Reabold Annual Report and Financial Statements 2022

reabold resources plc

Annual Report and Financial Statements

For the year ended 31 December 2022

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Highlights

Reporting period ending 31 December 2022

Portfolio developments

Sale of Corallian and its Victory licence in which Reabold held a 49.99% interest to Shell U.K. Limited in November 2022 for gross cash consideration of £32 million; Reabold's share of net proceeds c. £12.7 million after fees and other costs

Acquisition of Corallian's six North Sea licences by Reabold for £250,000 in May 2022

West Newton developments: planning granted and Competent Person's Report ("CPR") confirmed gross 2C unrisked technically recoverable resources of 197.6 bcf of sales gas, with an estimated 86% geological chance of success. Technical analysis confirmed future exploratory drilling at the West Newton B site

Reabold's California assets exchanged for a 42% stake in Daybreak Oil & Gas Inc

Board and balance sheet

Appointment of Chief Financial Officer Chris Connolly in March 2022; former Finance Director Anthony Samaha appointed as Non-Executive Director

Cash of £5.5 million at year end, no debt

Net assets of £46.5 million

Post Period End

Acquisition of Simwell Resources Limited for £1 million which includes interests in four Southern North Sea licences east of onshore West Newton, providing interesting exploration opportunities and valuable geological insight for our understanding of West Newton

CPR released on four of Reabold's North Sea licences including P2478, which includes the West Dunrobin prospect confirming significant resource potential

Rathlin to potentially bring in an industry partner to support licence activity, with West Newton B-2 drilling targeted for Q4 2023, subject to final regulatory approvals and rig availability

Potentially highly significant discovery in Crawberry Hill, part of the PEDL 183 licence

Share buyback programme commenced during April 2023

Acquired a 3.1% interest in LNEnergy for cash consideration of £250,000, receiving options to acquire further shares in LNEnergy which, if exercised, would result in Reabold holding a 25.0% shareholding in LNEnergy for aggregate cash and equity consideration of £3.8 million.

Chair's letter

Jeremy Edelman
Chair

We are pleased to report that the financial year ending 31st December 2022 saw significant progress in evolving the portfolio of the company. The sale of Corallian, which held the Victory gas discovery in the West of Shetland, to Shell in November 2022 was a key milestone for us. The sale is an encouraging demonstration of our ability to monetise assets at a higher valuation, execute successfully with large oil companies and use the flexibility of our investment model to achieve a value-enhancing transaction. Importantly, the sale also enabled Reabold to acquire six additional North Sea licences contained in the Corallian portfolio, expanding its UK acreage for a minimal sum of £250,000. The CPR published on four of the licences post year end is encouraging.

At West Newton, planning was granted for drilling and production at Rathlin's West Newton A site, as well as an extension for further exploratory drilling at the West Newton B site. We announced our conceptual development plan and a CPR which confirmed gross 2C unrisked technically recoverable resources of 197.6 bcf of sales gas, with an estimated 86% geological chance of success. Given the significant technical analysis that has been completed to date, culminating in the JV partnership agreeing the well path for West Newton B-2, and in line with prudent risk management, Rathlin has decided to potentially reduce its significant working interest position in PEDL 183 by bringing in an industry partner to participate in drilling on PEDL 183. Reabold's balance sheet has more than sufficient funding for its direct share of the planned drilling on the licence and we will support Rathlin in exploring funding options to enable the drilling of this well in Q4 2023. There is potential for Reabold to fund Rathlin's share upon receipt of the second tranche of the Corallian sale proceeds later in 2023 but this decision has not been made.

Our insight into the emerging Zechstein trend eastwards and offshore of PEDL 183 (which holds the West Newton licence) has been enhanced through the acquisition of Simwell Resources for £1 million, which completed in January 2023. Simwell has high quality 3D seismic data over this offshore area and this provides further exploration opportunities and geological insight valuable for our understanding of West Newton. Post year end it was exciting to announce, in April 2023, the potentially highly significant existing discovery in Crawberry Hill, which was originally drilled by Rathlin in 2013. The potential discovery could add materially to the already sizeable resource offered from the West Newton trend.

The corporate activity we pursued in 2022 increased the exposure of our portfolio to the UK and it is encouraging to see that the security of UK oil and gas production remains a key part of the British Government's plan to transition to a lower carbon economy, as published in the recent 'Powering up Britain' review.

In the US we converted drilling and production success in Reabold California LLC into a 42% stake in Daybreak Oil &

Gas Inc ("Daybreak", an OTC traded, Californian oil and gas operator). The transaction in May 2022 creates liquidity for Reabold and formed a new, cash flow producing business with growth and investment prospects which we expect will evolve over the next few years.

Overall, 2022 saw some significant milestones for Reabold. As we progress into 2023 it is clear that the trajectory of this business has various catalysts to drive value including the receipt of funds from Shell, the confirmation of funding for Rathlin's share of the West Newton project drilling and the progression of our other assets such as a farm out of some of our North Sea licences. As a Board, we are encouraged by the strength of our balance sheet (£5.5 million cash at end FY 2022 and no debt) and our approach to the diversification of investment risk. We will always consider this when making capital allocation decisions and we are pleased that we have started to return cash to shareholders via a share buyback, whilst retaining the financial flexibility to continue investing in our assets to generate attractive monetisation opportunities.

Jeremy Edelman
Chair

26 May 2023

Strategic Report

Strategy and business model

Reabold is an oil and gas investing company with a diversified portfolio of exploration, appraisal and development 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 and where receipt of such proceeds will be returned to shareholders and re-invested into further growth projects.

The sale of Reabold's share in Corallian and its Victory licence in 2022 for net consideration of £12.7 million demonstrates the Reabold model:

- Reabold's share of net proceeds £12.7 million after fees and other costs
- Victory asset valuation a significant uplift on Reabold's total investment of £7.5 million in Corallian
- Acquisition of North Sea licences from Corallian for very attractive price of £250,000
- Quality of counterparty reflects Reabold management's strong capabilities in identifying, advancing and monetising undervalued, strategic assets
- Reabold proposes to return a share of the net sale proceeds to shareholders in 2023 and re-invest into further growth projects. A share buyback programme commenced in April 2023.

Each investment the company makes must have low geological risk and clear exit opportunities.

We primarily identify oil & gas assets at the appraisal stage where there is a clear value creation opportunity between the investment required to progress the asset and the asset's value at the point of monetisation. We invest in and provide modest funding for a diverse range of low risk, high impact projects with near term catalysts to create value. We are disciplined in our exit routes and consider selling assets prior to full project development in order to maximise the value of the whole Reabold portfolio.

Our strict investment criteria drives our portfolio potential. We focus on:

Geology

Reabold invests in projects that are substantially de-risked from a technical perspective due to previous drilling. Each project should have existing regional production and historic discovery wells nearby or on the asset. Each asset must also possess sufficient running room to turn initially small projects into substantial regional businesses.

Economics

Each project must deliver extremely attractive returns at current and lower commodity price levels. Reabold seeks robust, fast cycle projects that require limited capital expenditure and have low geopolitical risks. As projects are low cost, they typically exhibit materially lower carbon intensity than the industry average. Reabold's non-operator model helps to keep costs low and allows the company to manage a diversified portfolio.

Investment Returns

Investment returns are key for Reabold. Projects must demonstrate the potential to deliver high returns over a short time frame and the opportunity to scale up and increase project returns beyond our initial project period.

Exit

Identifying the optimal time to exit a project is critical to Reabold's strategy. Doing so effectively will allow the company to scale and deploy more capital over time.

Reabold has a highly-experienced small executive team with significant investment experience in oil and gas projects, company evaluation and commercial industry expertise. Reabold's highly qualified Board of Directors bring significant public oil and gas company experience. The biographies of the Board are summarised on pages 16 and 17.

Key performance indicators (KPIs)

The group's main business is to invest in direct and indirect interests in exploration and producing projects. Reabold's long-term strategy is to re-invest capital generated through monetisation of its investments into new projects in order to grow the company and create value for its shareholders. The company tracks its new business development objectives through the building of a risk-balanced portfolio of assets. The company reviews its KPIs on an ongoing basis as it moves through the lifecycle of its strategy to ensure they continue to serve as a useful measure of our strategic performance.

The Board assesses the performance of the group across measures and indicators that our consistent with the Reabold's strategy and investor proposition.

The KPIs are:

KPI	Definition	Performance
KPI 1	**Portfolio enhancements** Grow value through material investments, project delivery and commercial discoveries	• Six North Sea licences acquired from Corallian. The licences provide Reabold significant prospective resources and opportunities to create value.
KPI 2	**Future financial prosperity** Liquidity events, and successful fundraising	• Sale of Corallian and its Victory licence in which Reabold held a 49.99% interest to Shell plc in September 2022 for gross cash of £32 million; Reabold's share of net proceeds c £12.7 million
KPI 3	**Financial discipline** Ensuring business is run to budget via accurate forecasting, maintaining significant cash buffer and resilient balance sheet	• Cash position as at 31 December 2022 was £5.5 million. Reabold is fully funded for all intended activities and commitments in 2023. • Net assets as at 31 December 2022 were £46.5 million
KPI 4	**Growth in NAV per share**	• Broker risked NAV increased from 0.71 – 0.86p/share in March 2022 to 1.2p/share in March 2023
KPI 5	**Total shareholder return over a calendar year**	• The share price started the year at 0.18p and finished the year at 0.21p
KPI 6	**Risk and controls** Zero recordable incidents, ethical misconduct, breeches of laws or regulations, penalties. Accurate and compliant financial resources data	• The company did not have any recordable incidents or injuries in 2022. There were no instances of misconduct, breeches of laws or regulations, regulatory actions or penalties. The company was compliant with all its financial reporting deadlines and shared resource data via CPRs prepared by RPS Energy on its PEDL 183 licence and Dunrobin prospect.

West Newton

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

Co-Chief Executive Officers' Review of Operations

We have had an active year and have evolved the portfolio significantly: the sale of Corallian to Shell, exchanging Reabold California for a 42% stake in Daybreak, acquiring new licences in the North Sea, and in 2023, the acquisition of Simwell, whilst increasing our cash balance to £5.5 million. We will discuss the details of each project below.

UK Onshore

Rathlin Energy (UK) Limited and West Newton - PEDL183

West Newton is an onshore hydrocarbon discovery located north of Hull, England. To date, three wells have been drilled at West Newton (A-1, A-2 and B-1Z) confirming a major discovery - potentially one of the largest hydrocarbon fields discovered onshore UK. Rathlin Energy (UK) Limited ("Rathlin") is the operator of the licence and holds a 66.67% interest. Reabold has a 59.5% shareholding in Rathlin and a direct 16.67% in the licence giving the company an aggregate c. 56% economic interest in West Newton.

During 2022, the conceptual development plan for West Newton progressed well, following extensive third-party technical analysis and confirmation of the resource potential. The development plan consists of an initial five well development drilling campaign with first gas anticipated mid-2026. The Joint Operation intends to drill the low-cost wells in a manner which phases the development cost, significantly de-risking the financial profile of the project. The first development well, planned for Q4 2023, will materially de-risk the project at modest cost.

In addition, Rathlin commissioned a CPR effective 30 June 2022 to evaluate the oil and gas resources contained within PEDL 183. The report was finalised and announced on 29 September 2022, which identified the following:

- Estimated geological chance of success at West Newton of 86%
- Gross 2C unrisked technically recoverable resource of 197.6 bcf of sales gas
- Prospective resource potential from adjacent sites at Spring Hill, Withernsea and Ellerby of a combined gross 2U unrisked recoverable resource of 363.7 bcf of sales gas
- Estimated geological chance of success at Spring Hill, Withernsea and Ellerby of 43%
- NPV10 of US$396 million on a 100% basis for West Newton equating to US$222 million net for Reabold's economic interest.

The full CPR can be found on our website: www.Reabold.com.

Based on the reservoir characterisation and modelling work completed by RPS, horizontal wells extending approximately 1,500 metres through the Kirkham Abbey reservoir are the preferred development drilling method. Horizontal wells have a greater likelihood of encountering reservoir "sweet spots" and sections of reservoir with natural fractures that will enhance the productive capability of future wells. This is consistent with the development methods employed in European equivalents to the Kirkham Abbey Formation, especially in the northeast Netherlands fields.

Reabold and the partners to the joint operation, have determined the optimum location and orientation for a horizontal well which is intended to be drilled at West Newton B site in Q4 2023.

Rathlin has made applications to the Environment Agency ("EA") for the use of oil-based fluids for drilling operations through the hydrocarbon-bearing Permian strata. Analyses undertaken by CoreLab have determined that the Kirkham Abbey Formation is sensitive to water-based fluids and that these fluids are a significant source of formation damage. Approval of the applications associated with the West Newton A site and the West Newton B site are still pending.

Also, during 2022, Rathlin submitted proposals to the North Sea Transition Authority ("NSTA") to modify the work programme for PEDL 183. The NSTA has formally agreed with Rathlin's proposal to reduce the PEDL 183 licence area to a single retention area and substitute the outstanding seismic commitment for the drilling operations that took place at WNB-1 and WNB-1Z, thus fulfilling the obligation. In a subsequent application made to the NSTA, during December 2022, Rathlin proposed to reorder the additional components of the PEDL 183 work programme such that the drilling and testing of a new Kirkham Abbey deviated or horizontal appraisal well will be undertaken by June 2024, the recompletion or sidetrack and testing of the WNA-1, WNA-2, or WNB-1Z well also be completed in that same timeframe, and a field development plan be submitted by June 2025. Formal approval of this application was received in Q1 2023, and Reabold and its partners are actively working on plans to meet these work commitments.

In the first half of 2023, Reabold has continued to appraise other opportunities within the PEDL 183 licence. Reabold has undertaken a technical review of its Zechstein play prospectivity in the UK, including the licences acquired through the Simwell transaction and PEDL 183, combining the significant quantity of seismic data, historical wells, core analysis and other proprietary data and analysis assembled by the company.

Through this analysis, Reabold has identified on PEDL 183 a significant potential discovery, Crawberry Hill, which was drilled by Rathlin in 2013. The company's priority now is to develop plans with the aim of making this a drill-ready appraisal opportunity. This could add materially to the already significant resource within PEDL 183 offered from the West Newton trend. The Crawberry Hill-1 well, drilled in 2013, intersected 141m of Kirkham Abbey Formation with good indications of gas shows and porosity. The well was originally drilled to test a deeper target and does not have a full suite of logs over the Kirkham Abbey interval.

ERC Equipoise Ltd (ERCE) has undertaken a petrophysical analysis of the conventional reservoir of the Kirkham Abbey formation in the Crawberry Hill and Risby-1 wells and interprets average porosities greater than 15% in the top 20m of the Kirkham Abbey formation in Crawberry Hill-1. ERCE also interprets probable gas saturations in the top 6m of the Kirkham Abbey formation in the Crawberry Hill-1 well.

The Risby-1 well was drilled in the water leg but good porosity was calculated from the well logs and the potentially very good permeability indicated from well cuttings, which is supported by a drill-stem test in the Kirkham Abbey Formation. Detailed seismic mapping is underway to define the extent of the Crawberry Hill accumulation, which could add materially to the already significant resource within PEDL 183 offered from the West Newton trend.

In conclusion, Reabold believes the apparent discovery at Crawberry Hill to be an exciting appraisal opportunity potentially significantly enhancing the already strategic asset that is PEDL 183.

Given the significant technical analysis that has been completed to date, culminating in the JV partnership agreeing the well path for WN B-2 and the emergence of the Crawberry Hill opportunity, and in line with prudent risk management, Rathlin has decided to reduce its significant working interest position in PEDL 183 with the aim of potentially bringing in an industry partner to participate in drilling on PEDL 183.

Rathlin holds a 66.67% licence interest in and is operator of PEDL 183. Reabold has a c. 56% economic interest in PEDL 183 via its 16.665% direct licence interest and through its c. 59% equity ownership of Rathlin. Reabold is sufficiently funded for its 16.665% direct share of the costs for this well with its existing cash resources.

Should Rathlin's efforts to reduce their working interest position not fully meet their objective, Reabold could provide additional funding for Rathlin upon receipt of the second tranche payment from Shell relating to the sale of the Victory asset, which would allow WN B-2 to be drilled at the earliest opportunity, subject to Environment Agency permit approvals and rig availability. The exact timing and amount of the second tranche payment from Shell is currently uncertain, however the second tranche payment will be c. £9.5 million, assuming the development and production consent for the Victory gas field is secured from the North Sea Transition Authority by 1 December 2023. If consent has not been received by this date, then Reabold expects to receive £5.2 million within 3 business days of this date, with the balancing payment to come at a later consent date. The net proceeds to be received by Reabold would be sufficient to meet Rathlin's share of the drilling costs of WN B-2, leaving Reabold financial flexibility for its capital allocation strategy of balancing portfolio investment with shareholder returns.

UK Offshore – Northern Area Licences

Corallian Energy Limited – 49.99% interest (sold 1 November 2022)

Licences - P2605, P2493, P2464, P2504 (all 100%) and P2478 (36%)

During 2022, the Board of Directors of Corallian agreed to sell the entire issued share capital of Corallian to Shell U.K. Limited for a gross consideration of £32 million, with Reabold's share of net proceeds being £12.7 million.

The sale completed on 1 November 2022 and is a major milestone for the company in demonstrating the execution of its strategy by way of monetising its investment.

The payment of the consideration from Shell is staged, related to progress of the Victory gas field development. On completion of the transaction, Shell paid an initial consideration of £10 million (£3.2 million net to Reabold). This will be followed by a further single payment of

£22 million (£9.5 million net to Reabold), assuming that the development and production consent for the Victory gas field is secured from the NSTA, on or before 1 December 2023. If consent has not been granted by this date, then Shell will have the option to either: i) pay £12 million (£5.1 million net to Reabold), with the remaining £10 million (£4.4 million net to Reabold) being paid at a later consent date; or ii) offer to transfer-back the Victory licence to the current Corallian shareholders for £1 consideration. The transfer-back offer protection has been added for Corallian shareholders' benefit, to mitigate against the highly unlikely event of the Victory project not being progressed sufficiently. The Corallian sale valuation represents a significant uplift on Reabold's total investment of £7.5 million in Corallian since late 2017.

