



Annual Report and Financial Statements
For the year ended 31 December 2019

Registered number 3542727

These accounts replace the dormant accounts that were filed on 6 March 2020 and we confirm these accounts are now the statutory accounts of the Company

A handwritten signature in black ink, appearing to read "Anthony Samaha".

Anthony Samaha
Director

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REABOLD RESOURCES PLC
Financial statements for the year ended 31 December 2019

Contents	Page
Officers and professional advisors	2
Highlights	3
Chairman's statement	4-6
Strategic report	7-26
Board of directors	27
Directors' report	28-30
Corporate governance report	31-35
Statement of directors' responsibilities	36
Independent auditor's report	37-41
Group statement of comprehensive income	42
Group statement of financial position	43
Company statement of financial position	44
Group statement of cash flows	45
Company statement of cash flows	46
Group statement of changes in equity	47
Company statement of changes in equity	48
Notes to the financial statements	49-78

REABOLD RESOURCES PLC

Officers and professional advisers

Directors	Jeremy Edelman (Chairman) Sachin Oza Stephen Williams Marcos Mozetic Michael Felton Anthony Samaha
Secretary	Anthony Samaha
Registered Office	20 Primrose Street London EC2A 2EW
Registered number	3542727
Solicitors	Hill Dickinson LLP 20 Primrose Street London EC2A 2EW
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF
Nominated advisor	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Brokers	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET Whitman Howard Limited 1st Floor, Connaught House 1-3 Mount Street London W1K 3NB
Registrar	Neville Registrars Limited 18 Laurel Lane Halesowen West Midlands B63 3DA
Bankers	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP

REABOLD RESOURCES PLC

Highlights

Reporting period

- £26.6m raised before costs, primarily from institutional investors to support the Company's strategy
- Discovery at West Newton appraisal well operated by Rathlin Energy (UK) Limited ("Rathlin"), potentially the largest hydrocarbon discovery onshore UK since 1973
- Further investment of, in aggregate, £17.0m in Rathlin to increase Reabold's interest to 59.5%
- Significant gas discovery at Danube Petroleum Limited's ("Danube") IMIC-1 appraisal well with operator volumetrics increased to 20 billion cubic feet ("bcf") of Contingent Resources from 6.1 bcf of Contingent and 12.7 bcf Prospective Resources
- Further investment of, in aggregate, £3.1m in Danube to increase Reabold's interest to 50.8%
- Two commercial oil discoveries on West Brentwood licence in California
- Proven reserves of 0.98 million barrels of oil equivalent ("boe") attributed to Reabold's net interest at West Brentwood, with associated value of US\$19.3 million (NPV10), as at 1 August 2019
- Two commercial oil discoveries on Monroe Swell licence in California
- Corallian Energy Limited ("Corallian") awarded five new licences by the Oil and Gas Authority ("OGA") as part of the 31st Offshore Licensing Round in the UK

Post reporting period

- Site works commenced for drilling of the West Newton B-1 well
- Additional commercial discovery on West Brentwood licence in California
- Opportunistic conditional acquisition of a direct 16.665% interest in the West Newton field from Humber Oil and Gas Limited ("Humber") for consideration of 350,000,000 new Ordinary Shares and £1.4 million in cash; taking the Company's effective economic interest in West Newton to circa 56.4% from 39.7%
- Secured additional liquidity in the form of a £5 million discretionary equity line cash facility to provide the Company with further financial flexibility and strength
- Cash assets of the Company as at the date of this report of £5.6 million

REABOLD RESOURCES PLC

Chairman's statement

The year ended 31 December 2019 has once again been a positive transformational period for Reabold Resources Plc ("Reabold" or the "Company") with significant progress achieved, as Sachin Oza and Stephen Williams, the Co-Chief Executive Officers, lead the Company and its subsidiaries (the "Group") in advancing our investment strategy in the oil and gas exploration and production ("E&P") sector.

As an investor in upstream oil & gas projects, Reabold aims to create value from each project by investing in undervalued, lower-risk, near-term upstream oil & gas projects. This has been achieved through investments across our portfolio of assets in the UK, US and Romania. 2019 has seen multiple successes with the drill bit, the growth of profitable production in California, and the discovery of what is potentially the largest oil and gas field onshore UK since 1973.

We have a fully funded, high impact work programme planned for the remainder of 2020 and we look forward to sharing the results of these key drilling and testing activities in the near term.

The impact of Covid-19 on the oil and gas industry is undeniably dramatic. However, it is crucial to remember that the entire basis of the Reabold model is to invest in undervalued assets that would be able to deliver profitably under any reasonable oil and gas price assumption, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons. The Reabold portfolio is well positioned to not only survive through the Covid related downturn, but to continue to progress and expectedly thrive throughout 2020 and beyond.

2019 saw the drilling of eight wells across the Reabold portfolio, in California, Romania, the UK offshore and the UK onshore. Seven of these wells resulted in discoveries, resulting in considerable value creation for the Company and its shareholders.

In California, two successful wells at West Brentwood in 2018 were followed by a pair of successful wells at the Company's other California oil asset, Monroe Swell. At the end of the year, Reabold and its partners returned to West Brentwood to drill the VG-6 well, opening up a new geological horizon at the field. All of these wells were subsequently put onto production. The Californian assets are characterised by low operating costs and continue to be cash generative amidst the lower oil price environment being experienced in 2020.

In Romania, Reabold continued to increase its investment in Danube, reaching an equity position of 50.8%, having provided funding for two wells within the Parta licence. The first of these wells, IMIC-1, was successfully drilled in 2019 and resulted in a discovery ahead of expectations. The planned work programme for 2020 includes the testing of IMIC-1, the drilling of IMIC-2, and a carried seismic acquisition programme. We believe that Romanian natural gas will be an attractive market in which to be operating in the coming years, and remain optimistic about the opportunities for the growth of Danube going forwards.

The early part of 2019 saw Corallian, in which Reabold has a 34.9% equity interest, conduct a two well drilling programme at Wick and Colter in the UK offshore. Wick was the riskiest well in the Reabold portfolio, being characterised as initial exploration as opposed to appraisal, and this well resulted in a dry hole. The second well saw a discovery made at Colter South, to which the Corallian management had attributed an estimated mean recoverable volume of 15mm bbls.

The single most material event of 2019 for Reabold was the successful discovery at the West Newton A-2 well in the Humber valley, onshore UK. In 2018, Reabold made an investment into Rathlin, operator of the licence, in order to fund this well. The result was significantly ahead of expectations, with both the estimated volumetrics increasing significantly, as well as the emergence of a dominant oil component as opposed to the gas that had been expected. This asset has the potential to be transformational for the Company, and the well result led to the decision to invest a further, in aggregate, £17 million into Rathlin taking Reabold's interest to a 59.5% equity position. These proceeds will provide funding for two more wells to be drilled at West Newton, to further appraise the discovery and move towards monetisation.

Capital reduction

On 30 July 2019, the Company's shareholders approved the resolution for a capital reduction at Reabold's Annual General Meeting ("AGM"), which was subsequently approved by the High Court of Justice on 27 August 2019, and to cancel its share premium account. Accordingly, the amount standing to the credit of the Company's share premium account at that time was cancelled. The capital reduction has enhanced the Company's ability to return surplus capital, undertake share buybacks and pay dividends to shareholders in the future.

REABOLD RESOURCES PLC

Chairman's statement

Placings and joint broker appointment

In October 2019, the Company was delighted to complete a very significant fund raising of £24 million (before expenses) through the issue of 2,666,666,666 new ordinary shares of 0.1 pence each in the capital of the Company ("Ordinary Shares") at a price of 0.9 pence per share, to support the Company's investment strategy, facilitating, *inter alia*, the £16 million further investment in Rathlin. This fund raising was led by Stifel Nicolaus Europe Limited, and we were delighted to announce their appointment as joint corporate broker to the Company on 1 November 2019.

We were also pleased to complete in July 2019 a fund raising of £2.65 million (before expenses) through a placing of 240,909,091 new Ordinary Shares at a price of 1.10 pence per share for further strategic investment into the Company's portfolio.

The Company was delighted by the support provided by institutional investors in the placings, and welcoming significant new institutions to the share register.

Post Reporting Period

On 26 May 2020, the Company was pleased to announce the opportunistic acquisition of an additional 16.665% interest in the West Newton field from Humber for the consideration of 350,000,000 new Ordinary Shares ("Consideration Shares") and £1.4 million in cash.

On completion, Reabold's acquisition of Humber's 16.665% licence interest in PEDL 183 onshore UK, which holds the West Newton field, will increase the Company's effective economic interest in PEDL 183 from 39.7% (through its 59.6% equity investment in Rathlin, operator and 66.67% licence holder of PEDL 183) to approximately 56%.

Reabold has signed a conditional Sale and Purchase Agreement ("SPA") to acquire Humber's interest in PEDL 183, with completion conditional upon, *inter alia*, approval of the transfer of Humber's interest in PEDL 183 to Reabold by the OGA. Pursuant to the SPA, Humber has agreed to a lock up over 66.67% of the Consideration Shares for a period of three months from the date of admission to trading on AIM of the Consideration Shares and an orderly market restriction for a further period of three months once the lock-in period expires.

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

The cash facility is in the form of an Equity Line Agreement ("ELA") for a period of 24 months with Acuitas, whereby Reabold will have the right, at its sole election, but not obligation, to issue new shares in Reabold to Acuitas at a subscription price as determined under the ELA for an aggregate amount not exceeding £5 million. In consideration for making the ELA facility available, the Company paid Acuitas a £100,000 commission, satisfied by the allotment and issue of 16,351,625 new Ordinary Shares.

For details on the terms and pricing mechanics of the ELA, please refer to note 30 to the financial statements.

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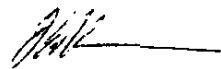
Chairman's statement

Outlook

Whilst we face unprecedented challenges with the Covid-19 virus, the Company's financial position is strong and our investee companies fully funded for their 2020 work programmes.

We look forward to reporting further in due course on the progression of our investee companies and take this opportunity to thank our shareholders for their continued support.

This report was approved by the Board and signed on its behalf:



Jeremy Edelman
Chairman

10 June 2020

REABOLD RESOURCES PLC

Strategic report

Business model

Reabold invests in the E&P sector. The Company's investing policy is to acquire direct and indirect interests in exploration and producing projects and assets in the natural resources sector, and consideration is currently given to investment opportunities anywhere in the world.

