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Reabold Resources PLC
07 October 2019

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Reabold Resources Plc

("Reabold" or the "Company")

Statement re: Proposed Placing & Investments

Further to its announcement of 4 October 2019 and continued market speculation, Reabold, the AIM investing company which focuses on investments in pre-cash flow upstream oil and gas projects, announces that it is in advanced discussions with regard to:

- Agreements to increase its interest in Rathlin Energy (UK) Limited ("**Rathlin**") to up to 74.99 per cent., through a £16 million cash investment and, potentially, a £7 million equity swap with existing Rathlin shareholders; and
- An agreement to increase its interest in Danube Petroleum Limited ("**Danube**") to between 49 and 52 per cent. through the exercise of an existing option to invest an additional £1.95 million in Danube (together, the "**Investments**").

The Investments are proposed to be funded through a placing of new ordinary shares of 0.1 pence each in the capital of the Company ("**Ordinary Shares**") (the "**Placing Shares**") with new and existing institutional investors to raise gross proceeds of, in aggregate, £20 to £24 million (the "**Placing**"), and a potential issue of new Ordinary Shares to the holders of Rathlin shares in a proposed equity swap.

Highlights

- Proceeds from the Placing are intended to be deployed into what Reabold believes are highly accretive investments in Rathlin and Danube, at significant discounts to the value of the respective operators' discovered resource estimates, with the Placing proceeds used to fund further drilling and testing programmes to unlock further value potential.
- £16 million cash investment into Rathlin, the operator and 66.67 per cent. owner of the West Newton discovery and wider PEDL 183 licence, alongside a proposed £7 million equity swap to be offered to existing Rathlin shareholders, to potentially increase the Company's interest in Rathlin to up to 74.99 per cent., which could result in an effective interest of up to 50 per cent. in the licence.
- Rathlin transaction follows the recent discovery of a 45 metre oil column and better than expected reservoir characteristics.
- Exercise of a £1.95 million option to increase Reabold's investment in Danube, with a 100 per cent. working interest in the Sole Risk Area within the Parta licence and 50 per cent. of the remainder of the Parta licence in Romania, to between 49 and 52 per cent.
- Exercise follows the recent successful IM-1 appraisal well and the investment proceeds will fund the IM-2 well, planned for Q2 2020.

Stifel Nicolaus Europe Limited ("**Stifel**") is acting as bookrunner to the Company in connection with the Placing. Strand Hanson Limited ("**Strand Hanson**") is acting as Nominated and Financial Adviser to the Company.

The Placing will be conducted through an accelerated Bookbuild (the "**Bookbuild**") which is expected to be launched at 4.45 p.m. on 8 October 2019. The Bookbuild is expected to close no later than 08.00 a.m. on 9 October 2019, but Stifel and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

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Background to and Reasons for the Placing

Reabold is an investor in near-term, high growth upstream oil & gas projects in which there has been substantial technical de-risking and where an injection of capital can facilitate near-term activity and unlock value. The Company offers investors the opportunity to focus on the "Appraisal" portion of the value chain of upstream oil & gas, which carry significantly lower risk than early stage exploration and a greater potential for value uplift than development and production assets.

Reabold has a proven management team that has built a diverse portfolio of investments with significant embedded value. The Company has deployed capital strategically to extract value and since August 2018 has participated in the drilling of eight wells with seven being discoveries, an 87.5 per cent. drilling success rate.

The proceeds of the Placing will advance the Company's pathway to cash flow generation and the Investments are expected to allow the Company to realise its ambition to return capital to shareholders, by way of dividends, in the short to medium term.

The Company runs a low-cost, non-operator business model and currently has ownership positions in four investee companies: Rathlin Energy (UK) Limited; Danube Petroleum Limited; Reabold California LLC; and Corallian Energy Limited.

Rathlin Energy (UK) Limited

Rathin is the operator of, and holds a 66.7 per cent. working interest in, PEDL 183 including the West Newton discovery, located near Hull on the North East coast of England, with substantial nearby oil and gas infrastructure. Licence partners on the asset include Union Jack Oil & Gas PLC and Humber Oil & Gas Limited, both holding a 16.665 per cent. working interest in the asset. Reabold has invested £4 million in Rathlin to date.