Prior to the sale of Corallian and the Victory licence, Reabold acquired Corallian's remaining six exploration and appraisal assets for £250,000 with an economic effective date of 4 May 2022. On 15 September 2022, Reabold announced the completion of the acquisition of the licences being P2396, P2464, P2493, P2504 and P2605 (all at 100% working interest) and P2478 (36% working interest). Reabold subsequently relinquished licence P2396.

Four of the licences are located near existing infrastructure and adjacent to analogue fields. There are significant prospective resources and opportunities to create value. The company believes that the prospects represent low to moderate geological risk with relatively low drilling costs and are strong candidates for farmout opportunities.

Reabold commissioned a CPR on licence P2478 which was released in Q1 2023. The key points from the CPR are set out below:

- 201 mmboe[1] aggregate gross unrisked[2] Pmean Prospective Resources on licence P2478
- The Dunrobin West prospect ("Dunrobin West"), agreed by the JV to be the proposed location of the first exploration well on the licence, would target 119 mmboe aggregate gross unrisked Pmean Prospective Resources[3]
- 34% Chance of Geologic Discovery (Pg) on Dunrobin West Jurassic primary target
- Secondary Triassic target at Dunrobin West, which along with the Jurassic can be tested by a single vertical borehole, included in formal resource assessment for the first time with a Pg of 12%
- Dunrobin West dry hole drilling costs to a total depth of 800 metres estimated by the JV to be £8.6 million gross
- The company believes that Dunrobin West is geologically analogous to the Beatrice field, which produced 164 mmboe
- Success at Dunrobin West would significantly de-risk Dunrobin Central & East and Golspie analogous prospects
- Reabold's acquisition of, *inter alia*, licence P2478 from Corallian has provided the company with additional net unrisked Pmean Prospective Resources from P2478 of 72 mmboe

In addition to the separate CPR on P2478 published in February 2023, Reabold commissioned a CPR covering licences P2464, P2504 and P2605 and includes the CPR covering P2478. The CPR highlights the potential across all of Reabold's key central and northern North Sea assets, namely: the Inner Moray Firth, East Shetland Basin and the North West of Shetland. The opportunities comprise a number of play types of both gas and oil with proven potential from analogue fields. The full CPR can be found on Reabold's website at www.Reabold.com.

1 The CPR reports oil and gas Prospective Resources. The oil equivalent value of the gas resources has been estimated by the company using a factor of 5.8bcf per mmboe.

2 The unrisked aggregation was performed by the company and assumes that all prospects at all levels are successful.

3 The unrisked aggregation of Dunrobin West was performed by the company. The volumes were presented for each reservoir in the CPR and, at the company request, were not aggregated probabilistically.

UK Offshore – Southern Area Licences

Licences – P2332 (30%) P2329, P2427, P2486 (all 10%)

Reabold completed the acquisition of Simwell Resources Limited in January 2023 which includes interests in four Southern North Sea licences: P2332 (Reabold 30%, Shell U.K Limited 70%, operator) and P2329, P2427 and P2486 (Reabold 10%, Horizon Energy Partners Ltd 77.5%, operator and Ardent Oil Ltd 12.5%). The transaction substantially increases Reabold's footprint in the emerging Zechstein trend, complementing its onshore position in PEDL183, including the West Newton project. The licences have a number of prospects covered with high quality 3D seismic data.

The breakdown of the consideration paid was as follows:

- £363,835.76, by way of initial consideration, satisfied through the issue of 134,753,985 new Ordinary Shares
- £305,157.71 to certain Simwell creditors satisfied by the

issue of 113,021,374 new Ordinary Shares

- £373,398.36 paid in cash to certain Simwell creditors

A contingent deferred consideration of £150,000 is payable to the sellers if, *inter alia,* the operator of licence P2332 undertakes to the NSTA that the licensees will commit to drill a well pursuant to a defined work programme and within the applicable timescales.

Romania – Danube Petroleum Limited

Reabold has a 50.8% equity position in Danube Petroleum Limited ("Danube"), with ASX listed ADX Energy Ltd ("ADX") holding the remaining 49.2%. Danube has a 100% interest in the Parta exploration and Iecea Mare production licence in Western Romania, which include the IMIC-1 discovery and the IMIC-2 prospect.

During 2022, the partnership continued to seek further industry funding through farmout discussions with third parties for both the exploration area (Parta) and the production licence (Iecea Mare) for infill opportunities. Several very low risk oil and gas infill and side-track opportunities have been identified within the licence area. The operator has also commenced investigating geothermal opportunities within the Parta Exploration and Iecea Mare licences. The very high geothermal gradient (6 degrees/100 meters) in several parts of the Parta licence could make electrical power generation from geothermal energy feasible and, given the very high trends in electricity prices, highly economic. The operator has been approached by several local communities in relation to geothermal projects mainly for district heating, given its drilling experience and extensive 2D and 3D seismic database in the area. This energy source is expected to receive increasing investment funding in Romania from the EU.

In the second half of the year, the operator engaged with the Romanian authorities in order to compile an application to extend the Parta licence term without any further commitments. The technical focus was on the Iecea Mare production licence where available 3D seismic covers the IMIC-2 exploration prospect. (Note: The total validity of the Iecea Mare production licence is 20 years and is not affected). The governing authority, the National Agency of Mineral Resources (NAMR) is supporting the extension which can be granted through a government process.

USA – Daybreak

On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. Reabold California LLC, which holds, *inter alia*, licence interests in California, became a wholly owned subsidiary of Daybreak, which, in exchange, issued 160,964,489 new Daybreak shares to Reabold, equating to 42% of Daybreak's currently issued share capital. The transaction has created a self-funded, OTC traded, Californian oil and gas operator with significant growth potential. Daybreak will utilise its existing in-state management team and expertise to grow the portfolio through development of existing licences as well as considering strategic acquisition opportunities.

For more information see Note 3 and Note 15.

Production from the Californian licences, West Brentwood and Monroe Swell, in which Reabold had a 50% working interest, for the period from 1 January 2022 to 25 May 2022 (the day prior to the completion of the equity exchange agreement) was 7,587boe net to Reabold, generating revenues of US$736,000 (or £560,000 using the average rate between 1 January 2022 and 25 May 2022).

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

26 May 2023

Financial review

Group Income Statement

The group's loss for the year ended 31 December 2022 was £45,000 (2021: loss of £2,675,000).

Net sales volumes for the year comprised 7,587boe (2021: 24,457boe). The reduced volumes were primarily due to the fact that Reabold held a direct 50% working interest in the Californian licences for the first five months only in 2022 as a result of the completion of the equity exchange agreement in May 2022. The sales volumes generated total 2022 revenues of £0.6 million (2021: £1.2 million). This represented an average realised sales price of US$97.0/boe (2021: US$65.4/boe).

The gross loss for 2022 of £0.3 million (2021: gross loss of £0.2 million) was after overall cost of sales of £0.8 million (2021: £1.3 million). This comprised £0.4 million of production costs (2021: £0.7 million), royalties of £0.1 million (2021: £0.2 million) and £0.3 million of non-cash depreciation charges on oil and gas assets (2021: £0.4 million).

The gain in respect of the disposal of the entire 49.99% interest in Corallian Energy Limited was £7.3 million. Proceeds received from the disposal of Corallian in 2022 were £3.2 million. The carrying amount of Reabold's investment in Corallian prior to disposal was £4.6 million. At 31 December 2022, contingent consideration relating to the disposal of Corallian amounted to £8.7 million receivable within one year.

As a result of the completion of the equity exchange agreement with Daybreak on 26 May 2022, Reabold no longer consolidates Reabold California LLC from that date. On the date of completion, Reabold recognised the fair value of its investment in Daybreak, treating it prospectively as a financial asset at fair value. The resulting loss attributable to the equity exchange agreement in May 2022 was £2.3 million. The fair value loss of Reabold's investment in Daybreak since completion to 31 December 2022 was £1.9 million.

Reabold's share of loss of associates was £1.6 million (2021: £0.8 million). The increase was largely due to non-cash impairment charges in Corallian. See Note 14 for more information.

Administrative expenses were in line with prior year at £1.7 million (2021: £1.7 million).

In 2022, Reabold incurred £0.2 million, classed as non-underlying items (see Note 25), in legal and professional fees in relation to the successful defence from the attempt, from a group of five beneficial shareholders, to remove the entire Board of directors of Reabold and replace them with four new directors. All resolutions proposed by the requisitioning shareholders were rejected at a General Meeting held in November 2022.

Currency gains of £635,000 (2021: £47,000), arose on US dollar denominated loan receivables and financial assets.

Group Balance Sheet

At completion of the equity exchange agreement, Reabold no longer had "control" over Reabold California as set out under UK adopted international accounting standards. As a result, net assets of £7.7 million including exploration and evaluation assets of £3.5 million and oil and gas assets of £4.5 million were derecognised from the balance sheet and the fair value of the investment in Daybreak was recognised. At 31 December 2022, the value of Reabold's investment in Daybreak was £3.5 million.

Exploration and evaluation assets of £6.8 million showed a decrease from £9.1 million at the end of 2021 reflecting the divestment of Reabold California, offset by £0.3 million as a result the acquisition of six North Sea licences from Corallian, £0.3 million of additions at West Newton and £0.4 million as a result of decommissioning and exchange adjustments.

Property, plant and equipment decreased from £4.3 million at year end 2021 to £nil as a result of the divestment of Reabold California.

Other balance sheet items that showed reductions since December 2021 as a result of the equity exchange with Daybreak were goodwill (decrease of £0.3 million), restricted cash (decrease of £0.2 million), trade and other payables (decrease of £0.1 million) and deferred tax liabilities (decrease of £0.3 million).

Total investment in associates decreased from £27.7 million at year end 2021 to £22.3 million at 31 December 2022, primarily as a result of the disposal of Corallian during the year. See Note 14 for further information.

The group recognised £8.7 million of deferred contingent consideration receivable relating to the disposal of Corallian. See Note 15 for further information.

The decommissioning provision at PEDL 183 increased from £0.2 million to £0.4 million as a result of changes to the underlying assumptions around inflation and discount rates.

The group does not have any other significant liabilities.

Overall, net assets have remained steady at £46.5 million (2021: £46.5 million).

Group cash flow statement

Net cash used in operating activities for the year ended 31 December 2022 was £1.8 million, £0.7 million higher than in 2021 reflecting reduced revenues as a result of the deconsolidation of Reabold's revenue generating California business in May 2022, as part of the equity exchange agreement with Daybreak.

The group generated net cash of £2.4 million from investing activities, a £4.5 million net increase from 31 December 2021. This was primarily due to the £3.2 million initial proceeds received from the sale of Corallian, as well as reduced capital expenditure at West Newton.

The group did not generate or use any cash related to financing activities in 2022. Net cash provided by financing activities for the year ended 31 December 2021 was £6.9 reflecting the issuance of 1,363,636,363 new ordinary shares at 0.55 pence per share, for gross proceeds of £7.5 million (£6.9 million net of issuance costs). The proceeds were primarily used to fund additional appraisal activity at West Newton as well as to provide additional contingency across the group's investment portfolio.

Liquidity

Cash balances increased from £4.9 million at 31 December 2021 to £5.5 million at 31 December 2022. The group has no debt.

Commitments

The group does not have any signed contractual capital commitments as at 31 December 2022 (2021: nil), however the group does have obligations to carry out defined work programmes on its licences, under the terms of the award of rights to these licences. The company is not obliged to meet other joint venture partner shares of these programmes.

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The Joint operation between Rathlin, Reabold and Union Jack have a commitment to drill and test a new Kirkham Abbey deviated or horizontal appraisal well by June 2024. The company estimates it's 16.67% share of costs to be c.£1.4 million for drilling a new well and £0.6 million for testing the well.

UK North Sea

Reabold estimates its share of firm exploration and appraisal work commitments on its North Sea portfolio to be c.£0.5 million over the next 2 years. The company has not yet taken a decision on whether to drill on any of its North Sea licences.

Principal risks and uncertainties

Reabold operates in an environment subject to inherent risks and uncertainties. The Board regularly considers the principal risks to which the group is exposed and monitors any agreed mitigating actions. The overall strategy for the protection of shareholder value against these risks is to carry a broad portfolio of assets with varied risk/reward profiles, and to retain adequate working capital.

The risks discussed below, separately or in combination, could have a material adverse effect on the implementation of our strategy, our business, financial performance, liquidity, prospects, shareholder value and returns and reputation.

Risks	Mitigation
Strategic and Commercial risks	
Investment Returns: Stock market support may be eroded, lowering investor appetite and obstructing fundraising if we fail to scale our business at pace, make poor investment choices or fail to sustain and develop a high-quality portfolio of assets.	• Management regularly communicates its strategy to shareholders. • Focus is placed on building a diverse and resilient asset portfolio capable of offering prospectivity throughout the business cycle. The group continually reviews its portfolio of assets to identify internal growth opportunities. • The company seeks to limit its financial dependence on any one single asset by holding a diversified portfolio and re-investing capital generated through monetisation of its investments into new projects in order to grow the company and create value for its shareholders. • The group engages with a range of advisers and active competitor monitoring to provide a range of opportunities for screening. • The group also engages third-party assurance experts to review, challenge and, where appropriate, make recommendations to improve the processes for project management, cost control and governance of projects.
Prices and Markets: Decreases in oil and/or gas prices could have an adverse effect on the demand for oil and/or gas. If these reductions are significant or for a prolonged period, we may have to write down assets and investments and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure, the ability to work within our financial frame and maintain our investment programme.	• Contingency is built into the evaluation, planning and budgeting process to allow for the downside movements in commodity prices. • Reabold's business model is to invest in undervalued oil and gas assets that would be able to deliver profitably under any reasonable oil/gas price assumptions, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons.
Accessing, progressing and delivering hydrocarbon projects: Inability to access and progress hydrocarbon resources could adversely affect delivery of our strategy.	• The group and its investee companies undertake extensive analysis of available technical information to determine work programmes. • Appraisal programmes are designed to de-risk the overall field development. Well and seismic data is continually reviewed to best allocate capital and make drilling decisions. • Downside risk can be reduced by entering into risk sharing arrangements. • The group retains working capital reserves to cover any delays or cost overruns
Liquidity, financial capacity and financial exposure: Insufficient liquidity and funding capacity of the group and its investee companies could adversely impact the implementation of the group's strategy and restrict work programmes due to lack of capital.	• Management has a clear strategy for value realisation and creation as evidenced by the realisation of value from the Corallian sale in 2022 • The group maintains a strong balance sheet by maximising cash to ensure sufficient liquidity within the business. The group has no debt. • Cash forecasts are monitored including considering multiple scenarios. • The company has demonstrated it can raise incremental capital if needed • The group continually monitors its capital allocation and will only pursue programs that are of appropriate size and risk relative to the group's capital resources.
Joint arrangements: Varying levels of control over the standards, operations and compliance of our partners could result in legal liability and reputational damage.	• The group continually engages with its operating partners and closely monitors the operation of its assets. • The group completes thorough due diligence reviews before entering future partnerships to ensure that their strategic and operational objectives are aligned with those of the group.

Risks	Mitigation
Climate change: A global transition to alternative energy sources could have an adverse impact on demand for oil and gas, commodity prices and/or the group's access to and cost of capital. Developments in policy, law, regulation, technology and markets including societal and investor sentiment, related to the issue of climate change and the transition to a lower carbon economy could increase costs, constrain our operations and affect our business plans and financial performance.	• Management looks for opportunities to deliver low carbon intensity production into the UK market by using low carbon intensity facilities, including potential re-use of existing infrastructure. • The group's "investment horizon" is considered to fall within time frames too short to be materially affected by the Paris Agreement 2 ˚C scenario. • The group's resources are weighted towards gas which is playing a key role in the national energy transition.
Talent and capability: Inability to attract, develop and retain people with necessary skills and capabilities could negatively impact delivery of our strategy.	• Recruitment and retention of key staff through providing competitive remuneration packages and stimulating and safe working environment. Balancing salary with longer term incentive plans.
Geopolitical: Exposure to a range of political developments and consequent changes to the operating and regulatory environment (including the continued impact of COVID-19 and events relating to the Russia-Ukraine conflict) could cause business disruption.	• Management maintains regular communication with regulatory authorities. • The company aligns its standards and objectives with government policies as closely as possible. • Reabold demonstrates a flexible approach to working from home whilst supporting appropriate working practices in London office spaces. • The group does not consider that it has a material adverse exposure to the geopolitical situation with respect to the sanctions imposed on Russia, although recognises the evolving situation is causing price volatility. The group will continue to monitor its position to ensure it remains compliant with any sanctions in place.
Digital infrastructure, cyber security and data protection: Breach or failure of our third parties' digital infrastructure or cyber security, including loss or misuse of sensitive information could damage our operations, increase costs and damage our reputation.	• The group employs specialist support to detect and monitor threats using security protection tools. • We build awareness with our employees and share information for continuous learning.
Compliance and control risks	
Regulation: Changes in the law and regulation in countries in which Reabold has a presence with partners could increase costs, constrain our operations and affect our strategy, business plans and financial performance. The UKCS licensing regime under which most of Reabold's operational rights and obligations are defined may be subject to future change.	• Our business seeks to identify, assess and manage legal and regulatory risk relevant to our operations, strategy, business plans and financial performance. To support this work, we seek to develop co-operative relationships with governmental authorities to allow appropriate focus on areas of potential risk or uncertainty while also protecting Reabold's interests within the law.
Reporting: Failure to accurately report our data could lead to regulatory action, legal liability and reputational damage.	• Our finance team provide assurance of the control environment and are accountable for building control and compliance into finance processes and digital systems.