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

Reabold's long term strategy is to re-invest capital made through its investments into larger projects in order to grow the Company. Reabold aims to gain exposure to assets with limited downside and high potential upside, capitalising on the value created between the entry stage and exit point of its projects. The Company invests in projects that have limited correlation to the oil price. The value realisation of a project is determined by monetising the asset (putting it into production or selling it). The entry price versus the monetisation price is determined, primarily by the derisking event of drilling.

Reabold's non-operator model helps to keep costs low and facilitate a fully diversified portfolio.

Reabold has a specific strategy to fund other operators' appraisal wells, assessed as high quality, high return projects that have been technically de-risked by previous drilling. The projects targeted have relatively quick cycle times to monetisation.

In order to maximise the return profile, identifying the optimal time to exit a project is critical to Reabold's strategy. Doing so effectively will allow the Company to scale and attract more capital over time. Monetisation of investments depends on the extent of any success and market conditions, which are principally:

- i) an asset sale or IPO; and/or
- ii) putting the asset into production.

Reabold has a highly-experienced management team, which possesses the necessary background, knowledge and contacts to carry out the Company's strategy. Management believes the current distress in the oil & gas industry presents an opportune time to deploy capital in undervalued assets with huge potential.

Section 172(1) statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1)(A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how Reabold's Directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to Reabold, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Reabold's Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. Certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

REABOLD RESOURCES PLC

Strategic report

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

The Directors understand the business and the evolving environment in which we operate. As an investor in upstream oil & gas projects, Reabold aims to create value from each project by investing in undervalued, low-risk, near-term projects and by identifying potential monetisation plans prior to investment. In pursuing this objective, our focus is on minimising our emissions and footprint whilst continuing to positively contribute to the growing demand for energy and products that require hydrocarbons in the supply chain.

The Directors recognise how our investment activities are viewed by different parts of society. Given the complexity of the energy sector, the Directors have taken the decisions they believe best support Reabold's strategic objectives, whilst meeting its environmental, social and governance obligations.

More information on this can be found below within our Environmental, Social and Governance (ESG) Statement.

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

The Company during the reporting period and to date, had no employees other than the Directors. The Board recognises that Reabold employees, currently principally its executives, are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

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. 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.

More information on this can be found below within our Environmental, Social and Governance (ESG) Statement.

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 both provide relevant information for specific Board decisions. Executive Directors conducted site visits of various investee company operations and held external stakeholder engagements, where feasible.

More information on this can be found below within our Environmental, Social and Governance (ESG) Statement.

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

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.

REABOLD RESOURCES PLC

Strategic report

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

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of our strategy over the long-term, taking into consideration the impact on stakeholders. In doing so, our Directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Culture

Whilst Reabold currently comprises a small team of people, the Board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The Board has established honesty, integrity and respect for people as Reabold's core values.

Principal decisions

We outline some of the principal decisions made by the Board over the year, explain how the Directors have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision-making in this Strategic Report and also specifically in the Environmental, Social and Governance (ESG) Statement below.

Environmental, Social and Governance (ESG) Statement

Reabold is committed to preserving and protecting our natural environment for future generations. We conduct our business in a manner that respects the environment and addresses climate challenges. Our focus is on minimising our emissions and footprint whilst continuing to positively contribute to the growing demand for energy and products that require hydrocarbons in the supply chain.

There is an increasing demand for energy in a growing global economy, and hydrocarbons will continue to play a critical role in meeting these needs, alongside renewables and other sources of energy for the foreseeable future. The International Energy Agency predicts a 30% increase in demand for hydrocarbons by 2040. The challenge is to meet the world's energy needs sustainably, 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. Reabold complies with the applicable 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. Furthermore, extraction activities at sites in which Reabold is invested are significantly lower in carbon intensity than the industry average.

Our growth strategy consists of expanding our existing asset base and to developing the world's limited but proven reserves of hydrocarbon fuels in the most efficient and sustainable manner possible.

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 continue to seek the most energy efficient drilling methods are utilised by the operators of our interests and 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 the energy consumption will be purchased from green sources.

REABOLD RESOURCES PLC

Strategic report

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.

The carbon intensity of the UKCS has fallen by 16% since 2013 to 21,000 tonnes CO₂/million boe. The industry needs to deliver production with an emissions intensity of 4,000 tonnes CO₂e/million boe by 2050. We are committed to being part of the overall reduction in carbon intensity.

California, USA

Reabold's subsidiary US 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.

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

Reabold portfolio and operational annual summary

Reabold California

Following the successful drilling of Reabold's first well, VG-3 on the West Brentwood field in 2018, 2019 saw the drilling of a further four wells at the Group's Monroe Swell and West Brentwood licence areas, with considerable success as all four wells made successful discoveries.

West Brentwood Licence Area:

VG-4 Well

On 3 January 2019 Reabold announced initial success at the VG-4 location at West Brentwood, which was a follow on to the VG-3 well in the same formation, the Second Massive. The well was drilled safely and within budget to a total depth of approximately 1,400 metres and had significant oil and gas shows in the targeted formation, with Halliburton wireline logging confirming the presence of pay.

On 28 January 2019, Reabold was able to announce that the VG-4 well had tested at a rate above expectations. The well produced at a choked level of 480 barrels of oil per day ("bopd") and additionally averaged 742 thousand cubic feet per day of gas ("mscf"). Over a 19-hour period, the VG-4 well produced oil at rates as high as 1,029 bopd before being choked back and averaged 480 bopd. The cumulative oil produced was 371 barrels over the test period. The oil cut averaged in excess of 99.5%.

On 16 April 2019, it was announced that the VG-4 well had been put onto production, at an initially constrained rate. The significant volume of gas produced, in addition to the oil, during the VG-4 test, meant that the well could not be produced at its full rate until a tie-in to a nearby gas pipeline had been completed. The decision was taken to put VG-4 onto production at a choked back rate, reducing gas production to an acceptable level, in advance of the completion of such a tie-in. VG-4 was at this time producing in a range of 150-250 bopd on a gross basis.

REABOLD RESOURCES PLC

Strategic report

On 20 May 2019 it was announced that VG-4 had been shut in following commencement of the work to complete the tie-in to the nearby gas pipeline to realise revenue from the gas production and to allow VG-4 to produce at less constrained rates. IMS was awaiting an Encroachment Permit from the California Division of Oil, Gas and Geothermal Resources required to complete the tie-in due to the proximity of the pipeline to a public road.

Reabold earns 50% interest in West Brentwood

On 26 July 2019, VG-4 was put onto permanent production, following a successful "hot tap" into the nearby gas pipeline infrastructure. Reabold California earned a 50% equity interest in the West Brentwood licence area on completion of the VG-4 well pursuant to Reabold California's earn-in agreement with Sunset Exploration, which, prior to VG-4, had a 100% equity interest in the West Brentwood licence.

Permits for up to three additional wells at West Brentwood were also secured at this time, and given the success at VG-3 and VG-4, it was decided by Reabold, its JV partner Sunset Exploration, and contract operator IMS, to drill the third West Brentwood well around year end 2019.

VG-6 Well

Therefore, on 10 December 2019 drilling operations commenced at the VG-6 well, targeting the Third Massive formation. This was the first Reabold well to be funded out of operating cash flow.

Post period end, the Company was able to announce, on 6 January 2020, that drilling had been successfully completed to a measured depth of 1,455 metres, and that oil and gas shows were encountered in the target interval in line with pre-drill expectations.

On 26 February 2020, Reabold announced that the VG-6 well tested at 350 mscf per day ("mscf/d") and had been put onto permanent production. Gas produced from VG-6 was being sold utilising the existing pipeline infrastructure constructed by Reabold and its partners in California, IMS and Sunset Exploration.

As VG-6 was designed to test a new geological horizon at West Brentwood, the Third Massive, success at VG-6 has opened up a new play on the West Brentwood field and therefore additional follow on targets.

Pumping Units at West Brentwood: VG-3, VG-4 and VG-6



REABOLD RESOURCES PLC

Strategic report

Monroe Swell licence area:

The other key area of activity for Reabold California in 2019 was at the Monroe Swell license area. IMS spud the Burnett 2A well on 2 March 2019 following the drying out of the access road to the site after a prolonged period of severe weather conditions. Burnett 2A was the first well in a two well programme, which together would earn Reabold a 50% equity share in the Monroe Swell licence area.

Drilling times are relatively quick at Monroe Swell and a discovery at Burnett 2A was announced on 11 March 2019. The well was safely drilled and within budget, despite severe weather conditions, to a total depth of 922 metres, encountering the targeted Burnett and Lower Burnett sands. Significant oil and gas shows were seen within these formations and Halliburton wireline logging confirmed the presence of pay estimated to be in excess of 60 metres, ahead of pre-drill expectations.

Whilst the initial plan had been to subsequently test the Burnett 2A well, the decision was instead taken to seek accelerated permitting for the immediate drilling at the Burnett 2B location. This allowed the drilling rig to be retained on site, and the drilling operations at 2B commenced by 22 March 2019.

The well was drilled safely and within budget, despite continued severe weather conditions, to a total depth of 894 metres, encountering the targeted Burnett and Lower Burnett sands, as announced on 1 April 2019. Significant oil and gas shows were seen within these formations and Halliburton wireline logging confirmed the presence of estimated pay of 90 metres, ahead of pre-drill expectations. Production testing was then planned for both the Burnett 2B and 2A wells.

On 20 May 2019, IMS informed Reabold that that the perforating and swabbing operation at the Burnett 2B and Burnett 2A wells had been completed. Commercial flow rates were confirmed at both wells. Multiple zones were perforated in both wells and the swabbing runs resulted in oil flow from all zones prognosed to be hydrocarbon bearing.

Reserves:

On 26 September 2019, the Company was pleased to announce the conclusion of a third-party reserves report into its assets at the West Brentwood field in Contra Costa County, California.

As part of an evaluation of the current and future potential value associated with its California business, Reabold commissioned Petrotech Resources Company Inc. ("Petrotech"), based in Bakersfield California, to compile a reserves report, prepared in accordance with the 2007 Petroleum Resources Management System, to cover the West Brentwood field.