Two wells have been drilled on the West Newton prospect to-date (A-1 and A-2), with a major oil and gas discovery confirmed in the Kirkham Abbey Formation that is potentially one the largest hydrocarbon discoveries onshore UK since 1973. The original Competent Persons Report ("**CPR**"), prepared by Deloitte in 2017 for Connaught Oil & Gas Limited, a 33.3 per cent. owner of Rathlin, certified the discovery as having 189 Bcfe of gross best estimate gas resource (31 MMboe), with an associated NPV10 of US$247 million.

On 29 August 2019, the Company announced that the analysis and initial testing on the West Newton A-2 well led the operator and project partners to believe that the West Newton project represents a significant oil and gas discovery, rather than a gas discovery as originally anticipated, with an approximate 45 metre gross oil column underlying a gross gas column of approximately 20 metres. Well logs and 28 metres of core cut from Kirkham Abbey also indicate encouraging matrix porosity approaching 15 per cent. and natural fracturing within the oil zone. The discovery of oil and better than expected reservoir characteristics has the potential to materially enhance economic value of the project. As such, the Extended Well Test ("**EWT**") that was being undertaken on the A-2 well has been paused to allow the operator to re-assess the hydrocarbon volumes and economics, in order to optimise evaluation of the oil column. A revised EWT is planned for Q4 2019.

The West Newton A-2 well data ties to the high quality 3D seismic that covers the entire West Newton project. The new data allows for a revised interpretation of the seismic,

incorporating the well and the newly identified gas over oil gross hydrocarbon column. A revised CPR will be commissioned following the EWT and the Company will announce the results of this in due course. The West Newton A-2 well also intersected an oil bearing section of the deeper Cadeby formation, although as expected the reservoir quality and porosity was poor. In line with seismic and geological model conclusions, which indicate significantly better reservoir quality at the West Newton B location, the next well will target the Cadeby reef flank, as well as intersecting the Kirkham Abbey reservoir.

Two further wells at the West Newton B site are permitted and are planned to commence in Q1 2020, approximately 2.5 kilometres from the A site. These wells are optimally located to define the deeper formation Cadeby oil play.

The Placing and subsequent Investments will, if completed, result in Reabold increasing its ownership of Rathlin up to 74.99 per cent., and increase its effective economic interest in the West Newton discovery to up to 50 per cent. The Company will increase its working interest through an investment of up to £16 million in Rathlin and a potential equity swap with existing Rathlin shareholders, both at £2.75 per Rathlin share.

Certain Rathlin shareholders receiving shares in Reabold are expected to be subject to a customary lock up with further details to be announced in due course.

Danube Petroleum Limited

Danube is 50 per cent. owner of the Parta Exploration License ("**Parta**") and 100 per cent. working interest holder of the 19.4 square kilometre Sole Risk Area, including the Iecea Mare Production licence, onshore Western Romania. The Parta licence is located in a major gas producing basin in Romania, with near-by infrastructure enabling rapid and cost effective monetisation, with gas sold into developed markets interconnected with Western Europe.

Reabold has invested £3.1 million to date for its current 41.6 per cent. equity interest in Danube, with ADX Energy Ltd ("**ADX**") owning the residual equity in Danube. ADX is the operator of Parta. The remaining 50 per cent. working interest in the Parta Exploration Licence was farmed-out to Parta Energy Pty Ltd and announced on 17 July 2019, in return for carrying Danube for the first US$1.5 million of a planned 3D seismic acquisition programme expected to commence in Q4 2019.

