RNS Number : 8374N
Reabold Resources PLC
26 May 2020

26 May 2020

Reabold Resources plc

("Reabold" or the "Company")

Conditional Acquisition of Further 16.665 per cent. Interest in West Newton

£5 million Discretionary Cash Facility

Issue of Equity & Total Voting Rights

Reabold, the AIM investing company which focuses on investments in upstream oil and gas projects, is pleased to announce the conditional acquisition of an additional 16.665 per cent. interest in the onshore UK licence PEDL 183 (the "**Licence**") (the "**Acquisition**"), which contains the West Newton field, from Humber Oil & Gas Ltd ("**Humber**").

Highlights:

- Opportunistic acquisition of Humber's 16.665 per cent. interest in West Newton
  - Acquisition conditional on, *inter alia*, Oil and Gas Authority approval
- Acquisition funded by cash consideration of £1.4 million and 350,000,000 Consideration Shares
- Economic interest in West Newton to increase to approximately 56 per cent. from approximately 39 per cent.
- Timely acquisition of Humber's interest is expected to allow the West Newton JV to progress the work programme optimally and unlock the value in the asset
- Agreed Discretionary Facility for up to £5 million to provide further financial flexibility and strength

Acquisition to increase investment in West Newton

Reabold has signed a conditional Sale and Purchase Agreement ("**SPA**") to acquire Humber's interest in the Licence. The consideration for the Acquisition of the additional 16.665 per cent. interest in the Licence will comprise of £1.4 million in cash (subject to adjustment) and the issue of 350,000,000 new ordinary shares of 0.1p each in the capital of Reabold ("**Ordinary Shares**") (the "**Consideration Shares**").

On completion of the Acquisition, the Company's effective economic interest in the Licence will increase from approximately 39 per cent. to approximately 56 per cent. This interest will comprise a 16.665 per cent. direct interest and a 39.66 per cent. indirect interest via the Company's 59.48 per cent. shareholding in Rathlin Energy (UK) Limited ("**Rathlin**"), operator of West Newton, which, in turn, holds 66.67 per cent. of the Licence. Completion of the SPA, and therefore the Acquisition, is conditional upon, *inter alia*,

approval of the transfer of Humber's interest in PEDL 183 to Reabold by the Oil and Gas Authority.

Pursuant to the SPA, Humber has agreed to a lock up over 66.67 per cent. of the Consideration Shares for a period of three months from the date of admission to trading on AIM of the Consideration Shares and an orderly market restriction for a further period of three months once the lock-in period expires.

As announced on 11 November 2019, the West Newton field is estimated to contain a Base Case of 146.4 mmbbl of gross oil initially in-place and 211.5 bcf of gross gas initially in-place in the Kirkham Abbey formation. The Acquisition increases the Company's exposure to this potentially significant asset at an attractive transaction value. The Directors of Reabold believe the Acquisition will allow the JV to progress the work programme optimally and thereby unlock the value in the asset.

Discretionary Facility and strengthened financial position

The Company is also pleased to announce that it has secured additional liquidity in the form of a £5 million discretionary equity line cash facility (the "**Discretionary Facility**") that provides additional flexibility and strength to the Company's financial position.

The Company's balance sheet is in a strong position with sufficient financial resources to meet its planned work commitments across its portfolio, including those following completion of the Acquisition. However, current macro circumstances underscore the benefit of ensuring sufficient financial flexibility is available, particularly ahead of a major drilling campaign such as that planned for West Newton this year. Reabold has therefore enhanced its liquidity position by securing a £5 million discretionary cash facility with Acuitas Capital, LLC ("**Acuitas**"). This discretionary cash facility is seen, by the Directors of the Company, as a prudent measure to provide increased liquidity without the need to dilute shareholders unduly by way of an equity fundraise whilst the share price significantly undervalues Reabold's portfolio due to the current low oil price environment and the COVID-19 lock-down.

The Discretionary Facility is in the form of an Equity Line Agreement (the "**ELA**") for a period of 24 months with Acuitas, whereby Reabold will have the right, at its sole election, but not the obligation, to issue new Ordinary Shares to Acuitas at a subscription price as determined under the ELA for an aggregate amount not exceeding £5 million.

In order to drawdown on the Discretionary Facility (an "**Advance**"), Reabold is required to serve an advance notice to Acuitas ("**Advance Notice**"). The issue price of any new Ordinary Shares issued pursuant to an Advance will be 90 per cent. of the volume weighted average price ("**VWAP**") of the Ordinary Shares on AIM over either the 5 or 10 trading days ("**Pricing Period**"), at Reabold's discretion and to be specified in an Advance Notice, following delivery of an Advance Notice. The discount will be based upon the two lowest and the four lowest VWAPs over a 5 day and 10 day Pricing Period (as applicable) respectively. The Company may set out a minimum acceptable price, if any, in the Advance Notice provided such minimum price must be less than or equal to 96 per cent. of the VWAP of the Ordinary Shares on the trading day immediately preceding the Advance Notice. If no such minimum price is specified by the Company in an Advance Notice, the minimum acceptable price shall be 96 per cent. of the VWAP of the Ordinary Shares on the trading day immediately preceding the Advance Notice. Upon the delivery of an Advance Notice, the Company is required to make a public announcement that it has delivered the Advance Notice, stating the amount of the Advance requested and the dates of the applicable Pricing Period.