The Proved Developed Producing ("PDP") and Proved Undeveloped ("PUD") reserves reported for oil and associated gas, net to the Reabold interest, are as follows:

Reserves as at 1 February 2020				Reserves as at 1 August 2019			
	Mbbl	MMcf	Mboe *		Mbbl	MMcf	Mboe *
PDP (4 wells)	755.10	232.41	793.84	PDP (2 wells)	550.84	612.58	652.94
PUD (1 well)	266.99	363.15	327.52	PUD (1 well)	267.32	363.60	327.92
Total	1,022.09	595.56	1,121.35		818.16	976.18	980.86

* gas equivalence based on 6,000 scf/bbl

The reserves report as at 1 August 2019 attributed an NPV10 value, net to Reabold, of US\$19.31 million associated only with the PDPs at the VG-3 and VG-4 locations, and the PUDs at the VG-6 location. Additional prospectivity associated with other potential drilling locations at West Brentwood, along with "Probable" and "Possible" upsides, have not been included in the valuation calculation. This corresponded to a total capitalised expenditure by Reabold at West Brentwood to 30 June 2019 of US\$2.9 million, associated with the drilling and completion of the VG-3 and VG-4 wells. Almost all expenditure to date at West Brentwood has been 100% funded by Reabold in order to earn its 50% equity interest. Going forward, all expenditure will be funded by Reabold on a 50% basis.

REABOLD RESOURCES PLC

Strategic report

The reserves report was subsequently updated by Petrotech, in accordance with the 2007 Petroleum Resources Management System, as at 1 February 2020, and attributed an NPV10 value, net to Reabold, of US\$20.41 million associated with the PDPs at VG-3 and VG-4 and the PUD at VG-6, as well as the PDPs at the 2A and 2B locations in Monroe Swell that were brought into production. The PUD at the VG-6 location was brought into production in Q1 2020. It is noted that the additional prospectivity associated with other potential drilling locations at West Brentwood and the other locations, along with "Probable" and "Possible" upsides, have not been included in the valuation calculation. These updated reserves correspond to a total capitalised expenditure by Reabold in respect to the PDPs and PUD at West Brentwood and Monroe Swell to 31 December 2019 of US\$6.3 million, associated with the drilling and completion.

This technical information has been reviewed by Mr Jon Ford as a Qualified Person. Jon has more than 38 years' experience as a petroleum geologist, holds a BSc in Geology & Geophysics from the University of Durham, is a Fellow of the Geological Society of London, and is a member of the European Association of Geoscientists & Engineers and the Petroleum Exploration Society of Great Britain.

Operational update and production:

Post period end, on 26 February 2020, Reabold provided an update to the market regarding the performance of its California portfolio of assets. Oil production across Reabold's California licences, being West Brentwood and Monroe Swell, in which Reabold has a 50% equity interest, for the period from 1 July 2019 to 31 December 2019 was 50,285 (gross) and 25,143 (net) boe. Reabold's net revenue generated from the sales of hydrocarbons in California over the period was US\$1,349,000 (US\$1,079,000 net of royalties), equating to a realised price of US\$57.9/boe (US\$46.3/boe net of royalties). The estimated cash operating cost per boe was approximately US\$13.10 for the six months ended 31 December 2019.

	Unit	H2 2019	H1 2019	Total 2019
Total Production	Boe	50,285	15,407	65,692
Reabold's 50% share of production	Boe	25,143	7,703	32,846
Reabold's gross revenue	US\$	\$1,349,000	\$505,000	\$1,854,000
Reabold's revenue net of royalties	US\$	\$1,079,000	\$404,000	\$1,483,000
Realised price per boe	US\$	\$57.9	\$66.7	\$60.0
Realised price per boe net of royalties	US\$	\$46.3	\$53.4	\$48.0
Cash operating cost per boe	US\$	\$13.1	\$15.9	\$13.7

Rathlin Energy (UK) Limited

Following our initial investment in 2018, 2019 was a transformational year for Reabold's involvement in the West Newton project, via its 59.5% equity holding in project operator, Rathlin.

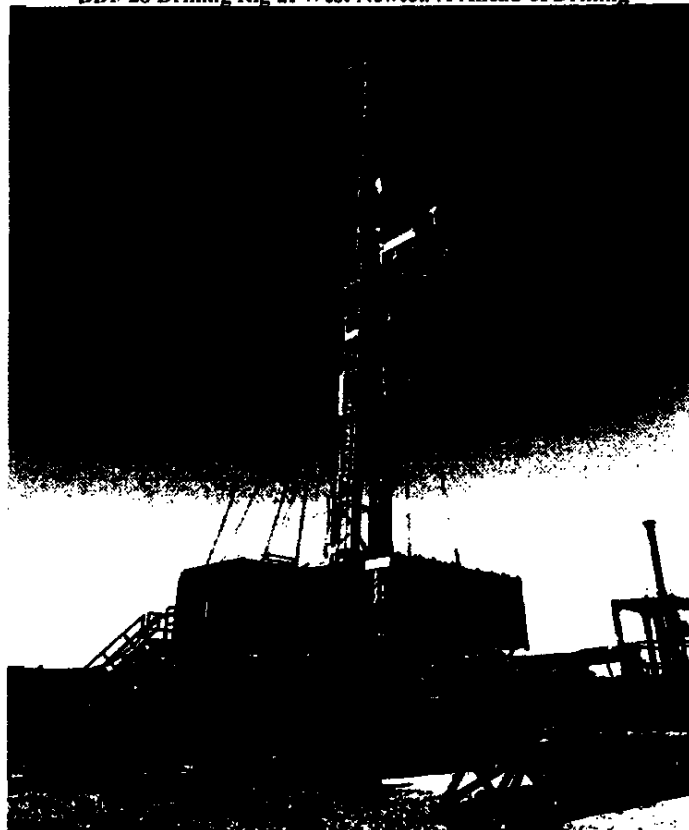
Drilling and evaluation West Newton A2:

On 25 March 2019, Reabold announced that Rathlin had signed a rig contract to drill the West Newton A-2 well, with spud expected in April 2019. The appraisal well at West Newton had two pre-drill objectives. The first objective was to appraise the Kirkham Abbey Formation gas discovery which had been given a 72% chance of success and an NPV of US\$247m¹. The second objective of the well was to test a deeper Cadeby Formation reef flank oil prospect, considered by Rathlin to have an NPV of US\$850m and a 24% chance of success¹. Commencement of drilling was announced on 26 April 2019, with an intention to drill to a total depth of approximately 2,061 metres and a circa 40 day expected time to complete drilling operations.

The well reached total depth on 9 June 2019, and 28 metres of core were extracted from the Kirkham Abbey formation, with logging operations also undertaken. This allowed Reabold to announce a significant hydrocarbon discovery on 17 June 2019.

¹ Connaught Oil & Gas Limited management estimate. Connaught had a 35% interest in Rathlin and is operator. In 2017, Deloitte LLP prepared a CPR for Connaught Oil & Gas Limited incorporating both the data from the West Newton discovery well and subsequently acquired 3D seismic data over the field. The Deloitte CPR assigns Contingent Resource to the Kirkham Abbey gas formation and is the source of management volumetric assessments.

BDF 28 Drilling Rig at West Newton A Ahead of Drilling



A net 65-metre hydrocarbon saturated interval was encountered from within the Kirkham Abbey formation indicating a substantial hydrocarbon accumulation, including a significant liquids component. The initial petrophysical data obtained from the West Newton A-2 well correlated positively with the results from the West Newton A-1 well.

The well also encountered hydrocarbon shows within the secondary target Cadeby formation with an oil saturated core. This is highly encouraging and the formation is planned to be intersected from the West Newton B location, where optimal reservoir development is expected.

Production casing was run in preparation for testing of the Kirkham Abbey interval, for which planning consent had already been received. This test was intended to determine flow rates and inform the forward work programme, with testing operations expected to commence Q3 2019. A test rig was mobilised to the site on 12 August 2019.

Initial test of West Newton A2:

On 29 August 2019, Reabold announced preliminary conclusions from the testing programme. Initial open hole information on West Newton A-2 indicated that, in many respects, the Kirkham Abbey interval was consistent with that encountered in the West Newton A-1 well. However, the West Newton A-2 well indicated the presence of both gas and oil in the reservoir as opposed to it being a primarily gas project as originally anticipated.

REABOLD RESOURCES PLC

Strategic report

Evaluation of the West Newton A-2 open hole data identified an estimated gross hydrocarbon column of approximately 65 metres in the Kirkham Abbey Formation. A cased hole pulsed-neutron tool was run across the Kirkham Abbey zone and initial petrophysical evaluation identified a gross oil column of approximately 45 metres underlying a gross gas column of approximately 20 metres within that interval.

The West Newton A-2 well exhibited encouraging porosities on logs and in core, particularly in the identified oil zone where in excess of 30 metres with good matrix porosities approaching 15% were measured. The core also exhibited natural fracturing which is confirmed by an imaging log run across the entire Kirkham Abbey interval.

Cased hole logging and completion programmes were initiated on 6 August 2019 followed by well test operations which commenced on 20 August 2019. However, with the indication of a potentially significant oil column, the EWT was temporarily paused, in order to review and revise the well test design, which will now focus on the potentially highly significant oil column. The decision was therefore taken to restart the flow test under a different test design, subject to all necessary approvals.

Additionally, the West Newton A-2 well data provided a good tie to the high quality three component 3D seismic data volume that covers the entire West Newton project. The new data allowed for a revised interpretation of the seismic volume incorporating the well and the newly identified gas over oil gross hydrocarbon column.

Updated volumetrics at West Newton:

On 11 November 2019, Rathlin provided an update in respect of the estimated in-place oil and gas volumes of the West Newton area. In the United Kingdom, the Zechstein reservoirs of the Southern Permian Basin have been explored and produced largely in the offshore Southern North Sea, with limited exploration in the immediately neighbouring onshore. They have, by contrast, been extensively and successfully explored and produced in the Netherlands, Germany and Poland, providing multiple analogues to West Newton.

Subsequent to the drilling of West Newton A-2, Rathlin had undertaken a number of technical studies including core analysis, petrophysical evaluation, sedimentology, and hydrocarbon geochemical characterisation, which were reintegrated with the results of the pre-existing 3D seismic survey and West Newton A-1 well. As a result of these studies Rathlin upgraded the estimated volumes of hydrocarbons in place in the West Newton Kirkham Abbey formation reservoir.

The integrated study indicates a significant upgraded volume of estimated hydrocarbons in place in the Kirkham Abbey formation reservoir of West Newton consisting of a significant volume of oil below a gas cap also of potentially significant size:

- Base Case:
 - Liquids: 146.4 million barrels ("mmbbl") of oil initially in-place ("OIIP");
 - Gas: 211.5 bcf of gas initially in-place ("GIIP")
- Upside Case:
 - Liquids: 283 mmbbl OIIP
 - Gas: 265.9 bcf GIIP

Basis for re-evaluation of the Kirkham Abbey Formation Reservoir:

Rathlin provided an updated technical analysis of the West Newton Kirkham Abbey formation reservoir, including:

- Evaluation of drilling results from the West Newton A-2 well, particularly petrophysical, fluid saturation, sedimentological and diagenetic analyses;
- Identification of an oil leg in the Kirkham Abbey reservoir in the West Newton A-2 well, based on the "C5+" readings in the mud gas (an industry standard means of determining fluid type in a reservoir): analysis of drilling samples; fluorescence from core and surface samples; and the results of pulsed-neutron downhole logs;
- Analysis of the 28 metre physical core recovered from the Kirkham Abbey reservoir, yielding key sedimentological and depositional information, which has been tied to the petrophysical interpretation of downhole log data;
- Integration of these well results into the reflection and inversion volumes of the 3D seismic survey, which covers the entirety of the West Newton area; and
- Updated ranges of reservoir rock volumes and parameters including, porosities, hydrocarbon saturations and fluid characterisation have been derived, and combined to arrive at a revised range of in-place hydrocarbon estimates.