Board of Directors

Jeremy Edelman - **Non-Executive Chairman**

Appointed: 19 December 2012

Jeremy Edelman holds Bachelor degrees in Commerce and Law together with a Master's degree in Applied Finance. Jeremy is admitted as a solicitor to the Supreme Courts of Western Australia and New South Wales. Jeremy subsequently worked for some of the world's leading investment banks, including Bankers Trust and UBS Warburg in debt and acquisition finance. He has held consulting and director positions in listed companies in the UK and Australia, such as Mt Grace Resources NL, with a focus on resource exploration and development, including investment companies established with the specific objective of investing in resources projects. He also has corporate finance experience, having been responsible for co-coordinating a number of companies in making acquisitions in a variety of resource sectors, including oil and gas, uranium, molybdenum, base metals and coal. He has worked in various regions of the world, including the Republic of Kazakhstan, Russia, South Africa and Australia. Jeremy served as a Non-Executive Director of Leni Gas Cuba Limited until 12 July 2016, a Director of Altona Energy Plc (also known as Altona Resources Plc) until 4 July 2006, Executive Director of Leni Gas & Oil PLC from August 2006 to December 2010 and Director of Braemore Resources Plc until 27 July 2005.

Sachin Oza - **Co-Chief Executive Officer**

Appointed: 19 October 2017

Sachin Oza has 19 years of investment experience, including 15 years covering the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G Investments for 13 years, where he covered the Utility, Transport, Mining and Oil & Gas sectors on a global basis. Sachin has also held investment analyst roles at Tokyo Mitsubishi Asset Management and JP Morgan Asset Management.

Stephen Williams - **Co-Chief Executive Officer**

Appointed: 19 October 2017

Stephen Williams has 18 years of experience in the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G between 2010 and 2016, where he focussed on energy and resources. Prior to this, Stephen worked as an energy investment analyst for Simmons & Company International between 2005 and 2010 and from 2003 to 2005 he worked as an analyst at ExxonMobil.

Anthony Samaha - **Non-Executive Director**

Appointed: Board: 19 December 2012; Non-Executive Director: 1 July 2022

Anthony Samaha is a Chartered Accountant who has over 30 years' experience in accounting and corporate finance, including resources development. Anthony worked for over 10 years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. Anthony has extensive experience in the listing and management of AIM quoted companies and served as Finance Director for the company up until 30 June 2022 before becoming a Non-Executive Director on 1 July 2022.

Mike Felton - **Non-Executive Director**

Appointed: 17 September 2018

Mike Felton is an experienced fund manager in the City and brings over 30 years of financial expertise to the company. Mike previously served as Head of UK Retail Equities at M&G Investments and was Manager of the M&G UK Select Fund, growing the fund's assets from £110m to c. £550m at its peak. Mike has also previously served as Joint Head of Equities at ISIS Asset Management and Manager of ISIS UK Prime Fund, as well as Chief Investment Officer at Lumin Wealth, a position he still retains part-time. Mr Felton sits on the International Tennis Federation's Investment Advisory Panel and is a Business Ambassador for Anthony Nolan, the UK's blood cancer charity and bone marrow register.

Marcos Mozetic - **Non-Executive Director**

Appointed: 17 September 2018

Marcos Mozetic, an exploration geologist, brings over 43 years of international technical experience in the oil and gas industry to the company. His most recent experience was in designing, implementing and leading Repsol S.A's exploration strategy between 2004 and 2016. During this period, Repsol become a leader in reserve replacement and participated in some of the most exciting discoveries worldwide. Previous to this, Marcos worked as a development geologist in 1975 with Bridas, before moving into the exploration department, which he later led. Following this, Marcos worked for BHP Petroleum and BHP Minerals as Chief Geologist for Argentina and later Country Leader. Marcos holds a BSc and Post-Graduate degree in Petroleum Geology from the University of Buenos Aires.

Directors' Report

For the year ended 31 December 2022

The Directors submit their report and the audited financial statements of the group and company for the year ended 31 December 2022.

Principal activities

The principal activity of the group and company is investment in pre-cash flow upstream oil and gas projects, primarily as significant interests in unlisted oil and gas companies or majority interests in unlisted oil and gas companies with non-operating positions on licences.

Business Review and Future Developments

A review of the business and the future developments of the group is presented in the Strategic Report (including a Review of Operations and Financial Review) and Chair's letter (all of which, together with the Corporate Governance Statement, are incorporated by reference into this Directors' Report).

Engagement with Employees, Suppliers and Customers

Information regarding Reabold's engagement with employees, suppliers and customers is included in the Section 172 statement on pages 24 to 26.

Results and dividends

The loss for the year was £45,000 (2021: loss of £2,675,000) The company has not declared any dividends during the year (2021: £nil). The Directors do not propose the payment of a final dividend.

Financial Instruments

The group's financial risk management objectives and policies are discussed in note 20.

Events since Balance Sheet Date

Details of post reporting date events are disclosed in Note 26 of the financial statements.

Directors and their interests

The names of the Directors who held office during the year and their shareholdings are shown below.

Director	At 31 December 2022	At 1 January 2022
Jeremy Edelman*	173,545,454	173,545,454
Sachin Oza	75,750,299	36,551,821
Stephen Williams	47,304,697	29,643,953
Michael Felton	25,240,599	25,240,599
Anthony Samaha	7,818,182	7,818,182
Marcos Mozetic	4,545,454	4,545,454

* includes 173,545,454 shares held by Saltwind Enterprises Ltd, a company connected with Jeremy Edelman.

Details of Directors' share options are included in the Directors Remuneration Report and Note 22.

Indemnity provisions

The company maintains a directors' and officers' liability policy on normal commercial terms which includes third party indemnity provisions.

Political and charitable contributions

The company made no contributions to charitable or political bodies during the year (2021: £Nil).

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Mazars LLP was put to the Annual General Meeting held on 29 June 2022 and was approved. The auditor, Mazars LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. Mazars LLP has signified its willingness to continue in office as auditor.

Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors' report was approved by the Board and signed on its behalf by Chris Connolly, company secretary, on 26 May 2023.

Reabold Resources plc

Registered in England and Wales No. 3542727

Corporate governance report

Chair's Corporate Governance Statement

During 2022 we saw good strategic progress with the completion of the equity exchange with Daybreak, the acquisition of six North Sea licences from Corallian, the sale of Corallian to Shell, and in the first half of 2023, the acquisition of Simwell Resources and the initial investment in LNEnergy.

The importance of maintaining strong relationships and engaging with our shareholders continues and underpins the success of the business. The Board strives to ensure that there are numerous opportunities for investors to engage with both the Board and Executive Directors. During 2022 the Board welcomed shareholders in person at the Annual General Meeting. The company also held a General Meeting in November 2022 and early 2023. This provided shareholders with an opportunity to raise questions in connection with the company's strategy and express their support for Reabold's Board.

I am pleased with the productive working relationship that exists between the Board and the leadership team. We have found the high degree of trust between them allows for greater constructive challenge, rigour and scrutiny. It has also made our decision-making processes swifter, allowing us to be more responsive to challenging circumstances.

I would like to thank Reabold's shareholders for placing your faith in Reabold during 2022, and for the engagement we have had with you. The Board will work to retain and repay that faith.

The company adopts the QCA Code which it believes to be the most appropriate recognised corporate governance code for the company. The QCA has ten principles which the company is required to adhere to and to make certain disclosures both within this report and on its website. These principles are:

1) Principle One: Establish a strategy and business model which promote long-term value for shareholders

Please see Reabold's strategy and business model on page 4.

2) Principle Two: Seek to understand and meet shareholder needs and expectations

We value the feedback we receive from our shareholders, and we take every opportunity to ensure that where possible their wishes are duly considered. The Board engages with shareholders to understand their priorities and concerns through a range of engagement activities. In 2022, management made a commitment to improve communication with shareholders. Management is now committed to shareholder engagement events every two months. This could take the form of corporate presentations published on our website, live online interactive presentations or investor events subsequently shared on our website. In Q1 2023, the company launched a new website so that shareholders and other stakeholders can more easily navigate company updates and communications. The website includes a Q&A page which answers some of the most common investor questions.

All shareholders are encouraged to attend the company's Annual General Meeting and any general meetings held by the company, which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings.

The primary communication tool with our shareholders is through the Regulatory News Service ("RNS") on regulatory matters and matters of material substance. The company's new website, launched in March 2023, provides details of the business, investor presentations and details of the Board, changes to major shareholder information and QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of company's affairs. The company's Annual Report and Notice of Annual General Meetings are available to all shareholders. The Interim Report and investor presentations are also available on our website.

Investor events are held with shareholders throughout the year. By providing a variety of ways to communicate with investors the company feels that it reaches out to engage with a wide range of its stakeholders.

3) Principle Three: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long term success of the company is reliant upon the efforts of the employees of the company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the company. A description of how the group considers key stakeholders in its decision-making is included in the section 172 statement on page 24. The company's ESG statement is on page 30.

4) Principle Four: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board ensures that procedures are in place and such procedures are being implemented effectively to identify, evaluate and manage the significant risks faced by the company. Key business challenges and risks are detailed on pages 13 and 14.

The Executive Directors have regular conference calls with the company's Nominated Adviser and, when relevant, the company's corporate communications advisers to discuss – amongst other items – operations, key risks, and other relevant matters. Additionally, the group also has structured weekly operational and management conference calls with its JV partners to identify and discuss key business challenges and risk areas. The Board believes that this regular programme of internal communications provides an effective opportunity for potential or real-time risks to be identified, considered and – where necessary – addressed in a timely manner. Given the company's current size, the Board considers that the Executive Management team—with oversight from the Non-Executive Board of Directors and relevant advisers, is sufficient to identify risks applicable to the company and its operations and to implement an appropriate system of controls. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the Directors believe that the established systems for internal control within the group are appropriate to the size and cost structure of the business. An internal audit function is not considered necessary or practical due to the size of the company and the close day to day control exercised by the Executive Directors. However, the Board will continue to monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

5) Principle Five: Maintain the Board as a well-functioning, balanced team led by the chair

As at the date of publication, the Board comprised of Jeremy Edelman as the Non-Executive Chairman, Marcos Mozetic, Michael Felton and Anthony Samaha as Non-Executive Directors and Sachin Oza and Stephen Williams, the Co-Chief Executive Directors. Biographical details of the current Directors are set out on pages 16 and 17 of this Annual Report.

The Executive and Non-Executive Directors are subject to re-election at the second annual general meeting of the company after their last appointment or reappointment, if not before.

The Board retains ultimate accountability for ensuring that the company has a robust governance framework in place, ensuring that governance is appropriately embedded throughout the business. The Board meets at least six times per annum. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not yet created a Nominations Committee.

The Chair has overall responsibility for the management of the Board which in turn oversees the company's strategy and operational and financial performance. The role of the Chairman is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the company. In addition, the Chairman is responsible for the implementation and practice of sound corporate governance. The Chairman is considered to have adequate separation from the day-to-day running of the company.

Michael Felton and Marcos Mozetic are considered to be Independent Directors. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. The Board will review further appointments as scale and complexity grows.

The company has adopted a share dealing code and policy which the Board regards as appropriate for an AIM quoted company and is compliant with the UK Market Abuse Regulations. The company takes all reasonable steps to ensure it is compliant with Market Abuse Regulations and AIM Rules.

The Board has two committees as detailed below.

Audit Committee

The Audit Committee consists of Michael Felton as Chairman, Jeremy Edelman and Anthony Samaha. This Committee provides a forum through which the group's finance functions and auditors, report to the non-executive Directors. Meetings may be attended, by invitation, by the company's Nominated Adviser, company Secretary, other directors and the company's auditors. The principal duties and responsibilities of the Audit Committee include:

- overseeing the group's financial reporting disclosure process; this includes the choice of appropriate accounting policies;

- monitoring the group's internal financial controls and assess their adequacy;
- reviewing key estimates, judgements and assumptions applied by management in preparing published financial statements;
- annually assessing the auditor's independence and objectivity; and
- making recommendations in relation to the appointment, re-appointment and removal of the company's external auditor.

The Board has not published an audit committee report, which the Board considers to be appropriate given the size and stage of development of the company.

Remuneration Committee

Detailed information on the remuneration committee can be found on pages 27 to 29.

The Board will implement a Nomination committee at the appropriate time in line with changes to the structure, size and composition of the Board.

6) Principle Six: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board currently consists of six Directors. The company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industry sectors. The complementary skills and experience of our Board are included on pages 16 and 17. If the company identifies an area where additional skills are required, the company will often contract an appropriately qualified third party to advise as required.

The Board recognises that it currently has a limited diversity, including a lack of gender balance, and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. The company secretary supports the chairman and executives in addressing the training and development needs of Directors, and their membership of appropriate professional and industry associations. These professional associations have ongoing professional development requirements, which the company supports. The company's Nominated Adviser provides training on AIM Rules and the UK Takeover Code when required.

The Board regularly consults with its legal advisers to ensure compliance with the Companies Act and other relevant legislation.

7) Principle Seven: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board and individual Directors is undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance in various applicable areas to their role as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the Directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

During the reporting period, the Board undertook a performance evaluation of the Executive Directors. For the 2022 performance period it was determined that no bonuses would be paid to the executive directors. Please see the Directors' remuneration report on page 27. In Q1 2023, the Remuneration Committee undertook a thorough and robust engagement process with independent remuneration specialists to design a share plan and incentive scheme for the executive directors and senior management. Please see note 26 post balance sheet events – Long Term Incentive Plan Awards for further details.

The Board performance evaluation is to be undertaken annually and includes an assessment of achievement of KPIs by Executive Directors. The Remuneration Committee undertakes a review of the remuneration of Executive Directors at least annually and may consult with external consultants to assist in the evaluation and determination of appropriate compensation and incentivisation schemes to ensure the company remains competitive in retaining management.

There is a strong flow of communication between the Directors, and in particular between the Co-Chief Executive Officers, Chief Financial Officer and the Chair, with consideration being given to the strategic and operational needs of the business. Minutes are drawn up to reflect the true record of the discussions and decisions made.

The Directors have a wide knowledge of the company's business and understand their duties as directors of a quoted company. The Directors have access to the company's Nominated Adviser, auditors and solicitors as and when required. The company's Nominated Adviser provides Board room training on applicable matters. These advisors are available to provide formal support and advice to the Board from time to time and do so in accordance with good practice.

The company secretary, who is also the Chief Financial Officer, helps keep the Board up to date with developments in corporate governance and liaises with the Nominated Adviser on areas of AIM requirements. The company secretary has frequent communication with the Chair, Co-Chief Executive Officers and chairs of the Committees and is available to other members of the Board as required. The Directors are also able, at the company's expense, to obtain advice from external advisers if required.

The Board is to consider periodically a succession plan. Executive Directors are to have sufficient length of notice periods to ensure the appointment of new personnel and ensure sufficient time to handover responsibilities.

8) Principle Eight: Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the company as a whole and that this will impact the performance of the company.

The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the company in a manner that encourages open dialogue with the Board. A large part of the company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the company does.

The Board considers that at present the company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The company has a code for Directors' and employees' dealings in the company's securities, which was updated in 2022, and is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the UK Market Abuse Regulation. The company takes all reasonable steps to ensure it is compliant with the Market Abuse Regulations and AIM Rules.

9) Principle Nine: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Ultimate authority for all aspects of the company's activities rests with the Board with the respective responsibilities of the Chair and the Executive Directors arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chair is responsible for the effectiveness of the Board, while management of the company's business and primary contact with shareholders has been delegated by the Board to the Co-Chief Executive Directors.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

The role of the Chair is to provide leadership of the Board and ensure its effectiveness on all aspects of its remit to maintain control of the company. In addition, the Chair is responsible for the implementation and practice of sound corporate governance. The Chair is considered to have adequate separation from the day-to-day running of the company.

Details of the Audit Committee and the Remuneration Committee are provided under principle 5.

The Board of Directors is responsible for the success of the group, but given the size and complexity of its operations the day-to-day operations of the group are managed on a delegated basis by the Executive Directors. The schedule of matters reserved for the Board include:

- approval of the group's strategic plan, oversight of the group's operations and review of performance in the view of the group's strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken;

- ultimate oversight of risk, including determining the group's risk profile and risk appetite;
- culture and succession planning;
- investments, acquisitions, divestments and other transactions outside delegated limits;
- financial reporting and controls, including approval of the half-year interim results, full-year results, approval of the Annual Report and Financial Statements, approval of any significant changes in accounting policies or practices and ensuring maintenance of appropriate internal control and risk management systems;
- ensuring the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the group's position and prospects;
- assessment of the group's ability to continue as a going concern;
- capital expenditure, including the annual approval of the capital expenditure budgets and any material changes to them in line with the group-wide policy on capital expenditure;
- dividend policy, including the annual review of the dividend policy and recommendation and declaration of any dividend;
- appointment of Directors;
- shareholder documentation, including approval of resolutions and corresponding documentation to be put to shareholders and approval of all material press releases concerning matters decided by the Board;
- terms of reference of Board committees and appointment of members to the committees; and
- key business policies, including approval of remuneration policies.

The Board considers its current governance structures and processes to be in line and appropriate for its current size and complexity, as well as its current capacity, appetite and tolerance for risk. The Board will continue to monitor the appropriateness of its governance structures and processed towards their evolution over time in parallel with the group's objectives, strategy and business model to reflect the development of the group.

Attendance at Board and Committee Meetings

In order to be efficient, the Board meets formally and informally both in person and by telephone. To date there have been at least bimonthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at least at this rate. The company had 13 Board meetings during the year and reports below on the number of Board and committee meetings attended by Directors.