On 9 September 2019, ADX announced the successful results of the first well in the Parta Appraisal Programme, the Iecea Mica-1 ("**IM-1**") appraisal well, with a significant gas discovery made in both the primary target and additional zones, with post-drill volume estimates substantially exceeding the pre-drill estimates. The well intersected key appraisal and exploration targets, including the PA IV sands which are estimated to contain 11 Bcf of gross contingent resource, new discovery zones PA III and PA V which are estimated to contain 2.7 Bcf and 6.3 Bcf respectively. The reservoirs were also found to have better than expected porosity and permeability from the 14.5 metres of net pay. As a result, the operator's assessment of volumetrics has increased across the IM-1 intervals to 20 Bcf of contingent resource from the pre-drill estimates 6.1 Bcf of contingent and 12.7 Bcf prospective resource.

The IM-1 well is now being prepared for production testing with a work over rig in Q4 2019, with the identification of high quality reservoir in the primary target, the PA IV interval, giving confidence around the potential for good production rates. Testing of the deeper basement target is being deferred but prospectivity of the play has been upgraded and can be tested with a future well.

ADX estimates that the Parta Licence as a whole contains gross resource potential of 88 MMboe, with an associated gross NPV10 of US$1,183 million.

On 16 September 2019, Reabold announced that, following the encouraging results of the IM-1 well, it had entered into an agreement to increase its interest in Danube via a subscription for new Ordinary Shares. Reabold subscribed for an additional 810,811 Danube Shares at an issue price of £1.00 per share via two tranches, with the second tranche completed on 2 October 2019.

As part of the Investments, Reabold intends to exercise an option to invest a further £1.95 million at a fixed price set at a 20 per cent. premium to the pre-discovery valuation. Depending on whether ADX take-up a similar option, the additional investment into Danube will increase Reabold's ownership of Danube to between 49 and 52 per cent.

Reabold California LLC

Reabold California LLC ("**Reabold California**"), the 100 per cent. subsidiary of Reabold, holds working interests or the right to earn working interests in three licences in the Sacramento Basin, California. The Company holds a 50 per cent. working interest in the West Brentwood and Monroe Swell licences, and has the ability to earn a 50 per cent. interest in the Grizzly Island licence through the drilling of a single well. Sunset Exploration Inc is the other working interest holder of the various licences in California, with Integrity Management Solutions having day-to-day management and operatorship of the licence areas.

Four wells have been drilled across the licences to date, all of which have resulted in discoveries and have been placed onto production. Current gross production on the assets is 300 boepd (150 boepd net to Reabold California). The assets are characterised by low capital expenditures, and operating costs of US$13/bbl, resulting in gross profits per barrel of US$40/bbl at current price levels, sufficient to self-fund future planned development drilling and operator G&A.

The assets have significant running room and offer a high return on invested capital; an independent estimate by Petrotech Resources Company Inc. values Reabold's interest in West Brentwood's proved developed producing and proved undeveloped wells at approximately US$19 million (NPV10), achieved with only US$2.9 million of investment to date. These reserve estimates do not include two producing wells at Monroe Swell (to be updated in a reserves report currently being prepared), additional planned drilling at Monroe Swell and West Brentwood, and there is no value being ascribed to the Grizzly Island resource potential.

The Reabold California forward programme is focussed on growing cash flows from the West Brentwood and Monroe Swell licences. A facilities expansion programme is ongoing at Monroe Swell to accommodate the higher than expected production from the Burnett 2A and 2B wells, and a fifth oil well, VG-5, is planned to be drilled at West Brentwood in Q4 2019. Additional low risk appraisal and development drilling planned at West Brentwood and Monroe Swell, as well as a high impact well on the Grizzly Island licence is planned for 2020.

Corallian Energy Limited

Reabold holds a 34.9 per cent. interest in Corallian Energy Limited ("**Corallian**"), which holds working interest positions in five basins in the UK: Central Graben, Inner Moray Firth, Viking Graben, West of Shetland and Wessex Basin.