REABOLD RESOURCES PLC

Strategic report

Increased investment in Rathlin:

Reabold completed two significant additional share subscriptions in Rathlin during 2019.

On 22 August 2019, Reabold announced that it has increased its investment in Rathlin through participation in an advanced subscription agreement. Following the successful drilling result at West Newton A-2, Rathlin raised £1,793,000, in which Reabold invested £1,000,000. Reabold at the time held a 24% economic interest in West Newton via its 36% holding in Rathlin the subsequent economic interest was to be confirmed once the next Rathlin fundraising round was complete. The additional shares to be issued under the advanced subscription agreement were to be priced at the higher of either a 20% discount to the price achieved in the next Rathlin funding round or at £0.8427 per share, being the price per share of Rathlin's previous fundraise.

The next Rathlin fundraise took place completed on 5 November 2019 with Reabold the sole investor in a £16 million equity subscription at £2.75 per share. This also triggered the pricing and allotment of shares from the abovementioned advanced subscription agreement. This resulted in Reabold having a 59% equity position in Rathlin, and an effective look through interest into the West Newton project of 39%.

As a result of this investment, Rathlin was fully funded for an exciting and highly impactful 2020 work programme, consisting of the testing of the A-2 well, and the drilling of up to two additional West Newton wells at the West Newton B location.

Danube Petroleum Limited

Reabold has a 50.8% equity position in Danube, with ASX listed ADX Energy Ltd ("ADX") holding the remaining 49.2%. Danube is active in Romania through its ownership of the Parta Licence. Danube has a 100% interest in the 'sole risk area' of the Parta licence ("Parta Sole Risk Area"), which includes the IMIC-1 discovery and the IMIC-2 prospect. Danube, which currently has a 100% interest in the broader Parta Licence, has agreed to farm out a 50% interest in the remainder of the Parta Licence (excluding the Parta Sole Risk Area) to Tamaska Oil & Gas ("Tamaska").

Drilling of IMIC-1:

2019 was a pivotal year for the Romania business, with the first well, IMIC-1, being drilled and resulting in a successful discovery. Following the mobilisation, setting up and commissioning of the Tacrom Futura Rig 6 on 5 August 2019, the Iecca Mica 1 ("IMIC-1") appraisal well was spud on 6 August 2019.

By 27 August 2019, the well had reached total depth of 2,335 metres measured depth and wireline logging had been completed. A number of potential Pannonian ("PA") reservoirs were intersected and logged with observed hydrocarbon shows including:

- 2 metre sandstone at a depth of approximately 1,863 metres measured depth with (C1) gas shows at the PA III stratigraphic interval;
- 5 metre sandstone at a depth of 2,033 metres measured depth with (C1) gas shows as expected at the PA IV stratigraphic level (the zone that was successfully tested in the historical well); and
- stratified sandstone and siltstone section from 2,140 to 2,163 metres measured depth (23 metres) including a number of potential reservoirs with heavier gas shows (C1, C2 & C3) in the PA V interval (a historical offset production well has produced oil from this interval).

Successful discoveries were confirmed over a 14.5 metre section of net pay at a number of PA intervals; namely, the PA IV interval (the primary target of the well), the PA III and PA V formations.

Overall, volumetrics across the intervals at IMIC-1 were increased by ADX to 20 bcf of 2C Contingent Resources, which compares favourably to the pre-drill best estimate of 6.1 bcf of Contingent and 12.7 bcf Prospective Resources. (ERCE Independent Resource Estimates for Parta Appraisal Programme).

The primary target, the PA IV interval, had measured porosities in excess of 20% and calculated permeabilities in the order of 50 to 100 mD (millidarcies), suggesting reservoir quality is at the upper end of pre-drill expectations, giving confidence of strong gas production rates.

REABOLD RESOURCES PLC

Strategic report

The PA III and PA V exploration intervals were shown to be hydrocarbon bearing with the PA V interval being assessed to be a gas condensate discovery. The PA V interval has previously been tested at a rate of 126 bopd by the IM-30 well, 2.5 km north of IMIC-1 and approximately 70 metres deeper.

Attempts to drill into the deeper fractured basement play intersected a highly over-pressured zone associated with a strong drilling break, indicative of formation porosity and permeability, coincident with an increase in gas shows. Severe mud losses were experienced, indicating open fractures in the formation. The presence of highly permeable fractured zones proximal to basement, together with the gas shows encountered, upgraded the prospectivity of the play across the licence. For technical, commercial and safety reasons, the drilling of the basement play was deferred to a later date.

The IMIC-1 well was subsequently prepared for production testing which is expected to take place in Q2 2020.

IMIC-1 Well Head



Forward programme at Damube:

The anticipated 2020 work programme for the Parta license area and the Parta Sole Risk Area was announced by Reabold and ADX on 23 December 2019 and comprised of the following:

REABOLD RESOURCES PLC

Strategic report

IMIC-1 production testing:

Testing of the IMIC-1 well in the Parta Sole Risk Area was expected to commence in late February 2020 (subsequently revised to Q2 2020). As Danube plans to complete IMIC-1 as a production well, the commencement date of the well test has been determined by the time needed to manufacture and deliver down hole well equipment which are required for production wells. Furthermore, completing IMIC-1 as a future production well is expected to minimise cost to commercial production and better preserve reservoir integrity.

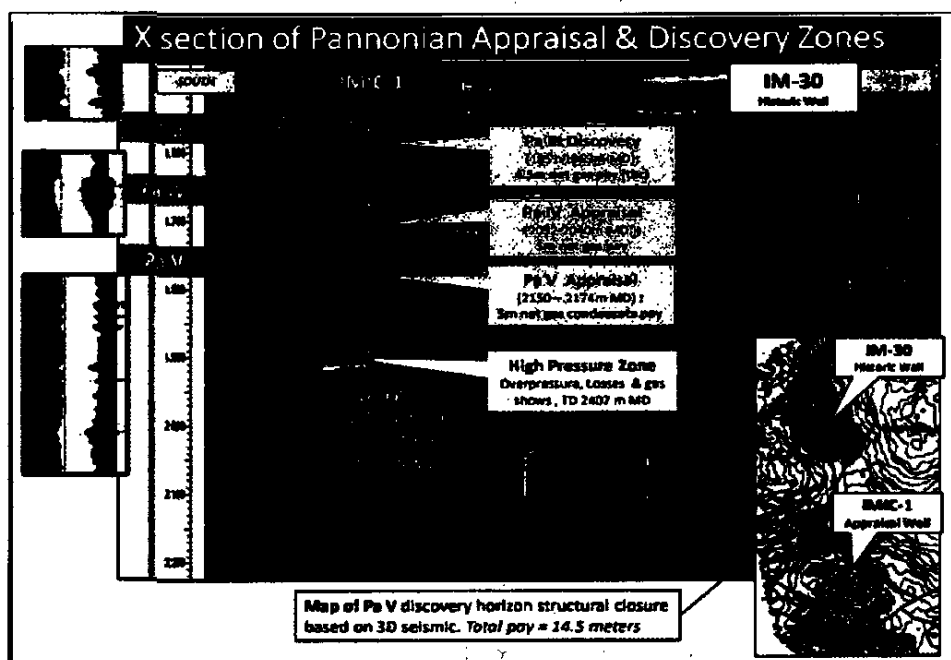
Testing will concentrate on the Pannonian IV sand, which is a proven reservoir and has the greatest reserves potential.

IMIC-1 feasibility studies and reserves declaration:

Danube will also commence studies for the commercialisation of IMIC-1 gas and the booking of reserves for the Parta Sole Risk Area. Two viable commercialisation options are being progressed in parallel including:

- delivery of sales gas to the nearby Calacea Gas Plant; or
- the conversion of produced gas to power and the connection to a high voltage power line located approximately 2km from the IMIC-1 location.

Subject to a successful production test and the determination of a viable commercialisation option, Danube expects to book reserves for the IMIC-1 well and initiate development by mid-2020.



REABOLD RESOURCES PLC

Strategic report

Calacea Gas Plant 12kms From Ieccea Mica-1 Well



3D and 2D seismic acquisition:

Danube is currently undertaking planning, regulatory approvals and finalising contractual arrangements for the acquisition of 100 km² of 3D seismic in the Parta Exploration Licence as well as high resolution 2D seismic within the Parta Sole Risk Area that includes the IMIC-1 well and the planned IMIC-2 well location.

The 3D seismic programme will be funded by Parta Energy Ltd, a subsidiary of Tamaska, pursuant to a farm-in agreement where Tamaska will fund a US\$1.5 million seismic programme to earn a 50% interest in the Parta Exploration Licence, excluding the 'sole risk area'. The Parta 3D programme is likely to generate high quality appraisal and exploration targets.

The high resolution 2D seismic lines will be acquired across the IMIC-1 and IMIC-2 accumulations. The programme is designed to better define the extent of gas zones where Danube has identified substantial stratigraphic upside volumes following the recent drilling of the IMIC-1 well.

IMIC-2 appraisal drilling:

Danube has approved the IMIC-2 well in the Parta Sole Risk Area. Planning and licencing for the IMIC-2 well has already been completed and Danube will order long lead items (well heads and casing) as soon as possible to enable an early drilling date.

At present Danube expects that drilling will commence during the third quarter of 2020. Commencement of operations is determined by drilling rig slot availability. This timing is also optimal from a weather perspective for site preparation. The IMIC-2 well has a planned total depth of 2,200 metres with approximately 23 days to drill and evaluate.

On 8 April 2019, Reabold announced that a binding Heads of Agreement had been signed between Danube's wholly owned subsidiary, ADX Energy Panonia Srl, and Parta Energy Pty Ltd, an Australian private company, to fund a planned US\$1.5 million seismic programme on Danube's Parta Exploration Licence onshore Romania. Parta Energy Pty Ltd was subsequently acquired by Tamaska.