	Board	Audit Committee	Remuneration Committee
Jeremy Edelman	12	2	1
Sachin Oza	13	-	-
Stephen Williams	13	-	-
Anthony Samaha	12	1	-
Marcos Mozetic	11	-	1
Michael Felton	11	2	1

10) Principle Ten: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the company. Page 24 of this Annual Report provides a section 172 statement which discusses how the group considers the interests of shareholders and other relevant stakeholders in its decision making.

All shareholders are encouraged to attend the company's Annual General Meeting and any general meetings held by the company.

The company's financial and operational performance is summarised in the Annual Report and the Interim Report, with regular updates provided to stakeholders in other forums through the year, including press releases and regular updates to the company's website.

Jeremy Edelman
Chair

26 May 2023

Section 172(1) statement

In accordance with the requirements of Section 172 of the Companies Act 2006, the directors consider that, during the financial year ended 31 December 2021, they have acted in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of the members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. The Board delegates day-to-day management of the business of the company to the Co-CEOs, save for those matters which are reserved for the Board's approval. More information on how the Board has regard to the Section 172 factors are outlined below.

S172(1) (A) "The likely consequences of any decision in the long term"

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the company and the way in which the strategic, operational and risk management decisions have been implemented throughout the business is detailed in our Strategy and business model on page 4 and throughout the Strategic Report.

S172(1) (B) "The interests of the company's employees"

At the end of 2022, the company had 4 employees: two Co-Chief Executive Officers, the CFO and a technical manager. Our people are crucial to delivering our strategy. We aim to recruit talented people and in 2022, we recruited Chris Connolly as CFO. Chris has over 16 years' experience in the extractive industries sector, primarily in oil and gas. Chris joined us from EnQuest PLC where he was Group Financial Controller. We also added Donal O'Driscoll, our technical manager to the team. Donal has worked for 38 years as a petroleum geologist/technical manager with operating oil companies in the UK, contributing to drilling over 50 offshore wells and developing 16 oil and gas fields, which have produced over 2 billion barrels of oil equivalent. Donal has a Ba(mod) Geology, MSC Petroleum Geology and MSC business strategy. We focus our attraction, recruitment, development and retention activities to provide the support and skills our employees need in order to help Reabold thrive and succeed.

In April 2023, we launched the Reabold Resources plc long-term incentive plan for our full-time senior management team. Reabold aims to invest in competitive rewards for our people.

Our employees are one of the primary assets of our business and the Board recognises that our employees are the key resource which enables the delivery of the company's vision and goals.

We ensure that:

- Health, Safety and the Environment are considered paramount throughout the organisation (both on-shore and off-shore).
- Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefitting fairly and to retain and encourage skills vital for the business.
- There are freely available company policies and procedures.
- Personal development reviews and work appraisals are conducted.
- Employees are informed of the results and important business decisions and are encouraged to feel engaged
- Working conditions are favourable

The Remuneration Committee oversees and makes recommendations of executive remuneration and any long-term share awards.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, governments, and joint-venture partners. We aim to have a positive and enduring impact on the communities in which we operate, through partnering with national and local suppliers, and through payments to governments in taxes and other fees. The group values all of its suppliers and aims to build strong positive relationships through open communication and adherence to trade terms. The group is committed to being a responsible entity and doing the right thing for its customers, suppliers and business partners. The Board upholds ethical business behaviour across all of the company's activities and encourages management to seek comparable business practices from all suppliers and customers doing business with the company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered. The Board engages with stakeholders to understand their priorities and concerns through a range of engagement activities. In 2022, management made a commitment to improve communication with shareholders. Management is now committed to shareholder engagement events every two months. This could take the form of corporate presentations published on our website, live online interactive presentations, investor events subsequently shared on our website. In Q1 2023 the company launched a new website so that shareholders and other stakeholders can more easily navigate company updates and communications. The website includes a Q&A page which answers some of the most common investor questions.

Ultimately, Board decisions are taken against the backdrop of what it considers to be in the best interest of the long-term financial success of the group and its stakeholders, including shareholders, employees, the community and environment, our suppliers and customers. We value our customer relationships and aim to work closely with our customers to develop and maintain strong relationships and understand their evolving needs so that we can improve and adapt to meet them.

Further information can be found within our Environmental, Social and Governance (ESG) Statement on page 30.

S172(1) (D) "The impact of the company's operations on the community and the environment"

This aspect is inherent in our strategic ambitions, most notably on our ambitions to thrive through the energy transition and to sustain a strong societal licence to operate. As such, the Board receives information on these topics to provide relevant information for specific Board decisions. Executive Directors conduct site visits of various investee company operations and hold external stakeholder engagements, where feasible.

At present Reabold does not 'operate' any of the assets in its portfolio. Our operational assets are managed by our associate companies who are responsible for the adequacy of standards, operations and compliance. Reabold seeks to influence how risk is managed in arrangements where we are not operator by ensuring we have a member of the executive team on the Board of our associate companies. This gives Reabold assurance that operations are and will be carried out in a sustainable and safe manner.

Further information can be found within our ESG Statement on page 30, and within the principal risks and uncertainties section on page 13.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The company is incorporated in the UK and governed by the Companies Act 2006. The company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the company's stakeholders are safeguarded. Please see the Chair's Corporate Governance statement on pages 19 to 23.

Reabold aims to achieve the production of hydrocarbons that meet the world's growing need for energy solutions in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as Reabold's Code of Conduct, and specific Ethics & Compliance policies, to ensure that its high standards are maintained both within Reabold and the business relationships we maintain. This, complemented by the various ways the Board is informed and monitors compliance with relevant governance standards, help ensure its decisions are taken, and that Reabold investee companies act in, ways that promote high standards of business conduct.

S172(1) (F) "The need to act fairly as between members of the company"

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the company. All shareholders are encouraged to attend the company's Annual General Meeting and any general meetings held by the company, which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings.

The primary communication tool with our shareholders is through the Regulatory News Service ("RNS") on regulatory matters and matters of material substance. The company's new website launched in March 2023 provides details of the business, investor presentations and details of the Board, changes to major shareholder information and QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of company's affairs. The company's Annual Report and Notice of Annual General Meetings are available to all shareholders. The Interim Report and investor presentations are also available on our website.

Investor events are held with shareholders throughout the year. By providing a variety of ways to communicate with investors the company feels that it reaches out to engage with a wide range of its stakeholders.

Key decisions made

The Board delegates day-to-day management of the business of the company to the Co-CEOs. The responsibility for the execution of this delegation of authority, including regularly monitoring it, is retained by the Board. We outline some of the principal decisions made by the Board over the year, and how directors have performed their duty under Section 172.

Sale of Corallian

We completed the sale of Corallian Energy Limited in November 2022. The Board discussed the sale with the executive team throughout 2022 as the opportunity matured in order to review the proposed terms. The Board recognised that this sale would be a significant valuation uplift on Reabold's investment in Corallian and would allow Reabold to progress its strategy given the improved financial flexibility. Reabold is now comfortably fully funded for its share of the West Newton development well and is able to make shareholder distributions.

Acquisition of North Sea Licences

We completed the acquisition of six North Sea licences in 2022 for £250,000. The Board discussed the acquisition with the executive team throughout 2022 as the opportunity matured in order to review the business case and what it offered. The Board recognised with these licences, there was a low cost opportunity to expand Reabold's presence in the North Sea. The Board saw the acquisition as an exciting opportunity to create value from a number of prospects with significant resource potential and relatively low geological risk.

Acquisition of Simwell Resources Limited

Reabold completed the acquisition of Simwell Resources Limited in January 2023. The Board discussed the acquisition through the second half of 2022. The Board recognised the acquisition would significantly increase Reabold's footprint in the emerging Zechstein trend, complementing its onshore position in PEDL 183, including the West Newton project. See note 26 for further details.

Investment in LNEnergy

On 9 May 2023, Reabold announced it acquired a 3.1% interest in LNEnergy for cash consideration of £250,000, receiving options to acquire further shares in LNEnergy which, if exercised, would result in Reabold holding a 25.0% shareholding in LNEnergy for aggregate cash and equity consideration of £3.8 million. The Board agreed the investment was in line with Reabold's strategy to progress high quality pre-cash flow projects that can deliver material returns to shareholders. LNEnergy's primary asset is an option over a 90% interest in the Colle Santo gas field, onshore Italy in the Abruzzo region. With 65Bcf of 2P reserves, as estimated by RPS as of 30 September 2022, this is a highly material undeveloped onshore gas resource, particularly in the context of onshore Western Europe, and subject to the necessary approvals and permits, is development ready with no additional drilling required. First gas is targeted for early 2025. See note 26 for further details.

Directors' Remuneration Report

Role of the remuneration committee

The role of the committee is to determine and recommend to the Board the remuneration of the Chair, executive directors and CFO. The remuneration committee reviews remuneration policy, share schemes and the incentivisation of the workforce. The Committee assists the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation and retention of Executive Directors and senior management. The Committee aims to ensure that the company has the right skills and expertise needed to enable the company to achieve its goals and strategies and that fair and competitive compensation is awarded with appropriate performance incentives across the company.

Key responsibilities

- Recommend to the Board the remuneration principles and policies for the executive directors and CFO.
- Set and approve the terms of engagement, remuneration, benefits and termination of employment for the executive directors and CFO.
- Prepare the remuneration report.
- Approve the principles of any equity plan.
- Ensure termination terms and payments to executive directors and CFO are appropriate.

Membership

Marcos Mozetic

Member and chair since September 2018

Jeremy Edelman

Member

Michael Felton

Member

Meetings and attendance

The committee met once during the year. All members attended the meeting.

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

[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

Overview of outcomes

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 footnote a above). The directors receive no benefits from the company apart from the pension contributions shown in the table above. The directors have never been awarded shares in the company as part of share option plans (see share option plans below).

Executive directors service contracts

The company's policies on directors' service contracts are indicated below:

Director	Effective Term	Notice period
Sachin Oza	5 September 2018	6 months
Stephen Williams	5 September 2018	6 months

Share option plans

As at 31 December 2022, 125,000,000 options granted by the company were outstanding. These options were originally granted in March 2018. No options were granted in 2022.

Director	At 1 Jan 2022	Granted	Exercised	Expired	At 31 Dec 2022	Option price	Date from which first exercisable	Expiry date
Sachin Oza	20,000,000	-	-	-	20,000,000	0.60p	30 Sep 2022	19 Mar 2023[a]
Sachin Oza	20,000,000	-	-	-	20,000,000	0.90p	31 Dec 2022	19 Mar 2023[a]
Sachin Oza	20,000,000	-	-	-	20,000,000	1.20p	31 Dec 2022	19 Mar 2023[a]
Sachin Oza	30,000,000	-	-	(30,000,000)	-	0.50p	30 Sep 2021	19 Oct 2022
Sachin Oza	30,000,000	-	-	(30,000,000)	-	0.75p	31 Dec 2021	19 Oct 2022
Sachin Oza	30,000,000	-	-	(30,000,000)	-	1.00p	31 Mar 2022	19 Oct 2022
Stephen Williams	20,000,000	-	-	-	20,000,000	0.60p	30 Sep 2022	19 Mar 2023[a]
Stephen Williams	20,000,000	-	-	-	20,000,000	0.90p	31 Dec 2022	19 Mar 2023[a]
Stephen Williams	20,000,000	-	-	-	20,000,000	1.20p	31 Dec 2022	19 Mar 2023[a]
Stephen Williams	30,000,000	-	-	(30,000,000)	-	0.50p	30 Sep 2021	19 Oct 2022
Stephen Williams	30,000,000	-	-	(30,000,000)	-	0.75p	31 Dec 2021	19 Oct 2022
Stephen Williams	30,000,000	-	-	(30,000,000)	-	1.00p	31 Mar 2022	19 Oct 2022
Anthony Samaha	10,000,000	-	-	(10,000,000)	-	0.50p	30 Sep 2021	19 Oct 2022
Anthony Samaha	10,000,000	-	-	(10,000,000)	-	1.00p	31 Dec 2021	19 Oct 2022
Anthony Samaha	5,000,000	-	-	-	5,000,000	0.60p	30 Sep 2022	19 Mar 2023[a]
					125,000,000			

[a] The company amended the expiry date and vesting conditions of 125,000,000 existing options on 17 February 2022, such that their expiry dates were extended by 12 months to 19 March 2023.

As at the date of publication of this report, all of the above options have expired. The directors have never been awarded shares in the company to date.

Directors' shareholdings

The directors' have built personal shareholdings in the company as shown below:

Director	At 31 December 2022	At 1 January 2022
Jeremy Edelman*	173,545,454	173,545,454
Sachin Oza	75,750,299	36,551,821
Stephen Williams	47,304,697	29,643,953
Michael Felton	25,240,599	25,240,599
Anthony Samaha	7,818,182	7,818,182
Marcos Mozetic	4,545,454	4,545,454

* includes 173,545,454 shares held by Saltwind Enterprises Ltd, a company connected with Jeremy Edelman.

Key areas of focus for 2023

- Undertake a thorough and robust engagement process with independent remuneration specialists to design a share plan and incentive scheme for the executive directors and senior management
- Design and implement directors and senior management scorecards
- Agree a framework for the 2023 bonus plan
- Consider and agree a programme for the grant of any LTIP awards for 2023

Chair and non-executive directors' remuneration

	Fees (£)	
	2022	2021
Jeremy Edelman (Chair)	66,000	60,000
Michael Felton	38,000	35,000
Macros Mozetic	38,000	35,000
Anthony Samaha[a]	20,500	-

[b] Anthony Samaha was appointed as non-executive director on 1 July 2022

External appointments

The Board supports executive directors taking up appointments outside the company to broaden their knowledge and experience. Each executive director is permitted to retain any fee from their external appointments. Such external appointments are subject to agreement by the chair and reported to the Board. Any external appointment must not conflict with a director's duties and commitments to Reabold. Details of appointments as non-executive directors of publicly listed companies during 2022 are shown below.

	Appointee company	Additional position held at appropriate company	Total fees (£)
Stephen Williams	Europa Oil & Gas (Holdings) plc	Director	31,000

The directors' remuneration report was approved by the Board and signed on its behalf by Chris Connolly, company secretary on 26 May 2023.

Environmental, Social & Governance

Environmental, Social and Governance (ESG) Statement

Reabold is committed to the highest standards of environmental, social and governance processes and we incorporate these responsibilities into our operational decision-making and investments. We regularly review our approach, policies, and processes across key areas.

At present Reabold does not 'operate' any of the assets in its portfolio. Our operational assets are managed by our associate companies who are responsible for the adequacy of standards, operations and compliance. The group does not have any assets that are yet in the development or production stage and therefore the business has no scope 1 or scope 2 greenhouse gas emissions.

Environment

Reabold is committed to preserving and protecting our natural environment for future generations.

Reabold complies with the standards of the international oil industry, environmental laws and regulations. We recognise and support the basis of the Paris Agreement to strengthen the global response to the threat of climate change.

Our focus is on minimising carbon emissions and the environmental footprint of the projects we invest in, whilst continuing to contribute positively to the demand for energy and products that require hydrocarbons in the supply chain. The pace of transition to a lower carbon economy and cleaner fuels is uncertain, but oil and natural gas demand is expected to remain a key element of the energy mix for many years based on stated government policies, commitments and announced pledges to reduce emissions. The challenge is to meet the world's energy needs sustainably and efficiently, which requires managing and reducing harmful emissions.

Reabold actively encourages and expects its investee companies / operators of its oil and gas interests to respond to this by continuously striving to minimise the potential environmental impact of operations by:

- Implementing controls to identify and prevent potential environmental risks
- Implementing controls during operations to avoid accidental spills, or leaks of polluting materials
- Managing water with due consideration
- Targeting high energy efficiency levels in drilling and other activities
- Limiting unnecessary wastage
- Handling waste products in an environmentally responsible manner
- Regularly assessing the environmental consequences of operations

The operators have developed systems, controls and processes to integrate climate related considerations, in order to meet these objectives. For example one can read the approach and policies of Rathlin Energy, operator of the West Newton PEDL 183 licence, on its website at www.rathlin-energy.co.uk.

Focus on energy efficient extraction and drilling to reduce carbon intensity

Reabold's assets are primarily small to medium sized, proven oil and gas fields at relatively shallow depth. As such, the intensity of drilling required is considered low relative to industry standards and we do not conduct energy intensive prospecting activities, reducing the impact on the environment. We encourage the operators of our assets to use the most energy efficient drilling methods. As the energy mix evolves towards a higher percentage of renewables in the countries in which we operate (e.g. increasing wind power in the UK and Romania, solar in California), we anticipate a greater share of our energy consumption will be purchased from green sources.

United Kingdom

Our investee company sites in the United Kingdom are located close to areas with a high demand for energy. Consequently, we expect that hydrocarbons produced locally and consumed locally will displace imported hydrocarbons thereby resulting in lower carbon emissions overall. This will provide greater security of supply to the UK as well as providing jobs and supporting UK industry, compared to the alternative of importing fuel. The COVID-19 pandemic highlighted the importance of our critical national infrastructure and this has become even more apparent in recent times with the war in Ukraine.

We believe that natural gas has an important role to play in the energy transition, bridging the gap on the journey from fossil fuels to a renewable, zero-carbon future and helping to supply stable and affordable energy to UK homes and businesses as part of a lower-carbon energy supply mix. To that end, we continue to explore ways to invest in gas projects such as the Victory project, which was subsequently sold to Shell in November 2022.

