK) Limited and Sachin Oza of Danube Petroleum Limited and in both cases, they declined to take a director fee. The modest fees that are payable by Rathlin and Danube (which are in line with the fees paid to the other directors of those companies) in respect of these board positions are paid to Reabold and not to the individuals.

The Board is concerned at the apparent lack of understanding that the Requisitioning Shareholders have demonstrated over the Company they are proposing to take control of.

The Board would like to point out the contradictory nature of the Requisitioning Shareholders' statement above, noting that the Requisitioning Shareholders' proposed CEO is the CEO & President of another listed company, Zenith Energy, and one of the other proposed directors is currently Chairman of that same company, a competitor of Reabold.

Allegation
"Since 2 Jan 2023 the Company's share price, and ultimately its market capitalisation, has deteriorated from £0.064".

Response
Since 2 January 2023, Reabold's share price performance has been in line with the FTSE AIM All-Share Energy index, despite the Company's shares currently trading at a 74% discount to NAV, as at the Last Practicable Date.

The Board believes the value of the Company will be realised in time, but the recent share price performance is a frustration for the management team. The Board is working hard to address this in terms of more regular communications with Shareholders and engagement with advisors.

The Board continues to be disappointed with the disconnect between the Company's share price and the net asset value of the Company and believes that the net asset value of the Company will grow as it continues to implement its strategy.

The Company embarked on a share buyback programme, in April 2023, in part, to acknowledge the NAV to share price gap and address Reabold's share price performance.

Allegation
"[Strategy should be to] align senior management positions with stakeholders by the appointment of directors who have meaningful stakes in the Company"

Response
The Directors of Reabold own a combined total of 3.22% of the Company. In contrast, Kamran Sattar holds an interest of 1.63%. As Directors of the Company, management review and consider buying opportunities on a regular basis.

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 8 January 2024.

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 (ID: 7RA11) by not later than 10:00 a.m. on 8 January 2024.

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 334,204,685 Ordinary Shares in aggregate, representing approximately 3.22% 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 yet 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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