The Parta Exploration Licence activities are intended to provide low risk, high reward exploration follow up drilling locations for Danube, following on from the Parta Appraisal Programme.

Further investments in Danube:

Reabold increased its investment into Danube Petroleum with several tranches of share subscriptions during 2019. This investment funded the 2019 work programme and will fund significant activity in 2020, including the drilling of the Ieccea Mica 2 well, expected to commence in Q3 2020.

On 9 May 2019, Reabold announced that it had agreed to subscribe for a further 375,940 new ordinary shares in Danube ("Danube Shares") at an issue price of £1.00 per share. This increased Reabold's shareholding in Danube from 33.3% to 37.5%, with ADX holding the remaining 62.5%. In addition, ADX, on behalf of Danube, agreed to engage Reabold for a period of 12 months to provide corporate advisory services to Danube for a fee of approximately £75,000.

REABOLD RESOURCES PLC

Strategic report

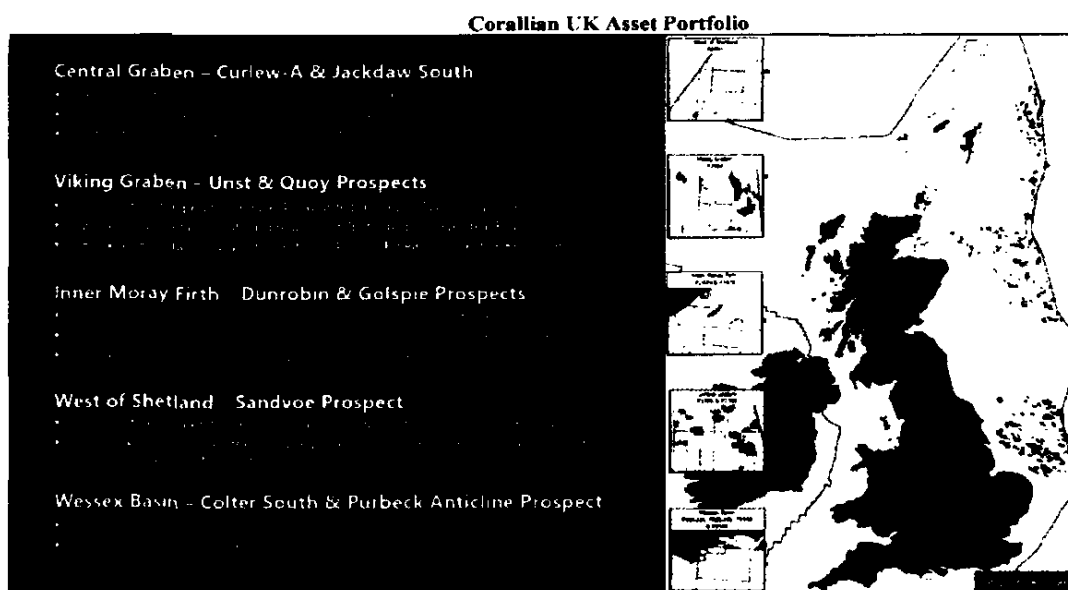
On 16 September 2019, Reabold subscribed for 810,811 Danube Shares at an issue price of £1.00 per share via two tranches, with the first tranche being for 237,838 Danube Shares and the second tranche being for 572,973 Danube Shares. Simultaneously, ADX subscribed for 540,541 Danube Shares at an issue price of £1.00 per share, comprising 158,559 first tranche Shares and 381,982 second tranche shares. Following completion of the Subscription, this increased Reabold's equity interest in Danube to 41.6%, with ADX holding the remaining 58.4%.

On 22 November 2019, Reabold exercised its option to subscribe for 200,000 Danube Shares at a price of £1.20 per share for a total sum of £240,000, taking Reabold's interest in Danube to 43.2%, with ADX holding the remaining 56.8%.

On 2 December 2019, Reabold, announced that it had fully exercised the remainder of its option to increase its investment in Danube through the subscription for additional shares. Reabold exercised its options over a further 1,427,604 Danube Shares at a subscription price of £1.20 per share, being an investment of £1,713,125. ADX elected to partially exercise its own corresponding options, subscribing for 241,929 Danube Shares at £1.20 per share. Following these investments, Reabold now owns 50.8% of Danube, with the remaining 49.2% held by ADX.

Corallian Energy Limited

Reabold has a 34.9% equity holding in Corallian, a private UK oil and gas exploration and appraisal company. Corallian holds interests in 5 basins in the UK: Central Graben, Inner Moray Firth, Viking Graben, West of Shetland and Wessex Basin. It has an experienced in-house team to execute its programmes.



Wick and Colter wells

The early part of 2019 saw the execution of Corallian's two well drilling campaign, targeting the Wick and Colter prospects. Both wells in the campaign were drilled using the ENSCO-72 jack-up rig.

Drilling operations commenced on the Wick exploration prospect on 25 December 2018. Wick is located within the UKCS on Licence P2235, in the Inner Moray Firth offshore Scotland. Corallian had a 40% equity interest in the license and operated the well. The well was drilled to a total depth of 1000 metres. On 16 January 2019, Corallian informed Reabold that the target Beatrice sands, whilst present in the well, were water bearing. The well was plugged and abandoned.

REABOLD RESOURCES PLC

Strategic report

The ENSCO-72 rig was then mobilised to the South Coast of England to drill the Colter prospect. Colter is located in license P1918 in which at the time of drilling, Corallian had a 49% equity interest and was the operator. The Colter well was targeting 23 million barrels ("mmbbls") of Prospective Resources. The well was spud on 6 February 2019.

On 25 February 2019, Corallian stated that the Colter well (98/11a-6) had reached a total depth of 1,870m MD in the Sherwood Sandstone. The 98/11a-6 well had unexpectedly remained on the southern side of the Colter Prospect bounding fault but encountered oil and gas shows over a 9.4 metre interval at the top of the Sherwood Sandstone reservoir. A petrophysical evaluation of the LWD data calculated a net pay of 3 metres. Similar indications of oil and gas were encountered in the 98/11-1 well, drilled in 1983 by British Gas, within the Colter South fault terrace. Provisional analysis of the new data indicated that the two wells may share a common oil-water-contact having both intersected the down-dip margin of the Colter South prospect. Corallian's most recent assessment of the Colter South Prospect prior to drilling the 98/11a-6 well had estimated a mean recoverable volume of 15 mmbbls.

The joint venture commenced preparations to side-track the 98/11a-6 well. The side-track was drilled directionally to a Sherwood Sandstone target within the Colter prospect on the northern side of the bounding fault, and was completed by 8 March 2019.

It was then determined that the majority of the potential resource resides within the Colter South portion of the play. The more northerly location of the fault results in a larger areal extent than previously mapped at Colter South, which modelled a 15 mmbbls Pmean potential resource within the Colter South Prospect. However, this also results in a smaller areal extent of the Colter feature north of the fault, which is unlikely to yield additional commercial volumes.

Corallian licence awards

In early June 2019, Corallian was offered interests in five additional licenses by the OGA as part of the UK 31st Offshore Licensing Round. Three of these new licences were awarded with joint venture partners, while the other two were offered on a 100% interest basis.

The five licences comprise 22 blocks and part blocks, including one in the English Channel (49% interest), two in the Inner Moray Firth (40% interest each), one in the Viking Graben (100% interest) and one in the West of Shetland basin (100% interest).

Further investment in Corallian

Reabold continued to invest in Corallian in 2019 to support drilling and business development activity. On 25 February 2019, Reabold secured an additional equity investment into Corallian, by way of an advanced subscription agreement, whereby Reabold invested £750,000, priced at a 30% discount to the next Corallian fundraising. This structure and pricing was in line with a previous £300,000 investment in December 2018. This investment was intended to cover Corallian's expected costs in relation to the side-track to appraise the principle Colter oil discovery.

Corallian's next fundraising was completed in late July 2019, when the company completed an equity raise of £1,225,000 at £2.20 per share with a new shareholder. Completion of which enabled Corallian to allot the shares related to the advanced subscription agreements that it executed with its existing shareholders in December 2018 and February 2019. Accordingly, Reabold was allotted 681,818 new Corallian shares at a price of £1.54 per share, taking the Company's interest in Corallian to 34.9% from 32.9%.

A portion of the net proceeds from the July 2019 fundraising was utilised by Corallian to acquire Corfe Energy Limited's ("Corfe") interests in licences in which they were a JV partner with Corallian. Such interests comprise four licences in the Wessex Basin, which includes the licence containing Colter South, and the Inner Moray Firth, including three new licences offered in these areas in the 31st Licensing Round. The Pmean Prospective Resources attributable to Corfe's interests, accordingly to the Corallian management estimates, are 10 mmbbls in the Inner Moray Firth and 6 mmbbls in the Wessex Basin. Following this transaction, Corallian's interest in the Wessex Basin JV licences increased to 74% and in the Inner Moray Firth JV licences to 45%.

REABOLD RESOURCES PLC

Strategic report

On 22 November 2019, Reabold announced that it had participated in the second tranche of Corallian's July 2019 fundraise. Reabold subscribed for 47,727 new ordinary shares in Corallian at a subscription price of £2.20 per share, an investment of £105,000, being Reabold's pro rata share. In aggregate, Corallian raised £300,000 pursuant to the fundraise via the issuance of 136,363 ordinary shares. Accordingly, Reabold's equity interest in Corallian remained unchanged at 34.9%. The proceeds were intended to be used by Corallian to prepare for a planned Initial Public Offering early in the second half of 2020, and to complete the work required to finalise UK North Sea well locations for both the Unst prospect in the Viking Graben and the Dunrobin prospect in the Inner Moray Firth.

Notwithstanding the positive results achieved at Colter, Corallian has taken the conservative approach of writing down in full its interest in Colter on the basis that the licence expires in January 2021 and there is currently no funded work programme by the partners in Colter. The Company remains hopeful for Colter and for funding to be made available prior to the licence expiry to further evaluate the encouraging prospectivity. The writedown in full by Corallian of its interests in Wick and Colter has driven Reabold's share of Colter's loss during the reporting period of a charge of £2.5 million.

Funding

In 2019, Reabold completed two equity capital raises, raising gross proceeds of £24.0 million as announced on 28 October 2019, and £2.65 million as announced on 2 July 2019.

We are extremely pleased with our decision to raise a significant amount of capital in late 2019 despite very difficult market conditions at the time. Since then, the impacts of Covid-19, and of the oil price crash following, *inter alia*, the decision by Saudi Aramco to significantly increase production, have resulted in even greater challenges for growth companies in the sector to access capital.