Reabold is committed to being part of the overall reduction in carbon intensity in the UK. As part of this objective, we were very pleased with the West Newton development plan being given an AA rating by GaffneyCline in 2020 for carbon intensity, the best possible grade for low carbon emissions from potential upstream crude oil production. The study stated that the West Newton field has carbon intensities "significantly lower than the UK average and also compared to onshore analogues". Based on the study, GaffneyCline estimated that West Newton could produce the equivalent of just 5 grams of CO2 per megajoule of energy created ("gCO2eq./MJ"). The study did not include the review of any carbon offsetting measures, which could further limit West Newton's net carbon emissions. The study also highlighted that this number could be further reduced to just 3.5 gCO2eq./MJ by applying, inter alia, gas to grid technologies. The study used specific West Newton reservoir and fluid parameters, notional development plans and analogous field development plans. The result of this study was benchmarked against other field analogues using the Global field database. Reabold intends that the development at West Newton will seek to utilise the best fit for purpose technologies, including gas to grid technologies, and tight leak-rate specifications to minimise any venting, flaring or fugitive emissions.

Daybreak, USA

Daybreak's production sites are located in California, a state with very high renewable energy generation which feeds into the energy required for hydrocarbon extraction. By industry standards, our oil and gas activities require a very low level of energy to extract the hydrocarbons, ensuring it is one of the most energy efficient of its type in California.

Romania

Romania is in the midst of creating a more sustainable energy mix by transitioning away from coal fired generation and ageing nuclear plants towards renewable energy sources. However, during this transition period, the country needs indigenously sourced natural gas as a fuel to ensure the security of supply of energy. By developing and producing gas from the Parta site, Danube Petroleum Limited is able to contribute to the country's efforts to implement this energy strategy. In 2022, a regional geothermal study was conducted over the Parta licence, and a detailed report was completed for the Iecea Mare production licence with a special focus on the IMIC-1 well. The operator has been approached by several local communities in relation to geothermal projects mainly for district heating, given its drilling experience and extensive 2D and 3D seismic database in the area. A very high geothermal gradient was encountered while drilling the well in the order of 6°C per 100 metres which is of interest for a potentially viable geothermal project.

Managing our environmental footprint and reducing our emissions are important objectives for Reabold Resources. We regularly review and revise our policies, as necessary.

Health & Safety

Reabold wishes to build value through developing sustainable relationships with partners and the community.

We comply with all applicable legislation; and design and manage our activities to prevent pollution, minimize environmental and health impact and provide workplaces free of safety hazards.

The company is committed to high standards of health, safety and environmental protection; these aspects command equal prominence with other business considerations in the decision-making process.

Health, safety and environmental protection are responsibilities shared by everyone working for the company and the full support of all staff, partners and contractors is vital to the successful implementation of the policy. We ensure, as far as reasonably practicable, that all personnel are aware of their delegated health, safety and environmental responsibilities and are properly trained to undertake these.

We strive for continuous improvement in our HSE performance and measure this by setting objectives and targets consistent with the aims of this policy.

HSE performance is routinely monitored and reported regularly to the Board of Directors, which will ensure that the necessary resources are provided to support this policy fully.

Governance

As an AIM-quoted company, Reabold is required to apply a recognised corporate governance code, demonstrating how the company complies with such corporate governance code and where it departs from it.

The Directors of the company have formally applied the QCA Code. The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Reabold, have been created. Please see pages 19 to 23 for the Chair's corporate governance statement and how Reabold has applied the 10 principles of the QCA code.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under such law the Directors have elected to prepare financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditor's Report to the members of Reabold Resources Plc

Opinion

We have audited the financial statements of Reabold Resources PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Statements of Comprehensive Income, the Group Statements of Financial Position, the Company Statement of Financial Position, the Group Statements of Cash Flows, the Company Statements of Cash Flows, the Group Statements of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Obtaining management's formal going concern assessment;
- Critically assessed and challenged the key assumptions, corroborating to supporting documentation where applicable;
- Considering the impact of climate change and the current socio-political environment on the value of the group's assets; and
- Reviewing the disclosures included in the financial statements related to going concern to endure consistent with our findings.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Carrying value of exploration & evaluation (E&E) assets and oil & gas assets (group and parent company risk)	
The carrying value of exploration & evaluation and oil & gas assets in the Group accounts total £6,815k (2021: £9,123k). The parent company has a carrying value £6,451k (2021: £5,968k). The group's accounting policy in respect of this area is set out in the accounting policy notes in the accounts. The Group is involved in the extraction of oil and gas. Under IFRS 6, Exploration for and Evaluation of Mineral Resources, management must establish an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply it consistently. The risk is associated with the valuation, both initial recognition and impairment, of the assets.	Our procedures included, but were not limited to, the following: • reviewing the accounting policy in place to ensure that the point at which exploration and evaluation assets are recognised is reasonable and in line with IFRS 6 requirements; • critically assessing a sample of transactions throughout the company, subsidiary and associated companies to ensure additions have been treated in accordance with the accounting policy; • reviewing the status of specific on-going projects, with specific reference to any external market information, to gain assurance over the recoverability of capitalised exploration and evaluation expenditure; • making enquires of management of the potential impact of socio-economic and climate related factors on determining the carrying values of the assets; • holding discussions with component auditors and reviewing their work performed on E&E assets to ensure appropriate and sufficient audit evidence had been obtained around the carrying value of oil & gas assets by associated undertaking; and • Obtaining and challenging management's assessments as to whether there were indicators of impairment. **Our observations** Based on the results of our procedures performed we consider that the value of exploration &evaluation and oil & gas assets are appropriate. We have not identified material misstatements in the disclosure of these assets in the financial statements.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

Overall materiality	Consolidated group; £707,000 Parent company; £707,000
How we determined it	This has been calculated with reference to total assets, of which it represents approximately 1.5% for the group company.
Rationale for benchmark applied	Total assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders due to the investments, namely the subsidiaries and associated entities, being at an early stage of revenue generation. 1.5% has been chosen to reflect the level of understanding of the stakeholders of the group in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £565,600 for both the Group and the parent company, which represents 80% of overall materiality in both cases. This percentage was applied due to the experience we have in auditing the group and the parent company, our assessment of the group's and the parent company's control environment, and the volume of transactions.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £21,200 for both the group and parent company as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. This threshold represents 3% of financial materiality.

For each component in the scope of the Group audit, we allocated a materiality that was less than our overall Group materiality. The range of performance materiality allocated across the components was between £184,000 and £565,500.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements of Reabold Resources Plc. Based on our risk assessment, all entities within the group, except for Reabold Resources Limited and Gaelic Resources Limited (which are holding companies with no impact on the consolidated financial statements) were subject to full scope audit, which was performed by the group audit team. Two of the group's associated undertakings were subject to audit procedures by component auditors. Group instructions were sent to these component auditors by the group audit team. Discussions were held with the component auditors and specific component audit working papers were reviewed by senior members of the group audit team to assess the sufficiency and appropriateness of their audit procedures for the purposes of the group audit opinion. Audit procedures in relation to the other associated undertaking was completed by the group engagement team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, oil and gas laws and regulations, anti-money laundering regulation, AIM listing rules and GDPR regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year;
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, AIM Rules and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to relation to the carrying value of exploration and evaluation and oil & gas assets, revenue recognition (which we pinpointed to the occurrence assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

Our audit procedures in relation to fraud through revenue recognition, specific to occurrence included, but were not limited to:

- Recalculating 100% of the Group's share of revenue in the year based on the contractual terms of the production sharing contract and each monthly third party oil statement.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

26 May 2023

Group Income Statement

for the year ended 31 December

	Note	2022 £'000	2021 £'000
Continuing operations			
Revenue	4	560	1,160
Cost of sales	5	(834)	(1,312)
Gross loss		(274)	(152)
Net (loss) gain in financial assets measured at fair value through profit or loss	15	(1,851)	55
Other income		50	51
Share of losses of associates	14	(1,576)	(801)
Other expenses		(89)	–
Net gains on sale of businesses	2	4,997	–
Exploration expense		(74)	–
Administration expenses		(1,702)	(1,710)
Non-underlying items	25	(191)	–
Share based payments expense	22	(22)	(152)
Foreign exchange gains		635	47
Operating loss		(97)	(2,662)
Finance costs – unwinding of discount on decommissioning provisions		(16)	(14)
Finance income		68	1
(Loss) before tax for the year		(45)	(2,675)
Taxation	9	–	–
(Loss) for the year		(45)	(2,675)
Attributable to:			
Reabold shareholders		(45)	(2,675)
		(45)	(2,675)
Earnings per share			
(Loss) for the year attributable to Reabold shareholders			
Per ordinary share (pence)			
Basic	10	(0.0005)	(0.0341)
Diluted	10	(0.0005)	(0.0341)

Group Statement of Comprehensive Income

For the year ended 31 December

	Note	2022 £'000	2021 £'000
Loss for the year		(45)	(2,675)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		71	48
Exchange (gains) on translation of foreign operations reclassified to loss on sale of business	2	(80)	–
Other comprehensive income		(9)	48
Total comprehensive income		(54)	(2,627)
Attributable to			
Reabold Shareholders		(54)	(2,627)

Balance Sheet

as at 31 December

Registered Number: 3542727

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Non-current assets					
Exploration & evaluation assets	11	6,815	9,123	6,451	5,968
Property, plant & equipment	12	–	4,303	–	–
Investments in associates	14	22,272	27,716	22,272	27,716
Goodwill on acquisition	2	–	329	–	–
Investments in subsidiaries	13	–	–	3,470	3,536
Other investments	15	3,484	570	15	570
		32,571	42,041	32,208	37,790
Current assets					
Inventory		–	20	–	–
Prepayments		120	79	116	79
Trade and other receivables	16	181	172	629	4,842
Other investments	15	8,728	–	8,728	–
Restricted cash	17	25	211	25	25
Cash and cash equivalents	17	5,511	4,883	5,511	4,622
		14,565	5,365	15,009	9,568
Total assets		47,136	47,406	47,217	47,358
Current liabilities					
Trade and other payables	18	198	314	198	16
Accruals		111	83	111	83
		309	397	309	99
Non-Current liabilities					
Deferred tax liability	2	–	329	–	-
Provision for decommissioning	19	367	188	367	146
		367	517	367	146
Total liabilities		676	914	676	245
Net assets		46,460	46,492	46,541	47,113
EQUITY					
Share capital	21	9,044	9,044	9,044	9,044
Share premium account		29,033	29,033	29,033	29,033
Capital redemption reserve		200	200	200	200
Share based payment reserve	22	1,920	1,898	1,920	1,898
Foreign currency translation reserve		–	9	–	–
Retained earnings		6,263	6,308	6,344	6,938
Total Equity		46,460	46,492	46,541	47,113

The loss for the company was £0.59 million for the year ended 31 December 2022 (2021: loss of £2.43 million). In accordance with the exemption granted under section 408 of the Companies Act 2006, a separate income statement for the company has not been presented.

Approved by the Board on 26 May 2023

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

Statement of Changes in Equity

for the year ended 31 December

Group	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payments reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021		7,211	20,819	200	1,746	(39)	8,983	38,920
Loss for the year		–	–	–	–	–	(2,675)	(2,675)
Other comprehensive income		–	–	–	–	48	–	48
Total comprehensive income		–	–	–	–	48	(2,675)	(2,627)
Share-based payments	22	–	–	–	152	–	–	152
Issue of share capital, net of direct issue costs		1,833	8,214	–	–	–	–	10,047
At 31 December 2021		9,044	29,033	200	1,898	9	6,308	46,492
Loss for the year		–	–	–	–	–	(45)	(45)
Other comprehensive income		–	–	–	–	(9)	–	(9)
Total comprehensive income		–	–	–	–	(9)	(45)	(54)
Share-based payments	22	–	–	–	22	–	–	22
At 31 December 2022		9,044	29,033	200	1,920	–	6,263	46,460

Company	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021		7,211	20,819	200	1,746	9,368	39,344
Loss for the year		–	–	–	–	(2,430)	(2,430)
Total comprehensive income		–	–	–	–	(2,430)	(2,430)
Share-based payments	22	–	–	–	152	–	152
Issue of share capital, net of direct issue costs		1,833	8,214	–	–	–	10,047
At 31 December 2021		9,044	29,033	200	1,898	6,938	47,113
Loss for the year		–	–	–	–	(594)	(594)
Total comprehensive income		–	–	–	–	(594)	(594)
Share-based payments	22	–	–	–	22	–	22
At 31 December 2022		9,044	29,033	200	1,920	6,344	46,541

Share Capital
The balance on the share capital account represents the aggregate nominal value of all ordinary and preference shares in issue.

Share premium account
The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary and preference shares.

Capital redemption reserve
The balance on the capital redemption reserve represents the aggregate nominal value of all the ordinary shares repurchased and cancelled.

Share based payments reserve
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 22 for further details of these plans.

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are reclassified to the income statement. Following the equity exchange with Daybreak, £80,000 was reclassified to the income statement. See Note 2 – Disposals.

Retained earnings
The balance held on this reserve is the accumulated retained profits and losses of the group/company

Cash Flow Statement

for the year ended 31 December

	Note	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Operating activities					
(Loss) for the period		(45)	(2,675)	(594)	(2,430)
Adjustments to reconcile loss for the period to net cash used in operating activities					
Depreciation	5	318	358	–	–
Impairment of investments in subsidiaries	13	–	–	5,163	–
Net loss (gain) on financial assets at fair value through profit or loss	15	1,851	(55)	(75)	(55)
Net gain on sale of businesses	2	(4,997)	–	(7,342)	–
Share of losses from associates	14	1,576	801	1,576	801
Net finance (income) costs		(52)	13	(72)	2
Share-based payments expense	22	22	152	22	152
Other non-cash movements		89	–	–	–
Unrealised currency translation (gains)		(616)	–	–	–
Net cash used in operating activities before working capital movements		(1,854)	(1,406)	(1,322)	(1,530)
(Increase) decrease in inventories		(24)	14	–	–
(Increase) decrease in other current assets		(149)	214	(426)	205
Increase in other current liabilities		243	140	210	25
Net cash used in operating activities		(1,784)	(1,038)	(1,538)	(1,300)
Investing activities					
Expenditure on oil and gas assets		(8)	(40)	–	–
Expenditure on exploration & evaluation assets		(366)	(1,497)	(276)	(1,412)
Acquisition of North Sea Licences	11	(343)	–	–	
Investments in associates		–	(16)	–	(16)
Total cash capital expenditure		(717)	(1,553)	(276)	(1,428)
Proceeds from disposal of associate	2	3,175	–	3,175	–
Interest received		6	1	6	1
Acquisition of convertible loan notes		–	(1,000)	–	(1,000)
Sale of convertible loan notes		–	500	–	500
Movements in restricted cash		(33)	–	–	–
Net cash disposed from sale of business		(16)	–	–	–
Loan to subsidiary		–	–	(479)	(92)
Net cash generated by (used in) investment activities		2,415	(2,052)	2,426	(2,019)
Financing activities					
Share placement net proceeds		–	6,881	–	6,881
Net cash provided by financing activities		–	6,881	–	6,881
Currency translation differences relating to cash and cash equivalents		(3)	(47)	1	–
Increase in cash and cash equivalents		628	3,744	888	3,562
Cash and cash equivalents at the beginning of the period	17	4,883	1,139	4,622	1,060
Cash and cash equivalents at the end of the period	17	5,511	4,883	5,511	4,622

Notes to the Financial Statements

For the year ended 31 December 2022

1. Significant accounting policies, judgements, estimates and assumptions

Authorisation of financial statements and statement of compliance with International Financial Reporting Standards

The consolidated financial statements of Reabold Resources PLC and its subsidiaries (collectively referred to as Reabold or the group) for the year ended 31 December 2022 were approved and signed by the Co-Chief Executive Officers on 26 May 2023 having been duly authorised to do so by the board of directors. Reabold is a public limited company incorporated and domiciled in England and Wales with its registered office at 20 Primrose Street, London, EC2A 2EW. The principal activity of the company and the group is to invest in pre-cash flow upstream oil and gas projects to create value and generate returns. The company's ordinary shares are traded on AIM. The group's and company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The significant accounting policies and accounting judgements, estimates and assumptions of the group are set out below.

Basis of preparation

The financial statements for the group and company have been prepared on a going concern basis and in accordance with IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective for the year ended 31 December 2022. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated. The consolidated financial statements have been prepared on a historical cost basis, except for the fair value remeasurement of certain financial instruments as set out in the accounting policies, and are presented in £ sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. At 31 December 2022, the group held cash and cash equivalents of £5.5 million with a further £9.5 million expected in 2023 as part of the consideration for the sale of Corallian.

The group regularly monitors its cash, funding and liquidity position. Near term cash projections are revised and underlying assumptions reviewed. Longer-term projections are also updated regularly. Reabold has no borrowings and its capital commitments can be funded from existing cash resources. In assessing the appropriateness of the going concern assumption over the going concern period, management have stress tested Reabold's most recent financial projections to incorporate a range of potential future outcomes by considering Reabold's principal risks. The group's financial forecasts demonstrate that the group believes that it has sufficient financial resources to meet its obligations as they fall due indicating the group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. As such, the Financial Statements continue to be prepared on the going concern basis.

Significant accounting policies: use of judgements, estimates and assumptions

Inherent in the application of many of the accounting policies used in preparing the consolidated financial statements is the need for Reabold management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the group, including, where potentially significant, the impact of climate change and the transition to a lower carbon economy on the consolidated financial statements are set out below, and should be read in conjunction with the information provided in the Notes on financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

Sources of estimation uncertainty

Determining the fair value of contingent consideration receivable

The contingent consideration relates to the disposal of Corallian which is a financial asset classified as measured at fair value through profit or loss. The fair value is determined using an estimate of discounted future cash flows that are expected to be received based on the contractual terms and is considered a level 3 valuation under the fair value hierarchy. The deferred consideration receivable is modelled using the maximum available external information. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. (see note 15 for further information).

Decommissioning provision

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the group uses its best estimates and judgement, actual results could differ from these estimates (see note 19 for further information).