The maximum Advance per each Advance Notice shall not exceed 100 per cent. of the average daily value traded of Reabold's Ordinary Shares on AIM ("**DVT**") in respect of a 5 day Pricing Period or 200 per cent. of the average DVT in respect of a 10 day Pricing Period. In addition, the number of new Ordinary Shares to be issued per Advance shall not exceed 1.5 per cent. of Reabold's then enlarged share capital. Acuitas reserves the right to reduce the amount of an Advance in the event that, during a Pricing Period, the VWAP falls below 0.3p or there is no VWAP on any day during a Pricing Period (reductions of 20 per cent. and 10 per cent. per day where the VWAP falls below 0.3p or there is no VWAP, for a 5 day and 10 day Pricing Period respectively).

Acuitas is restricted from selling any Ordinary Shares during a Pricing Period and it, and its affiliates, are banned from engaging in any short selling of the Company's securities. Acuitas is also subject to a daily volume trading restriction not exceeding 20 per cent. of the aggregate volume of Ordinary Shares traded on that particular trading day.

In consideration for entering into the ELA, the Company shall pay Acuitas a commission of £100,000 to be satisfied by the allotment and issue of 16,351,625 new Ordinary Shares (the "**Commission Shares**") at a price of 0.61156 pence per share, calculated, pursuant to the ELA, as the average of the VWAPs of the Ordinary Shares over the 5 trading days up to and including 21 May 2020.

Stephen Williams, co-CEO of Reabold, commented:
"We are delighted to have agreed to significantly increase our exposure to West Newton, which we believe could be a key driver of value for Reabold, at a highly attractive price. Our increased investment should facilitate the unlocking of the large potential value we see at West Newton and we look forward to the upcoming activity, including the drilling of the B-1 well where site construction is currently underway. Whilst current macro conditions are throwing up substantial challenges for the industry as a whole, the ability to act opportunistically to enhance shareholder value during low points in the cycle is a key aspect of the Reabold strategy.

"The decision to enter into the ELA is intended to provide an added layer of contingency to the Company's financial position. Given the current challenges to the operating environment, as well as volatile market conditions, we deemed it prudent to have additional headroom whilst we progress the activity at West Newton.

"*We look forward to updating shareholders on the progress of the exciting work programmes across our portfolio."*

Admission and Total Voting Rights

Application will be made to the London Stock Exchange for the admission of the Commission Shares to trading on AIM ("**Admission**"). It is expected that Admission will become effective and that dealings in the Commission Shares will commence at 8.00 a.m. on 1 June 2020.

Following Admission, the Company's total issued share capital will consist of 6,746,982,101 Ordinary Shares with voting rights. The Commission Shares will be fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares.

On Admission, the abovementioned figure of 6,746,982,101 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest

in, Reabold under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

ENDS

For further information please contact:

Reabold Resources plc	c/o Camarco
Stephen Williams	+44 (0) 20 3757 4980
Sachin Oza	
Strand Hanson Limited (Nominated and Financial Adviser)	
James Spinney	+44 (0)20 7409 3494
Rory Murphy	
James Dance	
Stifel Nicolaus Europe Limited - Joint Broker	+44 (0) 20 7710 7600
Callum Stewart	
Simon Mensley	
Ashton Clanfield	
Whitman Howard Limited - Joint Broker	+44 (0) 20 7659 1234
Hugh Rich	
Nick Lovering	
Camarco	+44 (0) 20 3757 4980
James Crothers	
Ollie Head	
Billy Clegg	

Notes to Editors

Reabold Resources plc is an investing company investing in the exploration and production ("E&P") sector. The Company's investing policy is to acquire direct and indirect

interests in exploration and producing projects and assets in the natural resources sector, and consideration is currently given to investment opportunities anywhere in the world.

As an investor in upstream oil & gas projects, Reabold aims to create value from each project by investing in undervalued, low-risk, near-term upstream oil & gas projects and by identifying a clear exit plan prior to investment.

Reabold's long term strategy is to re-invest capital made through its investments into larger projects in order to grow the Company. Reabold aims to gain exposure to assets with limited downside and high potential upside, capitalising on the value created between the entry stage and exit point of its projects. The Company invests in projects that have limited correlation to the oil price.

Reabold has a highly-experienced management team, who possess the necessary background, knowledge and contacts to carry out the Company's strategy.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

ACQKKPBQDBKBBPB