We exited 2019 with a healthy cash balance of £6.7 million, which excludes cash already invested into Rathlin and Danube, which will be used to fund the planned drilling and testing campaigns in the UK and Romania in 2020. Reabold is therefore well funded through and beyond a very active and exciting year of activity in 2020.

Key performance indicators

The key performance indicators ("KPIs") are:

KPI	Definition	Performance	Attainment
KPI 1	Addition of material investment that meets the Company's corporate investment criteria	- Significant additional investment in Rathlin and Danube of, in aggregate, £17.0m and £3.1m respectively (2018: £3.0m and £1.9m respectively). - Significant additional investment in Reabold California in E&E and O&G assets of £3.2m (2018: £4.7m). - Significant number of opportunities reviewed and evaluated.	Achieved
KPI 2	Commercial discovery in-line with investment strategy	- Discovery at Rathlin's West Newton appraisal well, potentially the largest hydrocarbon discovery onshore UK since 1973 - Significant gas discovery at Danube's IMIC-1 appraisal well in Romania - Multiple oil discoveries in California project. - Discovery at Corallian's Colter South Prospect.	Achieved
KPI 2	Commercial production of hydrocarbons	Significant increase in production of hydrocarbons by Reabold California with its share of production in 2019 (12 months) of 32,846 boe compared to 4,550 boe in 2018 (6 months).	Achieved
KPI 3	Fund raisings and preservation in the Company's cash position	- In 2019 raised £26.6m (before expenses) at an average of 0.92 pence, a significant increase in the amount raised in 2018 of £12.6m (before expenses) at 0.68 pence. - Significant new institutional support. - Strong cash position at 31 December 2019 of £6.7m (2018: £7.1m).	Achieved

REABOLD RESOURCES PLC
Strategic report

KPI	Definition	Performance	Attainment
KPI 4	Growth in total net assets	The total net assets at the end of 2018 and 2019 were £19.3m and £40.2m respectively.	Achieved
KPI 5	Growth in share price	- The closing share prices at the end of 2018 and 2019 were 0.74 pence and 0.75 pence respectively. - On 30 August 2019, the share price achieved a closing high of 1.4 pence (2018 closing high of 0.95 pence).	Partially achieved
KPI 6	Environmental compliance	There was environmental compliance by the Group and investee companies, with permits successfully obtained for multiple drilling campaigns.	Achieved
KPI 7	Retention of key management and strong Board	- The key executives were retained and incentivised. - The Board is experienced and qualified, including two independent directors. The Board will aim to achieve gender diversity as the Company grows and evolves from its relative current small size.	Achieved

Principal risks and uncertainties

The Company continuously monitors its risk exposures and reports to the board of directors (the "Board") on a regular basis. The Board reviews these risks and focuses on ensuring effective systems of internal financial and non-financial controls are in place and maintained.

Risk	Mitigation	Magnitude & likelihood
Strategic risks		
Political risk: changes in government policies in the jurisdictions in which the Group investee companies operate, could have an adverse impact on the implementation of the Group's strategy.	The Group assessed political risk prior to making an investment decision and monitors political developments in the various jurisdictions in which it has invested, in conjunction with its partners and through industry associations.	Magnitude – High Likelihood – Medium
Operational risks		
Exploration risk: the Group and investee companies fail to identify hydrocarbon bearing prospects that have the potential to produce commercially.	The Group and investee companies undertake extensive analysis of available technical information to determine work programmes. Downside risk can be reduced by entering into risk sharing arrangements.	Magnitude – High Likelihood – High
Regulatory risk: planning, environmental, licensing and other permitting risks associated with the Group and investee companies' operations particularly with exploration drilling operations.	The Group and investee companies have to date been successful in obtaining the required permits to operate. Such risks are mitigated through compliance with regulations, proactive engagement with regulators, communities and the expertise and experience of the management teams of the Group and investee companies.	Magnitude – High Likelihood – Medium
Production risk: hydrocarbons are not able to be produced in the projected quantities by the operators/investee companies (as applicable), or cannot be produced economically.	The Group and investee companies undertake extensive analysis of the available technical information towards improving the understanding of the reservoir.	Magnitude – High Likelihood – Medium

REABOLD RESOURCES PLC
Strategic report

Risk	Mitigation	Magnitude & likelihood
Financial risks		
Liquidity risk: insufficient liquidity and funding capacity of the Group and investee companies could adversely impact the implementation of the Group's strategy and restrict work programmes due to lack of capital.	The Board regularly reviews the Group's cash flow forecasts and the availability or adequacy of its current facilities to meet the Group's cash flow requirements. The Company actively monitors the liquidity position of its investee companies.	Magnitude – High Likelihood – Medium
Market risk: uncertainty and volatility of oil and gas prices could adversely impact on expected future revenues, margins, cash flows and returns.	Contingency is built into the evaluation, planning and budgeting process to allow for the downside movements in commodity prices. The Reabold model is to invest in undervalued assets that would be able to deliver profitably under any reasonable oil and gas price assumption, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons. The Group may consider it appropriate in the future to hedge a proportion of its production, particularly if the Group is reliant on the production to service debt.	Magnitude – Medium Likelihood – Medium
Management risks		
Loss of key staff risk: the adverse impact on operating capability and implementation of the Group's strategic objectives from the loss of key executives.	Recruitment and retention of key staff through providing competitive remuneration packages and stimulating and safe working environment. Balancing salary with longer term incentive plans.	Magnitude – High Likelihood – Low
Other risks		
Covid-19 virus: the dramatic impact on global economies, demand for oil & gas and project operational activities, for example the closing of borders, restricting travel movements and resultant effects on project work programmes, as well as impacting fund raising activities.	The Reabold model is to invest in undervalued assets that would be able to deliver profitably under any reasonable oil and gas price assumption, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons. Reabold's investee companies' expected work programmes for 2020 are fully-funded by cash already invested into the operating businesses. We believe that these projects remain economic at current oil prices.	Magnitude – High Likelihood – High

Financial review

The Group loss for the 12 months ended 31 December 2019 was £4,266,000 (2018: loss of £1,949,000), significantly impacted by the Company's share of losses of associates of £2,952,000 (2018: loss of £165,000). The Company's share of losses of associates primarily comprised the share of Corallian's loss of £2,459,000, driven by their impairment of the Wick and Colter wells.

During the reporting period, the Group successfully increased production from its California assets, generating revenues of £1,452,000 (2018: £194,000) and gross profit of £596,000 (2018: £111,000).

REABOLD RESOURCES PLC

Strategic report

Total administration costs increased from £939,000 for the year ended 31 December 2018 to £1,386,000 for the year ended 31 December 2019, mainly driven by an increase in executive remuneration, legal fees, broker and investor relations fees, reflecting the significant increase in investment and market activities. The impact to the Group loss for the reporting period of share based payments expense was reduced to £192,000 (2018: £995,000), reflecting the final expensing of options issued to executives in prior periods.

For the year ended 31 December 2019, the Group net cash outflow from operating activities was £216,000 (2018: cash outflow of £732,000) reflecting increased administration costs offset by positive movements in working capital. The cash outflow from investing activities increased considerably from £9,348,000 for the year ending 31 December 2018 to £24,985,000 for the year ended 31 December 2019, reflecting the significant increase in investment activities during the reporting period, including the investments in Rathlin, Danube and Corallian, as well as the funding of activities in California.

The Group raised £24,873,000 (net of costs) during the reporting period (2018: £11,909,000). Cash and cash equivalents as at 31 December 2019 was £6,717,000 (2018: £7,112,000).

The Group total net assets and net current assets as at 31 December 2019 were £40,127,000 (2018: £19,313,000) and £6,660,000 (2018: £7,073,000) respectively.

Our people

Our people are a key element in our success and the Company aims to attract, develop and retain talented people and to create a diverse and inclusive working environment, where everyone is accepted, valued and treated equally without discrimination, taking into account the current size of the Company.

Currently the Company comprises 6 directors and no other employees, with the workforce by gender summarised below:

As at 31 December 2019	Male	Female	Female %
Executive Directors	3	-	-%
Non-Executive Directors	3	-	-%
Other employees	-	-	-%
All employees	6	-	-%

Brexit

The UK left the EU on 31 January 2020 and has now entered an 11-month transition period. During this period the UK effectively remains in the EU's customs union and single market and continues to obey EU rules. However, the UK is no longer part of the political institutions. If no trade deal has been agreed and ratified by the end of 2020, then the UK faces the prospect of tariffs on exports to the EU. The UK must also agree deals in a number of other areas where co-operation is needed.

Notwithstanding, the Board does not currently envisage any material negative impact on the Company specifically from Brexit. The Board considers that the Group is much more impacted by E&E success by investee companies and factors driving energy prices globally, than Brexit, and specifically in the regions of exposure in the existing portfolio of the US, UK and Romania.

The negotiations on the United Kingdom's departure from the European Union continue to create great uncertainty in the UK economy. The Board continues to monitor the terms of the withdrawal of the United Kingdom from the European Union, which have not yet been finalised and accordingly the final impact of which on the Group is currently uncertain.

Covid-19 virus

Following the year end, the Covid-19 pandemic has had a dramatic global impact. The situation is continually developing and as at the date of this report, the situation will need constant attention as it evolves over time. In the Board's view, consistent with others, Covid-19 is considered to be a non-adjusting post balance sheet event and no adjustment is made in the financial statements as a result.

REABOLD RESOURCES PLC

Strategic report

The rapid development and fluidity of the Covid-19 virus makes it difficult to predict the ultimate impact on the Group at this stage. In line with most experts, we believe that the impact of the virus will be material on the general economy and many central banks have reduced interest rates and are taking other economic stimulus measures. Undoubtedly, this will have implications for the Group's operations, for example the closing of borders, restricting travel movements and resultant effects on project work programmes, as well as impacting fund raising activities as investors look to delay decisions until the crisis is over. Management is in the process of addressing the impact of COVID-19 on the Group, however given the fluidity and volatility of the situation it is not possible to quantify the impact at this stage.

The impact of Covid-19 on the oil and gas industry is undeniably dramatic. However, it is crucial to remember that the entire basis of the Reabold model is to invest in undervalued assets that would be able to deliver profitably under any reasonable oil and gas price assumption, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons. The Reabold portfolio is well positioned to not only survive through the Covid related downturn, but to continue to progress and expectedly thrive throughout 2020 and beyond.

Reabold's investee companies' expected work programmes for 2020 are fully-funded by cash already invested into the operating businesses. The programme includes the testing of West Newton A-2, the drilling of two wells at West Newton B, the testing of IM-1 and the drilling of IM-2 in Romania, and the drilling of additional wells in California. We believe that these projects remain highly economic at current oil prices.