Use of judgements

Assessment as not an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at FVPL rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis

Reabold holds direct interests in several exploration and appraisal assets. How these assets will be monetised is not determined at the outset, and could take several forms e.g a sale, an IPO, a farmout or taking the assets through to production. Reabold does not commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation or investment income.

The Board has concluded that the business does not meet the definition of an investment entity. These conclusions will be reassessed on a continuous basis, if any of these criteria or characteristics change.

Investments in Daybreak, Rathlin and Danube

Judgement is required in assessing the level of control or influence over another entity in which the group holds an interest. For Reabold, the judgements that the group does not have significant influence over Daybreak, and continues to have significant influence over Rathlin and Danube are significant.

Significant influence is defined in IFRS as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is presumed when an entity owns 20% or more of the voting power of the investee. Significant influence is presumed not to be present when an entity owns less than 20% of the voting power of the investee. IFRS identifies several indicators that may provide evidence of significant influence, including representation on the board of directors of the investee and participation in policy-making processes.

Daybreak

Following Reabold's announcement on 26 May 2022 regarding the completion of the equity exchange agreement with Daybreak, Reabold assessed whether it has significant influence over Daybreak. Judgement is required in assessing the level of control or influence over another entity in which the group holds an interest. For Reabold, the judgement that the group does not have significant influence over Daybreak even though it holds 42% of the voting rights is significant.

Reabold does not have any directors on the Board of Daybreak, nor can it appoint any directors and it does not actively participate in the financial and operating policy decisions of Daybreak. All significant decisions are taken by the executive management team of Daybreak, which does not include any director, employee or contractor of Reabold. Reabold does not exchange technical information with Daybreak nor is there any interchange of managerial personnel. Reabold is a passive investor and does not have the ability to exercise significant influence over the operating and financial policies of Daybreak. Reabold's management considers, therefore, that the group does not have significant influence over Daybreak, as defined by IFRS. As a consequence of this judgement, Reabold accounts for its interest in Daybreak as a financial asset measured at fair value within 'Other investments'. See Note 15 for further information.

Rathlin

Whilst Reabold holds an equity stake in Rathlin of 59.5%, it is considered to only have significant influence and not control over Rathlin. Pursuant to the existing Rathlin Shareholders' Agreement, Reabold has the right to appoint only one director to the Board of Rathlin, which comprises five directors. Reabold's 59.5% interest in Rathlin is as a result of Rathlin's funding requirements and Reabold's desire to increase its economic interest in the West Newton Project, rather than an objective by Reabold to seek control over Rathlin. As a consequence of this judgement, Reabold does not consolidate Rathlin as a subsidiary, but instead treats Rathlin as an associate and incorporates the results, assets and liabilities of Rathlin in the consolidated financial statements using the equity method of accounting.

Danube

Reabold holds an equity stake in Danube of 50.8%, it is considered to only have significant influence and not control over Danube. Pursuant to the existing Danube Shareholders' Agreement, Reabold has the right to appoint only one director to the Board of Danube, which comprises three directors. Reabold's 50.8% interest in Danube is as a result of Danube's funding requirements and Reabold's desire to increase its economic interest in Danube's projects in Romania, rather than an objective by Reabold to seek control over Danube. As a consequence of this judgement, Reabold does not consolidate Danube as a subsidiary, but instead treats Danube as an associate and incorporates the results, assets and liabilities of Danube in the consolidated financial statements using the equity method of accounting.

Exploration and appraisal intangible assets

Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells on the balance sheet. This includes costs relating to exploration licences. It is not unusual to have such costs remaining suspended on the balance sheet for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

The carrying amount of capitalised costs are included in note 11.

The energy transition may affect the future development or viability of exploration prospects. The recoverability of intangibles was considered during 2022 and no write-offs were identified. These assets will continue to be assessed as the energy transition progresses.

Basis of consolidation

The consolidated group financial statements consolidate the financial statements of Reabold Resources PLC and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the

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For the year ended 31 December 2022

date on which the group obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Intragroup balances and transactions have been eliminated.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Interests in other entities

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The amount recognised for any non-controlling interest is measured at the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. At the acquisition date, any goodwill acquired is allocated to each of the cash generating units, or groups of cash-generating units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill may arise upon investments in joint ventures and associates, being the surplus of the cost of investment over the group's share of the net fair value of the identifiable assets and liabilities. Any such goodwill is recorded within the corresponding investment in joint ventures and associates.

Goodwill may also arise upon acquisition of interests in joint operations that meet the definition of a business. The amount of goodwill separately recognised is the excess of the consideration transferred over the group's share of the net fair value of the identifiable assets and liabilities.

Acquisitions, Asset Purchases and Disposals

Acquisitions of oil and gas properties are accounted for under the acquisition method when the assets acquired and liabilities assumed constitute a business.

Transactions involving the purchase of an individual field interest, or a group of field interests, that do not constitute a business, are treated as asset purchases. Accordingly, no goodwill and no deferred tax gross up arises, and the consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds from the entire disposal of a development and production asset, or any part thereof, are taken to the income statement together with the requisite proportional net book value of the asset, or part thereof, being sold.

Interests in joint arrangements

Certain of the group's activities are conducted through joint operations. Reabold recognises, on a line-by-line basis in the consolidated financial statements, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the group's income from the sale of its share of the output and any liabilities and expenses that the group has incurred in relation to the joint operation.

Full details of Reabold's working interests in those petroleum and natural gas exploration and production activities classified as joint operations are included in the Review of Operations.

Interests in associates

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting as described below.

The equity method of accounting

Under the equity method, an investment is carried on the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the entity, less distributions received and less any impairment in value of the investment. The group income statement reflects the group's share of the results after tax of the equity-accounted entity. The group's share of amounts recognised directly in equity by an equity-accounted entity is recognised in the group's statement of changes in equity. Financial statements of equity-accounted entities are prepared for the same reporting year as the group.

The group assesses investments in equity-accounted entities for impairment whenever there is objective evidence that the investment is impaired. If any such objective evidence of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal and value in use. If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

Segmental reporting

The group's operating segments are established on the basis of those components of the group that are evaluated regularly by the co-chief executive officers, Reabold's chief decision makers, in deciding how to allocate resources and in assessing performance. The accounting policies of the operating segments are the same as the group's accounting policies described in this note.

Foreign currency translation

In individual subsidiaries and associates, transactions in foreign currencies are initially recorded in the functional currency of those entities at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange rate on the balance sheet date. Any resulting exchange differences are included in the income statement. Non-monetary items, other than those measured at fair value, are not retranslated subsequent to initial recognition.

In the consolidated financial statements, the assets and liabilities of non-£ sterling functional currency subsidiaries and related goodwill, are translated into £ sterling at the spot exchange rate on the balance sheet date. The results and cash flows of non-£ sterling functional currency subsidiaries are translated into £ sterling using average rates of exchange. In the consolidated financial statements, exchange adjustments arising when the opening net assets and the profits for the year retained by non-£ sterling functional currency subsidiaries are translated into US dollars are recognised in a separate component of equity and reported in other comprehensive income. On disposal of a non-£ sterling functional currency subsidiary, the related accumulated exchange gains and losses recognised in equity are reclassified from equity to the income statement.

Intangible assets - Oil and gas exploration and evaluation expenditure

Oil and gas exploration and evaluation expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Exploration licence and acquisition costs are capitalised in intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and that sufficient progress is being made on establishing development plans and timing. If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs are written off. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

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Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors. Geological and geophysical costs are recognised in the statement of profit or loss and other comprehensive income, as incurred. If no potentially commercial hydrocarbons are discovered, the exploration asset is expensed.

If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset. All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are expensed.

When proved reserves of oil and gas are identified and development is sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties.

Property, plant and equipment – Oil and gas assets

Capitalisation

Oil and gas properties are stated at cost, less any accumulated depreciation and accumulated impairment losses. Oil and gas properties are generally accumulated into single field cost centres and represent the cost of developing the commercial reserves and bringing them into production together with the E&E expenditures incurred in finding commercial reserves previously transferred from E&E assets as outlined in the policy above.

Depreciation

The net book values of producing assets are depreciated generally on a field-by-field basis using the unit-of-production method by reference to the ratio of production in the year and the related commercial reserves of the field, taking into account the future development expenditure necessary to bring those reserves into production.

Impairment of property, plant and equipment and intangible assets (oil and gas exploration and evaluation expenditure)

The group assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the group's business plans to dispose rather than retain assets, changes in the group's assumptions about commodity prices, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the group makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of consumable materials is determined using the weighted average method and includes expenditures incurred in acquiring the stocks, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Investments

In its separate financial statements the company recognises its investments in subsidiaries at cost less any provision for impairment.

Financial assets

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The group derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party and either substantially all of the risks and rewards of the asset have been transferred, or substantially all the risks and rewards of the asset have neither been retained nor transferred but control of the asset has been transferred. The group classifies its financial assets as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired. This category of financial assets includes trade and other receivables.

Financial assets measured at fair value through other comprehensive income

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest. The group does not measure any financial assets at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognised in the income statement.

Investments in equity instruments

Investments in equity instruments are subsequently measured at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less at the date acquired.

Equity instruments

Equity instruments issued by the company are recorded in equity at the proceeds received, net of direct issue costs.

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For the year ended 31 December 2022

Financial liabilities

Financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. The group derecognises financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. The measurement of financial liabilities depends on their classification. The group's financial liabilities include trade and other payables and accruals which are measured at amortised cost.

Financial liabilities measured at amortised cost

The group's financial liabilities are initially recognised at fair value, net of directly attributable transaction costs. The group's financial liabilities currently include trade and other payables and accruals. Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The group categorises assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs that are observable, either directly or indirectly, other than quoted prices included within level1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Reabold's assumptions about pricing by market participants.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Decommissioning

Liabilities for decommissioning costs are recognised when the group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of future expenditure determined in accordance with local conditions and requirements. An amount equivalent to the decommissioning provision is recognised as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or property, plant and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments on the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. Fair value is determined by using an appropriate, widely used, valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). Non-vesting conditions are taken into account in the grant-date fair value, and failure to meet a non-vesting condition, where this is within the control of the employee is treated as a cancellation and any remaining unrecognised cost is expensed.

Income taxes

The tax charge represents the sum of current and deferred tax.

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets are offset when there is a legally enforceable right to offset current tax assets against current liabilities and when deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entity where there is an intention to settle on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled to in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, customs duties and sales taxes. The group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The sale of crude oil, gas or condensate represents a single performance obligation. This generally occurs when the product is physically transferred into the customer's tanker, pipeline or other delivery mechanism. Revenue is accordingly recognised for this performance obligation when control over the corresponding commodity is transferred to the customer.

Finance income

Finance revenue chiefly comprises interest income from cash deposits on the basis of the effective interest rate method and is disclosed separately on the face of the income statement.

Earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all relevant potentially dilutive shares to ordinary shares. Where the impact of converted shares would be anti-dilutive, these are excluded from the calculation of diluted earnings.

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New and amended standards and interpretations

There are no new or amended standards or interpretations adopted from 1 January 2022 onwards that have a significant impact on the financial information.

Standards issued but not yet effective

There are no standards, amendments or interpretations in issue but not yet effective that the directors anticipate will have a material effect on the reported income or net assets of the group.

2. Disposals

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Gain on sale of businesses				
Disposal of Corallian	7,342	-	7,342	-
	7,342	-	7,342	-
Loss on sale of business				
Disposal of Reabold California	(2,345)	-	-	-
	(2,345)		-	-
Net gains on sale of businesses	4,997	-	7,342	-

The net gain in respect of the disposal of the company's entire 49.99% interest in Corallian Energy Limited was £7.3 million. Proceeds from the disposal of Corallian in 2022 were £3.2 million. The carrying amount of Reabold's investment in Corallian prior to disposal was £4.5 million. At 31 December 2022, contingent consideration relating to the disposal of Corallian amounted to £8.7 million receivable within one year. The undiscounted contingent consideration receivable amounts to £9.5 million. Contingent consideration is reported within Other investments on the balance sheet – see Note 15 for further information.

On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. At completion of the equity exchange agreement, Reabold no longer had "control" over Reabold California as set out under UK adopted international accounting standards. As a result, net assets of £7.7 million, including goodwill of £329,000 and an associated deferred tax liability of £329,000, were derecognised from the balance sheet of the group and the fair value of the investment in Daybreak was recognised at completion at £5.3 million. In addition, accumulated exchange gains of £80,000 which were previously charged to equity were reclassified to the income statement resulting in a loss on sale of business of £2.3 million.

3. Segmental analysis

The Directors consider the group to have two segments, being Business Stream 1 (which encompasses the UK/European based investments in Corallian, Danube, Rathlin and PEDL183) and Business Stream 2 (which encompasses the USA). Corporate costs relate to the administration and financing costs of the company and are not directly attributable to the individual investments and projects.

Year ended 31 December 2022	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Consolidation adjustments and eliminations £'000	Total £'000
Revenue	-	560	-	-	560
Cost of Sales[a]	-	(834)	-	-	(834)
Net (loss) gain in financial assets measured at fair value through profit or loss	75	(1,926)	-	-	(1,851)
Other income	-	-	61	(11)	50
Other expenses	-	(89)	-	-	(89)
Net gain (loss) on sale of businesses	7,342	(2,345)	-	-	4,997
Exploration expense	(74)	-	-	-	(74)
Administration expenses	-	(12)	(1,892)	11	(1,893)
Share based payments expense	-	-	(22)	-	(22)
Foreign exchange gain	-	-	635	-	635
Profit (loss) on ordinary activities	7,343	(4,646)	(1,218)	-	1,479
Share of losses of associates	(1,576)	-	-	-	(1,576)
Finance costs – unwinding of discount on decommissioning provisions	(16)	-	-	-	(16)
Finance income	63	-	5	-	68
Profit (loss) before tax for the year	5,814	(4,646)	(1,213)	-	(45)
Taxation	-	-	-	-	-
Profit (loss) for the year	5,814	(4,646)	(1,213)	-	(45)
Segment assets	38,155	3,470	5,511		47,136
Segment liabilities	(439)	-	(237)		(676)
Additions to non-current assets[b]	1,483	247	-	-	1,730

a Cost of sales of Business Stream 2 includes depreciation of oil and gas assets of £318,000.
b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

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For the year ended 31 December 2022

Year ended 31 December 2021	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Consolidation adjustments and eliminations £'000	Total £'000
Revenue	-	1,160	-	-	1,160
Cost of sales[a]	-	(1,312)	-	-	(1,312)
Other income	-	-	51	-	51
Net gain on financial assets measured at FVTPL	-	-	55	-	55
General and administration expenses	-	(92)	(1,571)	-	(1,663)
Share based payments expense	-	-	(152)	-	(152)
(Loss) on ordinary activities	-	(244)	(1,617)	-	(1,861)
Share of losses of associates	(801)	-	-	-	(801)
Finance costs	(14)	-	-	-	(14)
Finance income	-	-	1	-	1
(Loss) before tax for the year	(815)	(244)	(1,616)	-	(2,675)
Taxation	-	-	-	-	-
(Loss) for the year	(815)	(244)	(1,616)	-	(2,675)
Segment assets	34,279	8,044	9,873	(4,790)	47,406
Segment liabilities	(146)	(5,129)	(429)	4,790	(914)
Additions to non-current assets[b]	4,594	125	-	-	4,719

a Cost of sales of Business Stream 2 includes depreciation of oil and gas assets of £358,000.
b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

4. Revenue

	2022 £'000	2021 £'000
Oil sales	552	1,140
Gas Sales	8	20
	560	1,160

Of the total oil and gas sales, 99% were sold to a single customer in 2022: 2021: 98%.

5. Cost of Sales

	2022 £'000	2021 £'000
Production costs	404	722
Royalties	112	232
Depreciation of oil and gas assets (see note 12)	318	358
	834	1,312

6. Auditor's Remuneration

	2022 £'000	2021 £'000
Total audit fees	83	75

No fees were paid to Mazars LLP for non-audit services in 2022 or 2021.

7. Remuneration of senior management and non-executive directors

Remuneration of directors

Group and company	2022 £'000	2021 £'000
Total for all directors		
Emoluments	698	788
Amounts received under incentive schemes	-	-
Total	698	788

Emoluments

These amounts comprise fees paid to the non-executive chair and the non-executive directors and, for executive directors, salary and benefits earned during the relevant financial year, plus cash bonuses awarded for the year.

Further information

Full details of individual Directors' remuneration are given in the Directors' remuneration report on page 27.

Remuneration of directors and senior management

Group and company	2022 £'000	2021 £'000
Total for all senior management and non-executive directors		
Short-term employee benefits	781	765
Pension costs	29	23
Share-based payments	22	152
Total	832	940

Notes to the Financial Statements

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Senior management comprises the executive directors, finance director and chief financial officer. Anthony Samaha resigned as finance director on 30 June 2022, at which point he was appointed a non-executive director. Chris Connolly, the current CFO, joined the senior management team on 28 March 2022.

Short-term employee benefits

These amounts comprise fees and benefits paid to the non-executive chair and non-executive directors, as well as salary, benefits and cash bonuses for senior management.

Pensions

The amounts represent the cost to the group of providing pensions to senior management in respect of the current year of service.

Share-based payments

This is the cost to the group of senior management's participation in share-based payment plans, as measured by the fair value of options and shares granted, accounted for in accordance with IFRS 2 'Share-based Payments'.

8. Employee costs and numbers

Group and company	2022 £'000	2021 £'000
Wages and Salaries	649	635
Social security costs	84	84
Pension costs	30	23
Share-based payments	22	152
	785	894

Employee costs do not include fees paid to non-executive directors.

Pension benefits are provided through defined contribution plans.

The average number of persons employed by the group and company during the year was 4 (2021:3), with 3 in senior management functions (2021:3) and 1 in technical functions (2021:nil). All employees are based in the UK.

The employee costs noted above relate to those employees with contracts of employment in the name of Reabold Resources PLC. Of these costs, £35,000 are borne by other undertakings within the group.