Corralian has a 74 per cent. interest in a group of licenses in the Wessex Basin, including the Colter South Discovery, offshore Dorset in the United Kingdom. Licence partners in the Wessex Basin licences include United Oil & Gas, Baron Oil and Resolute Oil & Gas (Andalas). In February 2019, the Colter well 98/11a-6, an appraisal of the 98/11-3 well drilled in 1986 by British Gas, was drilled. The well encountered oil and gas shows over a 9.4 metre interval at the top of the Sherwood Sandstone reservoir. A petrophysical evaluation of the logging while drilling ("**LWD**") data calculated a net pay of three metres. Similar indications of oil and gas were encountered in the 98/11-1 well within the Colter South fault terrace. The larger-than-expected areal extent at Colter South, which modelled a 15 million barrel P Mean potential resource, means further work will be undertaken to evaluate the resource size at Colter South. The data from these well results and existing data will be incorporated to determine the best forward plan. The licence benefits from adjacent Wytch Farm infrastructure, significantly enhancing potential economics.

Corallian holds a 90 per cent. interest and is exploration operator in the P2396 licence offshore UK, including the Curlew-A Tertiary oil discovery with Talon Petroleum holding the remaining 10 per cent. interest. A rig site survey is being carried out at Curlew-A, with a well expected to be drilled in H1 2020 once the well farmout process has been completed. Curlew-A has a best estimate 2C contingent resource of 38.8 MMboe based on a CPR completed by Schlumberger Oilfield UK.

Corralian holds a 45 per cent. interest and is exploration operator of the Inner Moray Firth licences, with primary reservoir intervals being sandstones of the Beatrice Formation and Dunrobin Bay Group. Licence partners include Upland Resources and Baron Oil.

Corallian holds a 100 per cent. working interest in both the P2493 licence, West of Shetlands, and P2464, in the Viking Graben, which were awarded in the 31st licencing round. The P2493 licence contains the Unst gas prospect, an Eocene Frigg sandstone prospect which exhibits a seismic amplitude anomaly similar to that observed at the nearby Nuggets Fields. The prospect is estimated to contain an upside (P10) outcome of approximately 80 Bcf recoverable resource and a well is planned for 2020. The P2493 licence also contains the Quoys prospect, a Jurassic structural / stratigraphic trap up dip of the 3/19b-2 oil discovery which flowed in excess of 5,000 bopd on drill stem test. The prospect is estimated to contain P Mean gross prospective resources of 57.4 MMbbl. The P2493 licence contains the Sandvoe prospect, defined by a seismic amplitude anomaly at an estimated depth of 2,215 total vertical depth subsea and prognosed to be sandstones of late Eocene age. The prospect covers an area of 600 square kilometres and has a P Mean prospective resource estimated at 12.6 Tcf.

On 31 July 2019, Reabold announced that Corralian had completed an equity fundraise of £1,225,000, valuing the company at £15.5 million, or £5.4 million net to Reabold.

Use of Proceeds

The Company intends to use the proceeds of the Placing as below:

Rathlin Energy - PEDL 183 - West Newton	
West Newton B-1	£4-5 million
West Newton B-2	£6-7 million
Other Capex	£2-3 million
Seismic	£1-2 million
G&A / contingency	£3 million

Total West Newton	**£16-20 million**
Danube Petroleum - Parta	
Exercise Option / Fund IM-2 Well	£2 million
Seismic	Carried
Total Parta	**£2 million**
Costs / Working Capital	**£2 million**
Total Use of Proceeds	**£20-24 million**

General Meeting

In accordance with the Company's articles of association, shareholder approval is required for the Directors to issue the Placing Shares.

Current status of the Proposed Placing and the Investments

Discussions between the Company and various third parties in relation to the proposed Placing and the Investments are ongoing and no binding agreements have yet been concluded. Accordingly, the proposed Placing and the Investments are conditional on finalising and executing definitive legal documentation.

In addition, the Placing and the Investments are subject to shareholder approval (see "General Meeting" above) and so there can be no assurance that the relevant resolutions will be approved by the requisite majority.

Further announcements will be made in due course.

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.

Glossary

bbl	US barrels (of oil)
Bcf	Billion cubic feet
Bcfe	Billion cubic feet equivalent
boepd	US barrels of oil equivalent per day
bopd	US barrels of oil per day
MMbbl	Million US barrels (of oil)
MMboe	Million barrels of oil equivalent
PMean	The expected average value or risk-weighted average of all possible outcomes
Tcf	Trillion cubic feet

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