Reabold currently has approximately £5.6 million in cash beyond the cash invested into the operating entities to fund the 2020 work programme, which is available and uncommitted at this time. Reabold and its investee companies are financially robust under current market conditions and Reabold is in a position to potentially take advantage of acquisition and investment opportunities that these conditions present. In addition, post reporting period, the Company secured additional liquidity in the form of the £5 million E.I.A to provide the Company with further financial flexibility and strength.

A fundamental aspect of the Reabold business model is to participate in projects which have low development and operating costs, thereby reducing sensitivity to the oil price. As announced on 26 February 2020, the cash operating costs of Reabold California are approximately US\$13 per barrel of oil equivalent, meaning production in California continues to be profitable and to generate positive free cash flow at current oil prices.

Outlook

We are highly encouraged by the success we have had so far in the implementation of our strategy to invest in low-risk, high impact, upstream oil and gas projects. With a portfolio that contains interests in the Danube, Corallian and Rathlin prospects, all of which had appraisal campaign drilling in 2019, and the further drilling programmes in California following the success in the US to date, together with a number of other projects currently under review, the Board is confident that its shareholders can look forward to an exciting 2020 and beyond.



Sachin Oza and Stephen Williams
Co-Chief Executive Officers

10 June 2020

REABOLD RESOURCES PLC

Board of Directors

Jeremy Edelman – Non-Executive Chairman

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 – Executive Director and Co-Chief Executive

Sachin Oza has 17 years' investment experience, including 14 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 – Executive Director and Co-Chief Executive

Stephen Williams has 15 years' 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.

Marcos Mozetic – Non-Executive Director

Marcos Mozetic, an exploration geologist, brings over 41 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 became 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 Bidas, 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.

Mike Felton – Non-Executive Director

Mike Felton is an experienced fund manager in the City and brings over 29 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 circa £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.

Anthony Samaha – Executive Director

Anthony Samaha is a Chartered Accountant who has over 25 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. He has extensive experience in the listing and management of AIM and TSX quoted companies, including fund raisings, project development and mergers and acquisitions. Anthony has been involved in acquisitions and resource projects in various regions of the world, including Australia, South Africa, West Africa, North America, Kazakhstan and the People's Republic of China. He holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia, and is a Fellow of the Chartered Accountants Australia and New Zealand and an Associate of the Financial Services Institute of Australasia.

REABOLD RESOURCES PLC

Directors' report for the year ended 31 December 2019

The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 2019.

Principal activities

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

Results and dividends

The results of the Group are shown on page 42. No dividends were declared or paid in the year (2018: £nil). The Directors do not recommend the payment of a final dividend. The Directors are satisfied with the performance of the Company in the year.

Post balance sheet events

Details of post reporting date events are disclosed in Note 30 of the financial statements.

Financial Risk Management

The Group's activities expose it to foreign currency, credit and liquidity risks. The size of the Company means that it is unnecessary and impractical for the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. Refer to Note 29 of the financial statements, for further details.

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 2019	At 1 January 2019
Jeremy Edelman *	169,000,000	169,000,000
Sachin Oza	16,637,058	10,000,000
Stephen Williams	12,222,111	10,000,000
Marcos Mozetic	-	-
Michael Felton	8,386,431	2,808,676
Anthony Samaha	1,000,000	-

* including 144,000,000 shares held by Saltwind Enterprises Ltd, a company connected with Jeremy Edelman.

The total options held by directors as at 31 December 2019 was 315,000,000. Sachin Oza and Stephen Williams each held 150,000,000 options and Anthony Samaha held 15,000,000 options. The options have a weighted average exercise price of 0.8 pence and a weighted average life of 2.0 years.

Directors' indemnity

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

Going concern

The financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts for the period ending 30 June 2021 which take account of the current cost and operational structure of the Group and investment agreements.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Outlook and future developments

Future developments are outlined in the Chairman's Statement and Strategic Report.

Brexit

As noted in the Strategic Report, the Board continues to monitor the terms of the withdrawal of the United Kingdom from the European Union, which have not yet been finalised and accordingly the final impact of which on the Group is currently uncertain. However, the ongoing uncertainty around Brexit is impacting on exchange rates and financial market sentiment, which could negatively impact on the cost of procuring foreign currencies and the raising of further capital on terms acceptable to the Group.

Political and charitable contributions

The Company made no contributions to charitable or political bodies during the year (2018: £Nil).

REABOLD RESOURCES PLC

Directors' report for the year ended 31 December 2019

Substantial shareholders

As at 10 June 2020, the Company had been notified of the following significant shareholdings in the ordinary share capital:

Holder	No. of shares	%
Milton Asset Management	774,664,152	11.51%
Ruffer Investment Management	458,987,333	6.82%
JO Hambro Capital Management	340,000,000	5.05%
Chelverton Asset Management	333,512,667	4.96%
Fidelity International	272,084,738	4.04%
J Safra Sarasin	250,000,000	3.71%
Hargreave Hale	222,222,222	3.30%

Corporate governance

The Board is committed to ensuring good standards of corporate governance in so far as practicable for a company of this size. The London Stock Exchange has required all AIM companies to apply a recognised corporate governance code from 28 September 2018. In connection with the introduction of these new requirements, the Quoted Companies Alliance has published a new Corporate Governance Code which the Company has adopted from 28 September 2018. The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code appended to the Listing Rules of the UK Listing Authority. Information in relation to the Corporate Governance of the Group is contained within the Corporate Governance Report.

Employment policies and remuneration

The Company is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure ongoing success for the business. Employees and those who seek to work with the Company are to be treated equally regardless of sex, marital status, creed, age, colour, race or ethnic origin.

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Board has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of Directors' emoluments and payments made for professional services rendered are set out in Note 9 to the financial statements.

Environmental policies

The Group's operations are, and will be, subject to environmental regulation (with regular environmental impact assessments and evaluation of operations required before any permits are granted to the Group) in the jurisdiction in which it operates. Although the Group intends to be in compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances, which could subject the Group to extensive liability. Further, the Group may fail to obtain the required approval from the relevant authorities necessary for it to undertake activities which are likely to impact the environment. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. No environmental breaches have been notified by any governmental agency as at the date of this report.

Board of Directors

The Board meets regularly to determine the policy and business strategy of the Company and has adopted a schedule of those matters that are reserved as the responsibility of the Board. The Directors who held office during the year and up to the date of this report are given below:

Jeremy Edelman	(Non-Executive Chairman)
Sachin Oza	(Executive Director and Co-CEO)
Stephen Williams	(Executive Director and Co-CEO)
Anthony Samaha	(Executive Director)
Marcos Mozetic	(Non-Executive Director)
Michael Felton	(Non-Executive Director)

Board committees

The Board has an Audit Committee and a Remuneration Committee.

REABOLD RESOURCES PLC

Directors' report for the year ended 31 December 2019

Corporate and social responsibility

The Company maintains high, ethical standards in its business activities. We act responsibly, promoting accountability as individuals and as a company. We operate with ethics and fairness and comply with all required rules and regulations.

The Company requires that in respect to any of its investee's exploration and development, there runs alongside this a comprehensive community engagement plan. It is vital that our investee companies engage, listen and communicate effectively with local communities, particularly when they begin the process of planning new developments. Whilst the Company is cognisant of its corporate social responsibilities, the Company considers that it is not of the size to warrant a formal policy as the issues that are relevant to this policy are mostly the responsibility of the operators of the wells with which the Company has agreements.

Controlling party

In the opinion of the Directors there is no controlling party.

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.

Matters covered in the Strategic Report

As permitted by Paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic Report instead. These matters relate to the Business review, principal risks and uncertainties, key performance indicators and future developments (outlook).

Bribery Act

The Company is cognisant of its responsibilities under the Bribery Act and has implemented an Anti-Bribery policy.

UK City Code on Takeovers and Mergers

The Company is subject to the UK City Code on Takeovers and Mergers.

Market Abuse Regime

The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code and MAR appended to the Listing Rules of the UKLA.

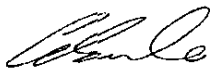
Auditor

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 11 December 2018 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.

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately.

By order of the Board, 10 June 2020



A Samaha

Registered Office:
20 Primrose Street
London
EC2A 2EW

REABOLD RESOURCES PLC

Corporate governance report

The London Stock Exchange required that all AIM companies apply a recognised corporate governance code from the 28 September 2018. In connection with the introduction of these new requirements, the Quoted Companies Alliance published a new corporate governance code.

The Directors of the Company formally applied the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") from 28 September 2018. 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. The Company sets out below its annual update on its compliance with the QCA Code.

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

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

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of a single strategy for the Company.

The investing policy of the Company is to acquire direct and indirect interests in exploration and producing projects and assets in the natural resources sector, and consideration is given to investment opportunities globally. However, under that policy, the Board is focused on investments in pre-cash flow upstream oil and gas projects. Those projects are primarily in the form of significant minority interests in unlisted oil & gas companies or majority interests in unlisted oil & gas companies with non-operating positions on licences that are on-shore or near-shore assets with low-cost drilling opportunities that can provide medium term production and hence cash flow.

The Company is an investor in upstream oil & gas projects globally with an aim to create value from each project by investing in undervalued, low-risk, near-term upstream oil & gas projects and by identifying realistic potential exit plans prior to investment.

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

The Company only invests in projects which meet its stringent requirements.

The Company may be both an active and a passive investor depending on the nature of the individual investments.

Although the Company intends to be a medium to long-term investor, the Company will place no minimum or maximum limit on the length of time that any investment may be held and therefore shorter term disposal of any investments cannot be ruled out. The Company intends there to be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies. The investing policy will allow investments to be in all types of assets and there will be no investment restrictions.

The Company may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash resources for working capital. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment.

The Company provides shareholders with a discussion of corporate strategy within this Annual Report, specifically the Chairman's Statement and the Strategic Report sections. Key business challenges and how they may be mitigated are detailed in the Strategic Report.

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

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.

Investors also have access to current information on the Company through its website, www.reabold.com, and through Sachin Oza and Stephen Williams, the Co-Chief Executive Directors, who are available to answer investor relations enquiries. The Company disseminates all regulatory updates via a Regulatory Information Service before doing so elsewhere.

REABOLD RESOURCES PLC

Corporate governance report

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.

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 in the Strategic Report on pages 23 to 24, including the impact and how these are mitigated.