9. Taxation

Tax charged in the income statement

	2022 £'000	2021 £'000
Current tax	-	-
Deferred tax	-	-
Tax charge in the income statement	-	-

Reconciliation of the total tax charge

	2022 £'000	2021 £'000
Accounting profit (loss) before taxation	(45)	(2,675)
Statutory rate of corporation tax in the UK of 19% (2021: 19%)	(9)	(508)
Share of operating loss of associates not taxable	299	152
Expenses not deductible for tax purposes	4	51
Overseas tax impacts	52	-
Gain on sale not taxable	(949)	-
Deferred tax asset not recognised	603	305
Tax charge reported in income statement	-	-

Unrecognised tax losses

The group has total unused UK tax losses of £12.5 million (2021: £9.2 million) for which no deferred tax asset has been recognised at the balance sheet date due to the uncertainty of recovery of these losses. The unused tax losses have no fixed expiry date.

Changes to UK corporation tax legislation

On July 14, 2022, the Energy (Oil & Gas) Profits Levy Act 2022 (EPL) was enacted in the UK which applies an additional tax of 25% on the profits earned by oil and gas companies from the production of oil and gas on the United Kingdom Continental Shelf. In the fourth quarter 2022, the EPL percentage was increased to 35% and the end date was extended from December 31, 2025 to March 31, 2028. The enactment of the EPL has no impact on the current or deferred tax position of the group or company.

Company

The company has £10.5 million (2021: £9.2 million) of UK corporation tax losses which are not recognised as deferred tax assets. The unused tax losses have no fixed expiry date.

10. Earnings per share

Basic earnings or loss per ordinary share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of dilutive potential ordinary shares granted under share-based payment plans (see note 22) into ordinary shares. If the inclusion of potentially issuable shares would decrease loss per share, the potentially issuable shares are excluded from the weighted average number of shares outstanding used to calculate diluted earnings per share. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 £'000	2021 £'000
Profit (loss) for the year attributable to Reabold ordinary shareholders	(45)	(2,675)

Notes to the Financial Statements

For the year ended 31 December 2022

	2022 Number £'000	2021 Number £'000
Basic weighted average number of ordinary shares	8,929,613	8,599,375
Potential dilutive effect of ordinary shares issuable under employee share-based payment plans	-	-
Weighted average number of ordinary shares outstanding used to calculate diluted earnings per share	8,929,613	8,599,375

	2022 Pence per share	2021 Pence per share
Basic earnings per share	(0.00)	(0.03)
Diluted earnings per share	(0.00)	(0.03)

The number of ordinary shares outstanding at 31 December 2022 was 8,929,612,550. Between 31 December 2021 and 25 May 2023, the latest practicable date before the completion of these financial statements, there was an increase of 247,775,359 of ordinary shares as a result of the acquisition of Simwell Resources Limited (see note 26).

11. Exploration and evaluation assets

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 January	9,123	7,586	5,968	4,556
Exchange adjustments	240	40	-	-
Acquisitions	343	-	-	-
Additions	572	1,497	483	1,412
Disposals	(3,463)	-	-	-
At 31 December	6,815	9,123	6,451	5,968

Group

The 2022 disposal of £3.5 million represents the derecognition of E&E assets in California as a result of the equity exchange agreement with Daybreak.

The 2022 acquisition represents the acquisition of North Sea licences from Corallian.

Additions at 31 December 2022 include £504,000 in the UK primarily relating to the PEDL 183 licence at West Newton and £68,000 in the US relating to the California assets (2021: £1,412,000 in the UK relating to the PEDL 183 licence at West Newton and £85,000 in the US relating to the California assets).

Company

Additions at 31 December 2022 include £483,000 in the UK relating to the PEDL 183 licence at West Newton (2021: £1,412,000).

For information on significant judgements made in relation to oil and natural gas accounting see Oil and gas exploration and evaluation expenditure in Note 1.

12. Property, Plant and Equipment

	Oil and gas properties £'000
Cost	
At 1 January 2021	5,502
Exchange adjustments	71
Additions	40
At 31 December 2021	5,613
Exchange adjustments	429
Additions	179
Disposals	(6,221)
At 31 December 2022	-
Depreciation	
At 1 January 2021	933
Exchange adjustments	19
Charge for the period (note 5)	358
At 31 December 2021	1,310
Exchange adjustments	114
Charge for the period (note 5)	318
Disposals	(1,742)
At 31 December 2022	-
Net book amount	
At 31 December 2022	-
At 31 December 2021	4,303
At 1 January 2021	4,569

The entire disposal amount in 2022 represents the derecognition of oil and gas properties in California as a result of the equity exchange agreement with Daybreak.

Company

The company has no property, plant or equipment.

Notes to the Financial Statements

For the year ended 31 December 2022

13. Investments in Subsidiaries

Company – Investment in Subsidiaries	Total £'000
Cost	
At 1 January 2021	1,933
Additions	1,603
At 31 December 2021	3,536
Additions	5,097
At 31 December 2022	8,633
Amounts provided	
At 1 January 2021	-
Additions	-
At 31 December 2021	-
Additions	5,163
At 31 December 2022	5,163
Net book amount:	
31 December 2022	3,470
31 December 2021	3,536
31 December 2020	1.933

In 2022 £5.1 million of the loan to Reabold California was assigned to Gaelic Resources Limited and subsequently capitalised (2021: £1.6 million). An impairment charge of £5.2 million was recognised in 2022 (2021: nil) following an impairment review in line with the requirements of IAS 36. Taking into account the decrease in the market value of Daybreak, management concluded that an impairment was necessary in terms of a deterioration of fair value less costs to dispose. The impairment charge related to the company's investment in Gaelic Resources Limited.

Details of the company's subsidiaries as at 31 December 2022 are shown below:

Subsidiaries	%	Country of incorporation	Principal activities
Reabold North Sea Limited	100	England & Wales	Exploration and Evaluation
Reabold Resourcing Limited	100	England & Wales	Investment holding
Gaelic Resources Limited	100	Isle of Man	Investment holding

The registered office of the company subsidiaries incorporated in England & Wales is The Broadgate Tower 8th Floor, Primrose Street, London, England, EC2A 2EW.

The registered office of Gaelic Resources is 14 Albert Street, Douglas, Isle of Man, IM1 2QA.

On 3 January 2023, the company acquired 100% of the issued share capital of Reabold Southern North Sea Limited (formerly Simwell Resources Limited). Reabold Southern North Sea Limited is an Exploration company incorporated in England and Wales. See note 26 for further details.

14. Investments in associates

The movement in investments in associates for the group and company including the amounts recognised in the income statement (losses from associates) and balance sheet (investment in associate at 31 December) are shown below. On 30 June 2022, Reabold classified its investment in Corallian as held for sale and equity accounting for Corallian ceased at this point, therefore the amounts recognised in the income statement as it relates to Corallian represent the first 6 months to 30 June 2022. The additions in Corallian in the year represent the conversion of loan notes into equity of Corallian – see note 15 for further information. The disposal of Corallian completed on 1 November 2022. See Note 2 Disposals, for further information. For further information on the judgements in respect of investments in associates see Note 1 – Investment in Daybreak, Rathlin and Danube.

				2022				£'000 2021
	Rathlin	Danube	Corallian	Total	Rathlin	Danube	Corallian	Total
Investment in associate at 1 January	18,342	4,744	4,630	27,716	18,922	4,835	1,578	25,335
Additions	-	-	636	636	-	-	3,182	3,182
Losses from associates	(738)	(76)	(762)	(1,576)	(580)	(91)	(130)	(801)
Disposals	-	-	(4,504)	(4,504)	-	-	-	-
Investment in associate at 31 December	17,604	4,668	-	22,272	18,342	4,744	4,630	27,716

The following table provides summarised financial information for the group's and company's associates for 2022 and 2021. The information is presented on a 100% basis.

		2022			£'000 Gross amount 2021
	Rathlin	Danube	Rathlin	Danube	Corallian
Revenue	-	-	-	-	-
Profit (loss) for the year	(1,034)	(149)	(976)	(178)	(280)
Non-current assets	20,538	8,658	19,800	8,256	2,687
Current assets	4,232	340	6,142	586	639
Total assets	24,770	8,998	25,942	8,842	3,326
Current liabilities	580	112	939	14	1,025
Non-current liabilities	1,493	366	1,324	289	-
Total liabilities	2,073	478	2,263	303	1,025
Net assets	22,697	8,520	23,679	8,539	2,301
Group's share in equity	13,504	4,328	14,089	4,338	1,551
Goodwill attributable to Reabold's share of associate	4,253	406	4,253	406	3,079
Reabold's share of currency translation differences	-	(66)	-	-	-
Reabold's share of share-based payments	(154)	-	-	-	-
Group's carrying amount of investment	17,604	4,668	18,342	4,744	4,630

Notes to the Financial Statements

For the year ended 31 December 2022

Transactions between the group and its associates are summarised below.

				£'000
		2022		2021
Sales to associates	**Sales**	**Amount receivable at 31 December**	**Sales**	**Amount receivable at 31 December**
Consultancy services	50	14	51	12

				£'000
		2022		2021
Purchases from associates	**Purchases**	**Amount payable at 31 December**	**Purchases**	**Amount payable at 31 December**
Exploration and evaluation assets	275	-	1,412	-

Reabold enters into arm's length transactions with its associates including consultancy services. These amounts are recognised within other income on the income statement.

The terms of outstanding balances receivable from associates are 30 days. The balances are unsecured and will be settled in cash. There are no provisions for doubtful debts relating to these balances and no expenses recognised in the income statement in respect of bad or doubtful debts.

The purchases from associates relate to Reabold's 16.67% share of expenditure on the PEDL183 licence as part of the joint operation with Rathlin and Union Jack Oil. These amounts are recognised within exploration and evaluation on the balance sheet. Rathlin, the operator of the licence, is also an associate of Reabold by virtue of Reabold's 59.5% interest in Rathlin.

For information on capital commitments in relation to associates see Note 23.

Reabold's share of impairment charges taken by associates in 2022 was £688,000 and forms part of share of losses of associates in the income statement. This amount related to writing down the 'non-Victory' assets to their recoverable amount in light of the disposal proceeds Corallian received from Reabold for the acquisition of the licences as detailed on pages 8 and 9.

Details of the company's associates as at 31 December 2022 are shown below:

Associates	**%**	**Country of incorporation**	**Principal activities**
Rathlin Energy (UK) Limited	59.5	England & Wales	Exploration and Evaluation
Danube Petroleum Limited	50.8	England & Wales	Exploration and Evaluation

15. Other investments

				£'000
		2022		2021
	Current	**Non-current**	**Current**	**Non-current**
Investment in Connaught Oil and Gas Ltd	-	15	-	15
Convertible loan notes	-	-	-	555
Contingent consideration	8,728	-	-	-
Investment in Daybreak	-	3,469	-	-
	8,728	3,484	-	570

The convertible loan notes issued by Corallian in 2021 are financial assets measured at fair value through profit or loss and are considered a level 3 valuation under the fair value hierarchy. As a result of the sale of Corallian in Q4 2022, the loan notes converted at £3.20 per share, adding £636,000 to the investment in Corallian. The investment in Corallian at the date of disposal was £4.6 million. See note 2 Disposals for further details.

The contingent consideration relates to amounts arising on the disposal of Corallian which are financial assets classified as measured at fair value through profit or loss. The payment of the contingent consideration from Shell will be staged as follows:

A single payment of £22 million (£9.5 million net to Reabold) will be made, assuming the development and production consent for the Victory gas field is secured from the North Sea Transition Authority, on or before 1 December 2023. If consent has not been granted by this date, then Shell will have the option to either: i) pay £12 million (£5.1 million net to Reabold), with the remaining £10 million (£4.4 million net to Reabold) being paid at a later consent date; or ii) offer to transfer-back the Victory licence to the current Corallian shareholders for £1 consideration.

The fair value is determined using an estimate of discounted future cash flows that are expected to be received and is considered a level 3 valuation under the fair value hierarchy. The future cash flows are estimated based on the terms of the sales contract and management's best estimate of the expected consideration receivable. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. A reasonably possible change in the assumptions used would not have a material impact on the net assets of the group primarily because it is the only the timing of the development and production consent from the North Sea Transition Authority which is considered reasonably uncertain. Making reasonable changes to this assumption would not have a material effect on the net assets of the group.

The investment in Daybreak completed on 26 May 2022. On the date of completion Reabold recognised the fair value of its investment in Daybreak, treating it prospectively as a financial asset at fair value. The market value of Daybreak is based on level one of the fair value hierarchy, its market price.

The table below summarises the change in fair value of other investments as reported in the income statement.

	Change in fair value 2022 £'000	2021 £'000
Investment in Connaught Oil and Gas Ltd	-	-
Convertible loan notes	18	55
Contingent consideration	57	-
Investment in Daybreak	(1,926)	-
	(1,851)	55

16. Trade and other receivables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Due within one year				
Amounts owed by group undertakings	-	-	479	4,790
Trade receivables	-	119		-
Amounts recoverable from JV partners	16	-	-	-
Amounts receivable from associates	15	12	15	12
VAT recoverable	102	41	87	40
Other receivables	48	-	48	-
	181	172	629	4,842

None of the group's receivables are considered impaired and there are no financial assets past due but not impaired at the year end. The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

Management considers that there are no unreasonable concentrations of credit risk within the group or company.

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For the year ended 31 December 2022

In May 2022, prior to the equity exchange with Daybreak, £5.1 million of the receivable from Reabold California to the company was assigned to Gaelic Resources Limited and subsequently capitalised (2021: £1.6 million). The remainder of the receivable, c.£232,000 was repaid in cash by Reabold California in H2 2022 following the completion of the equity exchange agreement with Daybreak.

The amounts receivable by group undertakings in 31 December 2022 represent amounts receivable from Reabold North Sea Limited.

The amounts owed by group undertakings at 31 December 2022 have not been secured, have no maturity and bear no interest.

17. Cash and cash equivalents and Restricted cash

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash and cash equivalents	5,511	4,883	5,511	4,622
Restricted cash	25	211	25	25

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.

The restricted cash is in respect of surety bonds in the amount of £25,000 (2021: £25,000) to cover restoration of the PEDL183 West Newton site.

The group's exposure to credit risk arises from potential default of a counterparty, with a maximum exposure equal to the carrying amount. The group seeks to minimise counterparty credit risks by only depositing cash surpluses with major banks of high quality credit standing.

Financial institutions, and their credit ratings, which held greater than 10% of the group's cash and short-term deposits at the balance sheet date were as follows:

	S&P rating	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Barclays Bank plc	A-1	5,511	4,622	5,511	4,622

18. Trade and other payables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Current:				
Trade payables	164	92	164	16
Other payables	34	222	34	-
	198	314	198	16

Trade payables are non-interest bearing and are generally on 15 to 30 day terms.

The Directors consider the carrying amount of trade and other payables approximates to their fair value.

19. Provision for decommissioning

	Group £'000	Company £'000
At 1 January 2022	188	146
Exchange adjustments	3	-
Revisions during the year	479	207
Unwinding of discount	16	14
Deletions	(319)	-
At 31 December 2022	367	367
Classified as:		
Current	-	-
Non-current	367	367

The decommissioning provision at 31 December 2022 comprises the future costs of decommissioning the group's 16.67% interest in wells at West Newton. The costs are expected to be incurred in 2033. The liability has been discounted at a rate of 4% (2021: 10%) and the unwinding of discount has been classified as a finance cost. The estimation of costs, inflation and discount rates are considered to be judgemental although changes in single variables are not individually considered to have a significant impact. A 1.0 percentage point increase in the nominal discount rate applied, could decrease the group's provision balance by approximately £37,000 (2021: £21,000)

20. Financial instruments and financial risk factors

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

		Group £'000			Company £'000		
At 31 December 2022	**Note**	**Measured at amortised cost**	**Measured at fair value through profit or loss**	**Total carrying amount**	**Measured at amortised cost**	**Measured at fair value through profit or loss**	**Total carrying amount**
Financial assets							
Other investments	15	-	12,213	12,213	-	8,743	8,743
Trade and other receivables	16	181	-	181	629	-	629
Cash and cash equivalents	17	5,511	-	5,511	5,511	-	5,511
Restricted cash	17	25		25	25	-	25
Financial liabilities							
Trade and other payables	18	(198)	-	(198)	(198)	-	(198)
Accruals		(111)	-	(111)	(111)	-	(111)
		5,408	12,213	17,621	5,856	8,743	14,599

Notes to the Financial Statements

For the year ended 31 December 2022

At 31 December 2021	Note	Group £'000 Measured at amortised cost	Measured at fair value through profit or loss	Total carrying amount	Company £'000 Measured at amortised cost	Measured at fair value through profit or loss	Total carrying amount
Financial assets							
Other investments	15	-	570	570	-	570	570
Trade and other receivables	16	172	-	172	4,842	-	4,842
Cash and cash equivalents	17	4,883	-	4,883	4,622	-	4,622
Restricted cash	17	211	-	211	25	-	25
Financial liabilities							
Trade and other payables	18	(314)	-	(314)	(16)	-	(16)
Accruals		(83)	-	(83)	(83)	-	(83)
		4,869	570	5,439	9,390	570	9,960

For all financial instruments within the scope of IFRS 9, the carrying amount is either the fair value, or approximates the fair value.

Financial risk factors

It is management's opinion that the group is not exposed to significant interest, credit or currency risks arising from its financial instruments other than as discussed below:

- Cash credit risks are mitigated through placing funds with institutions carrying acceptable published credit ratings to minimise counterparty risk.
- Reabold has no history of non-payment of trade receivables. Where Reabold operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these third parties. The majority of partners in these ventures are established oil and gas companies. In the event of non-payment, operating agreements typically provide recourse through increased venture shares.
- Reabold retains certain non-£ cash holdings and other financial instruments relating to its operations. The £ reporting currency value of these may fluctuate from time to time causing reported foreign exchange gains and losses. Reabold maintains a broad strategy of matching the currency of funds held on deposit with the expected expenditures in those currencies. Management believes that this mitigates most of any actual potential currency risk from financial instruments.

(a) Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business.

The components of market risk for Reabold are foreign currency exchange risk and interest rate risk, each of which is discussed below:

(i) Foreign currency exchange risk

The group enters into transactions denominated in currencies other than its GBP£ reporting currency. Non-GBP denominated balances, subject to exchange rate fluctuations, at year-end were as follows:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other investments	3,469	-	-	-
Cash and cash equivalents (US Dollar)	132	261	132	1
Restricted cash (US Dollar)	-	186	-	-
Trade and other receivables (US Dollar)	-	120	-	4,790
Trade and other payables (US Dollar)	-	(298)	-	-

The following table demonstrates the group's sensitivity to a 10% increase or decrease in the US Dollar against the Pound sterling. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in the foreign currency rate.

	Effect on profit before tax 2022 £'000	Effect on profit before tax 2021 £'000
Increase/decrease in foreign exchange rate		
10% strengthening of £ against US$	(360)	(27)
10% weakening of £ against US$	360	27

(ii) Interest rate risk

The group's interest rate risk is minimal as the group has no debt. The group is exposed to interest rate movements through its cash and cash equivalents. If interest rates were to have changed by one percentage point, assuming the cash balance at the balance sheet date was constant throughout the whole year, and all other variables were held constant, the group's and company's finance income for 2022 would have changed by approximately £55,000.

(b) Credit Risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the group. The group's and company's exposure to credit risk is equal to the carrying value as at the balance sheet date. Cash and treasury credit risks are mitigated through the placement of funds at institutions carrying acceptable published credit ratings to minimise counterparty risk. Where Reabold operates joint ventures on behalf of partners, it seeks to recover the appropriate share of costs from the third-party counterparties. The partners in these ventures are established oil and gas companies. In the event of non-payment, operating agreements typically provide recourse through increased venture shares. Receivable balances are monitored on an ongoing basis with appropriate follow-up action taken where necessary.

(c) Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the group's business activities may not be available. The group's liquidity is managed centrally by the treasury function which will arrange to fund subsidiaries' requirements.

The group continues to maintain suitable levels of cash and cash equivalents, amounting to £5.5 million at 31 December 2022 (2021: £4.9 million), invested with highly rated banks and readily accessible at immediate and short notice. The group and company has no debt.

Notes to the Financial Statements

For the year ended 31 December 2022

The table below summarises the maturity profile of the group and company's financial liabilities based on contractual undiscounted payments.

Group Year ended 31 December 2022	Within 1 year £'000	Total £'000
Trade and other payables	198	198
Accruals	111	111

Year ended 31 December 2021	Within 1 year £'000	Total £'000
Trade and other payables	314	314
Accruals	83	83

Company Year ended 31 December 2022	Within 1 year £'000	Total £'000
Trade and other payables	198	198
Accruals	111	111

Year ended 31 December 2021	Within 1 year £'000	Total £'000
Trade and other payables	16	16
Accruals	83	83

Capital Management

The primary objective of the group's capital management is to maintain appropriate levels of funding to meet the commitments of its forward programme of exploration, development and investment expenditure, and to safeguard the entity's ability to continue as a going concern and create shareholder value. At 31 December 2022, capital employed of the group amounted to £46.5 million (comprised of £46.5 million of equity shareholders' funds and £nil of borrowings), compared to £46.5 million at 31 December 2021 (comprised of £46.5 million of equity shareholders' funds and £nil of borrowings).

At 31 December 2022, capital employed of the company amounted to £46.5 million (comprised of £46.5 million of equity shareholders' funds and £nil of borrowings), compared to £47.1 million at 31 December 2021 (comprised of £47.1 million of equity shareholders' funds and £nil of borrowings).

21. Called-up Share Capital

The allotted, called-up and fully paid share capital at 31 December was as follows:

Issued (Group and company)	Shares thousand	2022 £'000	Shares thousand	2021 £'000
"A" deferred shares of 1.65p	6,916	114	6,916	114
Ordinary shares of 0.1 pence each				
At 1 January	8,929,613	8,930	7,096,982	7,097
Placing and subscription	-	-	1,363,637	1,364
Acquisition for shares	-	-	468,994	469
At 31 December	8,929,613	8,930	8,929,613	8,930
Total	8,936,529	9,044	8,936,529	9,044

The holders of ordinary shares are entitled to one vote per share at the meetings of the company and to dividends as declared in proportion to the amounts paid up on the ordinary shares. No shares of the company are currently redeemable or liable to be redeemable at the option of the holder or the company.

The "A" deferred shares carry no voting rights. The holders of "A" deferred shares do not have any right to receive written notice of or attend, speak or vote at any general meeting of the company, or to any dividend declared by the company. They may however be redeemed by the company at any time at its option for one penny for all the "A" Deferred shares without obtaining sanction of such holders.

As of 25 May 2023, the latest practicable date before completion of these financial statements, 248 million further ordinary shares were issued in relation to the acquisition of Simwell Resources Limited on 3 January 2023, see note 26.

22. Share-Based Payments

As at 31 December 2022, 125,000,000 options granted by the company were outstanding. These options were granted in March 2018. No options were granted in 2022. The options vest on the vesting dates shown in the table below and can be exercised at any time after vesting, prior to the expiry date, based on the exercise prices shown in the table below. There are no other vesting conditions.

In 2021 10,000,000 options (2020: nil) were granted to Anthony Samaha, the company's Finance Director, exercisable at 1.0p, on or before 19 October 2022, vesting on 31 December 2021. The exercise price represented a premium of 72% to the company's closing share price of 0.58p on the date prior to grant of 25 February 2021. These options expired on 19 October 2022.

On 17 February 2022, the company announced amendments to the terms of certain existing options currently held by the Executive Directors. In common with many businesses, the COVID-19 pandemic significantly constrained the company's activities, delaying management's ability to continue the successful implementation of its medium-term strategy. Therefore, in order to further incentivise the executive management of the company and further align their interests with shareholders, Reabold's Remuneration Committee amended the following Existing Options such that their expiry dates were extended by 12 months, to 19 March 2023, and additional extended vesting terms are applicable, as outlined below. The exercise prices of the Existing Options remain unchanged. The incremental fair value granted as a result of the modifications was £10,833. The options below represent the only options outstanding as at 31 December 2022. As at the date of publication this report, all options granted to directors prior to 31 December 2022 have now expired. Further information can be found in the Directors' remuneration report on pages 27 to 29.

Executive	Position	Existing Options Held	Exercise Price	Current Expiry	Amended Expiry	Current Vesting Status	Amended Vesting Dates
Sachin Oza	Co-CEO	20,000,000	0.60p	19-Mar-22	19-Mar-23	Vested	30-Sep-22
		20,000,000	0.90p	19-Mar-22	19-Mar-23	Vested	31-Dec-22
		20,000,000	1.20p	19-Mar-22	19-Mar-23	Vested	31-Dec-22
Stephen Williams	Co-CEO	20,000,000	0.60p	19-Mar-22	19-Mar-23	Vested	30-Sep-22
		20,000,000	0.90p	19-Mar-22	19-Mar-23	Vested	31-Dec-22
		20,000,000	1.20p	19-Mar-22	19-Mar-23	Vested	31-Dec-22
Anthony Samaha	Finance Director	5,000,000	0.60p	19-Mar-22	19-Mar-23	Vested	30-Sep-22

Notes to the Financial Statements

For the year ended 31 December 2022

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022 Number	2022 WAEP pence	2021 Number	2021 WAEP pence
Outstanding as at 1 January	325,000,000	0.78	315,000,000	0.80
Granted during the year	-	-	10,000,000	0.10
Expired during the year	(200,000,000)	0.71	-	-
Exercised during the year	-	-	-	-
Outstanding as at 31 December	125,000,000	0.89	325,000,000	0.78
Exercisable at 31 December	125,000,000	0.89	265,000,000	0.72

The weighted average remaining contractual life of options outstanding as at 31 December 2022 is 0.2 years (2021: 0.6 years).

For the options amended on 17 February 2022, the fair values were calculated using the Black-Scholes model. The key inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
Amended 17 February 2022	0.15%	69.45%	1.08 years	0.26p

Expected volatility was determined by calculating the historical volatility of the company's share price.

The company recognised total expenses relating to equity-settled share-based payment transactions during the year of £22,000 (2021: £152,000). The balance on the share-based payments reserve at 31 December 2022 is £1.9 million (2021: £1.9 million).

23. Capital Commitments

Authorised future capital expenditure by group companies for which contracts had been signed at 31 December 2022 amounted to £nil (2021: £nil). However, the group does have obligations to carry out defined work programmes on its licences, under the terms of the award of rights to these licences. The company is not obliged to meet other joint venture partner shares of these programmes.

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The Joint operation between Rathlin, Reabold and Union Jack have a commitment to drill and test a new Kirkham Abbey deviated or horizontal appraisal well by June 2024. The company estimates it's 16.67% share of costs to be c.£1.4 million for drilling a new well and £0.6 million for testing the well.

UK North Sea

Reabold estimates its share of firm exploration and appraisal work commitments on its North Sea portfolio to be c.£0.5 million over the next 2 years. The company has not yet taken a decision on whether to drill any of its North Sea licences.

24. Related Party Transactions and Transactions with Directors

Transactions between the group and its associates is disclosed in Note 14. There are no related party transactions, or transactions with Directors that require disclosure except for the remuneration items disclosed in the Directors Remuneration Report and note 7 above. The disclosures in note 7 include the compensation of key management personnel. The company's related parties consist of its subsidiaries and the transactions and amounts due to/due from them are disclosed in the accompanying notes to the company financial statements.

25. Non-underlying items

Non-underlying items are charges or credits included in the financial statements that Reabold has decided to disclose separately because it considers such disclosure to be meaningful and relevant to investors. They are items that management considers not to be part of underlying business operations and are disclosed in order to enable investors to understand better and evaluate the group's financial performance. In 2022, Reabold incurred £191,000 in legal and professional fees in relation to the successful defence from the attempt, from a group of five beneficial shareholders, to remove the entire Board of directors of Reabold and replace them with four new directors. All resolutions proposed by the requisitioning shareholders were rejected at a General Meeting held in November 2022.

26. Events after the reporting period

Acquisition of Simwell Resources Limited

On 3 January 2023, Reabold completed the acquisition of the entire issued share capital Simwell Resources Limited (now Reabold Southern North Sea Limited) in January 2023. which includes interests in four Southern North Sea licences – P2332 (Reabold 30%, Shell U.K Ltd 70%, operator) and P2329, P2427 and P2486 (Reabold 10%, Horizon Energy Partners Ltd 77.5%, operator and Ardent Oil Ltd 12.5%). The transaction substantially increases Reabold's footprint in the emerging Zechstein trend, complementing its onshore position in PEDL183, including the West Newton project. The licences have a number of prospects covered with high quality 3D seismic data.

The breakdown of the consideration paid was as follows:

- £363,835.76, by way of initial consideration, satisfied through the issue of 134,753,985 new Ordinary Shares
- £305,157.71 to certain Simwell creditors satisfied by the issue of 113,021,374 new Ordinary Shares
- £373,398.36 paid in cash to certain Simwell creditors.

A contingent deferred consideration of £150,000 is payable to the sellers if, inter alia, the operator of licence P2332 undertakes to the NSTA that the licensees will commit to drill a well pursuant to a defined work programme and within the applicable timescales.

Authority to buyback shares and capital reduction

On 28 February 2023, the company held a general meeting at which shareholders granted the company authority to make market purchases of up to 2,294,346,977 ordinary shares of £0.001 each in the capital of the company and approved the cancellation of the company's share premium account. The court approved the cancellation of the company's share premium account on 28 March 2023.

Notes to the Financial Statements

For the year ended 31 December 2022

Commencement of a share buyback programme of up to £750,000.

On 28 April 2023, the company announced the commencement of a share buyback programme of up to £750,000 in accordance with the authority granted by shareholders at the company's General Meeting on 28 February 2023.

Reabold's Board believes that the current market value of the company's ordinary shares makes the buyback an attractive investment. Furthermore, the quantum of the buyback programme has been set by the Board after having considered the current capital position and future capital needs of the company, such that it retains financial flexibility whilst maintaining an efficient balance sheet.

The Board will keep the Programme under review to ensure that it continues as an efficient and effective means of generating value for Reabold shareholders. While the company has launched the Programme, there is no certainty on the volume of shares that may be acquired, nor any certainty on the pace and quantum of acquisitions.

The Ordinary Shares repurchased will be held in Treasury, to meet the obligations from employee share option programmes or other allocations of shares to employees of the company, or to re-issue such Ordinary Shares held in Treasury outside of a pre-emptive offer.

The Programme is expected to continue until the company's next Annual General Meeting, which will be held on 29 June 2023.

Operational Update

On 28 April 2023, the company announced an operational update on its UK onshore and offshore assets, all of which is detailed in the review of operations on pages 7 to 10.

Long Term Incentive Plan Awards

On 28 April 2023, the company announced it had granted nil cost options over a total of 390,000,000 ordinary shares of 0.1p each ("Ordinary Shares") (representing approximately 4.25% of the company's issued share capital) in accordance with the rules of the new Reabold Resources plc 2023 Long Term Incentive Plan ("LTIP"). The award has been made to members of the group's executive team and senior management. All previous share option plans in the company expired on 19 March 2023.

These awards include a total of 150,000,000 Ordinary Shares to each of the Co-Chief Executive Officers and 90,000,000 Ordinary Shares to the Chief Financial Officer, as set out in the table below and are subject to vesting criteria that are designed to incentivise performance that delivers value for all shareholders. Awards are subject to standard malus and clawback provisions.

The vesting criteria is based on Total Shareholder Return ("TSR") over a three-to-five-year period. For the awards to vest in full, the TSR of a share must be at or more than six times (6x) the market value of a share at the grant date using a 30-trading day average. The first measurement date shall be at the end of year three, the second measurement date at the end of year four and the final measurement date at the end of year five. If TSR is less than 2.5x market value, 0% of the award vests. If TSR is at 2.5x market value, 30% of the award vests and if TSR is at 4x market value, 60% of the award vests. Performance between TSR thresholds shall be calculated on a straight-line basis.

Director/PDMR	Position	Number of Ordinary Shares awarded
Sachin Oza	Co-Chief Executive Officer	150,000,000
Stephen Williams	Co-Chief Executive Officer	150,000,000
Chris Connolly	Chief Financial Officer	90,000,000

Investment in LNEnergy

On 9 May 2023, Reabold announced that it had entered into a conditional subscription and option agreement (the "Subscription Agreement") with LNEnergy Limited ("LNEnergy") and a conditional shareholder option agreement with certain existing shareholders of LNEnergy (the "Shareholder Option Agreement") (together, the "Agreements"). Pursuant to the terms of the Agreements, Reabold will initially acquire an interest of 3.1% of LNEnergy for cash consideration of £250,000, and receive options to acquire, at its sole discretion, further shares in LNEnergy which, if exercised, would result in Reabold holding a 25.0% shareholding in LNEnergy for aggregate cash and equity consideration of £3.8 million.

LNEnergy's primary asset is an option over a 90% interest in the Colle Santo gas field, onshore Italy in the Abruzzo region. With 65Bcf of 2P reserves, as estimated by RPS as of 30 September 2022, this is a highly material undeveloped onshore gas resource, particularly in the context of onshore Western Europe, and subject to the necessary approvals and permits, is development ready with no additional drilling required. First gas is targeted for early 2025. This project is aligned with Reabold's strategy to help to progress high quality pre-cash flow projects that can deliver material returns to shareholders.

Under the terms of the Subscription Agreement, Reabold has initially subscribed for 32 new LNEnergy shares (representing 3.1% of LNEnergy's enlarged share capital) for an aggregate consideration of £250,000 (the "Initial Subscription"), to be satisfied through existing cash resources. In addition, Reabold will receive an option to acquire a further 36 new LNEnergy shares (representing 3.3% of LNEnergy's enlarged share capital at such time) for an aggregate cash consideration of £500,000 (the "First Option") and a second option to acquire a further 127 new LNEnergy shares (representing 10.5% of LNEnergy's enlarged share capital at such time) for an aggregate cash consideration of £1,800,000 (the "Second Option"), each of which would be satisfied through existing cash resources in the event that they are exercised.

In conjunction with the Subscription Agreement, Reabold has entered into the Shareholder Option Agreement, whereby Reabold will receive an option to acquire 108 existing LNEnergy shares (representing 10.0% of LNEnergy's enlarged share capital at such time) from certain LNEnergy shareholders for an aggregate consideration of £1,500,000, payable through the issue of new ordinary shares in the capital of the company (the "Shareholder Option"), which must be exercised simultaneously with the First Option in order to enable the First Option to be exercised.

Under the terms of the Agreements, which are inter-conditional, Reabold is only committed to the Initial Subscription, whereas the First Option, Shareholder Option and Second Option are all exercisable at the company's sole discretion. Should they be exercised, the First Option, Shareholder Option and Second Option can only be exercised in full. The First Option and Shareholder Option will expire on 31 May 2023 and the Second Option will expire on 30 November 2023.

Glossary

2C resources, 2C

Best estimate contingent resource, being quantities of hydrocarbons which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable.

bcf

Billion standard cubic feet.

boe

Barrels of oil equivalent.

boe/d

Barrels of oil equivalent per day.

CPR

Competent Persons Report.

ESG

Environmental, Social and Governance.

IFRS

International Financial Reporting Standards.

mmboe

million barrels of oil equivalent

UKCS

United Kingdom Continental Shelf

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Christopher Connolly (appointed 9 May 2022)

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