The Board has established procedures, as represented by this statement, for the purpose of providing a system of internal control. 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 and Michael Felton as Non-Executive Directors and Sachin Oza and Stephen Williams, the Co-Chief Executive Directors, and Anthony Samaha as Executive Director. Biographical details of the current Directors are set out on page 27 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 Co-Chief Executive Officers are considered to be full time employees. Anthony Samaha, whilst an Executive Director is not a full time employee. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

The Board elects a Chairman to chair every meeting. 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 Non-Executive Directors, 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 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.

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 12 Board meetings during the year and reports below on the number of Board and committee meetings attended by Directors.

	Board (out of total possible)	Audit Committee (out of total possible)	Remuneration Committee (out of total possible)
Jeremy Edelman	9/12	2/2	1/1
Sachin Oza	11/12	-	-
Stephen Williams	12/12	-	-
Anthony Samaha	12/12	-	-
Marcos Mozetic	10/12	-	1/1
Michael Felton	6/12	2/2	1/1

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. In addition to holding office as an Executive Director, Anthony Samaha also currently holds the office of Company Secretary. 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 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 Board during the reporting period consulted with its legal advisors and nominated advisor on specific matters in respect of the application of QCA Code and the AIM Rules.

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.

Following a review by the Board of the positive performance of the Executive Directors in implementing the business strategy and raising of further significant capital, the Board implemented additional performance-based equity incentives to the Executive Directors through the issue to them of additional options.

During the reporting period, the Board undertook a performance evaluation of the Executive Directors, and in view of the overall positive progress against KPIs and the significant increase in investment activities, the remuneration of the Executive Directors was increased within market remuneration ranges for comparable companies.

The Board performance evaluation is to be undertaken annually, and includes an assessment of achievement of KPIs by Executive Directors. The Remuneration Committee will undertake 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.

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 import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Board consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016, and which is a major part of how the Company determines that ethical values and behaviours are recognised and respected.

REABOLD RESOURCES PLC

Corporate governance report

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 Chairman 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 Chairman 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.

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and Non-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 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.

The Corporate Governance Report provides details of the Company's governance structures, the roles and responsibilities of directors, details of the Audit Committee and the Remuneration Committee.

The Board has implemented an Audit committee comprising Michael Felton (Chair) and Jeremy Edelman, with Anthony Samaha an attendee. 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 implemented a Remuneration committee comprising Marcos Mozetic (Chair), Jeremy Edelman, and Michael Felton. The principal duties and responsibilities of the Remuneration Committee include:

- setting the remuneration policy for all Executive Directors;
- recommending and monitoring the level and structure of remuneration for senior management;
- approving the design of, and determining targets for, performance related pay schemes operated by the Company and approve the total annual payments made under such schemes; and
- reviewing the design of all share incentive plans for approval by the Board and shareholders.

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

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;

REABOLD RESOURCES PLC

Corporate governance report

- 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 processes towards their evolution over time in parallel with the Group's objectives, strategy and business model to reflect the development of the Group.

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.

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

Historical annual reports and other governance related material, including notices of all general meetings of the Company over the last five years are available through the Company's website, www.reabold.com.

Investors also have access to current information on the Company through its website, www.reabold.com, and through Sachin Oza and Stephen Williams, the Co-Chief Executive Directors, who are available to answer investor relations enquiries.

At the time of adoption of the QCA Code from 28 September 2018, the Company established an Audit Committee and Remuneration Committee.

Audit Committee Report

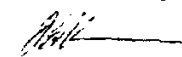
During the reporting period, the Audit Committee met twice, and confirmed:

- the Audit Committee's terms of reference outlined in this Corporate Governance Report;
- the composition of the Audit Committee;
- the proposed schedule for meetings of the Audit Committee in line with the Company's financial reporting timetable;
- the policy on the external auditor's independence and provision of non-audit services, whereby they may provide tax compliance and advice, where it is best suited;
- the policy to annually review whether it is appropriate to put the audit out to tender;
- the process to procure, review and agree the Audit Strategy Memorandum with the external auditor; and
- the establishment of an internal audit function was not practicable in view of the current size of the Company and the Group.

Remuneration Committee Report

During the reporting period, the Remuneration Committee met once, and confirmed:

- the Remuneration Committee's terms of reference outlined in this Corporate Governance Report;
- the composition of the Remuneration Committee;
- the proposed schedule for meetings of the Remuneration Committee in line with the Company's annual review of Executive Directors;
- the members of the Remuneration Committee commit to reviewing and, where necessary, developing the necessary skills and knowledge for the effective function of the committee;
- the Remuneration Committee will consider the view of shareholders when setting executive pay; and
- the Remuneration Committee will periodically review the need to engage external consultants to assist in the evaluation and determination of appropriate compensative and incentivisation schemes to ensure the Company remains competitive in retaining management.



Jeremy Edelman
Chairman

10 June 2020

REABOLD RESOURCES PLC

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.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REABOLD RESOURCES PLC

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 2019 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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 SME 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.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the group and the parent company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 25, and the consideration in the going concern basis of preparation on page 49 and non-adjusting post balance sheet events on page 77.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK, Europe and the US.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company and group's trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

REABOLD RESOURCES PLC

Independent auditor's report to the members of Reabold Resources Plc

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.

Area of focus	How our audit addressed the area of focus
Accounting for investments The group's investments in associates are detailed in note 14 of the financial statements and total £25,613,000. During the year, the group increased its equity ownership in Rathlin Energy (UK) Limited ("Rathlin") and Danube Petroleum Limited ("Danube") to over 50%, but continued to recognise these investments as associated undertakings, rather than subsidiaries, as the Directors determined that the group does not control the investees. There is a risk that control has not been assessed appropriately, leading to these investments being accounted for inappropriately in the group's financial statements. Given the material difference between accounting for these investments as associated undertakings and as subsidiaries, this is considered a key audit matter.	Our procedures included, but were not limited to, the following: • Obtaining management's assessment as to whether the group's increased equity ownership results in control over these investments. This was assessed by reference to IFRS 10 paragraph 7; • Obtaining and reviewing the Shareholders' Agreement for each investment alongside management's assessment to identify specific rights or clauses of equity holders which may indicate whether or not the group is determined to control their investments; and • Engaging our technical accounting team to assist in the review of management's assessment. Key observations On the basis of our audit procedures, we are satisfied that the group has accounted for these investments appropriately.
Carrying value of exploration & evaluation assets and oil & gas assets The group's accounting policy in respect of this area is set out in the accounting policy notes on page 52. The subsidiaries and associated undertakings are involved in the extraction of oil and gas and hold significant exploration & evaluation assets and oil & gas assets. Due to the significance of the carrying value of these assets and the judgements involved in assessing for indicators of impairment, this is considered a key audit matter.	Our procedures included, but were not limited to, the following: • Reviewing the accounting policies of associates and assessing that the point at which exploration and evaluation assets are recognised is in accordance with the group's accounting policy; • Obtaining and reviewing management's assessment as to whether there were indicators of impairment; • Reviewing the Board minutes, RNS Announcements and externally available information for any indication of impairment or any under-performing sites; and • Holding discussions with component auditors and reviewing their work to ensure appropriate and sufficient audit evidence had been obtained around the carrying value of oil & gas assets held by associated undertakings. Key observations On the basis of our audit procedures, we are satisfied that the judgements applied by management in their impairment assessment of exploration & evaluation assets and oil & gas assets are reasonable.

REABOLD RESOURCES PLC

Independent auditor's report to the members of Reabold Resources Plc

Area of focus	How our audit addressed the area of focus
Revenue Recognition The group's accounting policy in respect of revenue recognition is set out in the accounting policy notes on page 51. Revenue is a material balance for the group and is an area of particular focus by users of financial statements. Revenue recognition can be subject to judgements in respect of performance obligations being satisfied. We identify the risk around revenue recognition as being principally in relation to cut-off.	Our procedures included, but were not limited to, the following: • Review of the design and implementation of controls in place surrounding revenue recognition, in particular cut-off; • 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; and • Reviewing the January 2020 oil statement and ensuring that the group's share had been calculated accurately and posted in the appropriate period. Key observations On the basis of our audit procedures, we are satisfied that Reabold has recognised revenue in accordance with contractual terms and in the appropriate period.

Our application of materiality

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:

Overall materiality	Group: £628,000 Parent company: £608,000
How we determined it	This has been calculated with reference to total assets, of which it represents approximately 1.5% for the group and parent 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	Group: £502,000 Parent company: £487,000
Reporting threshold	Group: £18,800 Parent company: £18,300

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £265,000 and £333,000, being all below group financial statement materiality.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

REABOLD RESOURCES PLC

Independent auditor's report to the members of Reabold Resources Plc

We gained an understanding of the legal and regulatory framework applicable to the group and the parent company, the structure of the group and the parent company and the industry in which they operate. We considered the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our group 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 a risk assessment, our understanding of the group's and the parent company's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The risks of material misstatement including due to fraud that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the group and parent financial statements of Reabold Resources Plc. Based on our risk assessment, all entities within the group, except for Reabold Resources Limited and Gaelic Resources LLC which are holding companies with no impact on the consolidated financial statements, were subject to full scope audit and was performed by the group audit team.

At the parent level we 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 directors are responsible for the 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 environments obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

REABOLD RESOURCES PLC

Independent auditor's report to the members of Reabold Resources Plc

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 36, 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.

A further description of our responsibilities for the audit of the financial statements is located 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
United Kingdom

Date: 10 June 2020

REABOLD RESOURCES PLC

Group statement of comprehensive income for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Revenue	5	1,452	194
Cost of sales	6	(856)	(83)
Gross profit		596	111
Net gain in financial assets measured at fair value through P&L	13	-	6
Other income		71	11
Exploration costs	17	(192)	(55)
Impairment	18	(160)	-
Administration expenses		(1,387)	(939)
Share based payments expense	25	(192)	(995)
Loss on ordinary activities	7	(1,264)	(1,861)
Share of losses of associates	14	(2,952)	(165)
Finance income		17	10
Loss before tax for the period		(4,199)	(2,016)
Taxation	10	-	-
Loss for the financial year		(4,199)	(2,016)
Other comprehensive income:			
Foreign exchange (loss) / gain on translation of foreign subsidiaries		(67)	67
Other comprehensive income		(67)	67
Total comprehensive loss for the financial year		(4,266)	(1,949)
Attributable to:			
Equity holders		(4,266)	(1,949)
		(4,266)	(1,949)
Loss per share			
Basic and fully diluted loss per share (pence)	11	(0.11)	(0.07)

All amounts relate to continuing operations.

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Group statement of financial position as at 31 December 2019

Company no. 3542727

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	17	3,507	3,131
Property, plant & equipment	18	4,400	1,539
Investments in associates	14	25,613	7,570
Goodwill on acquisition	12	329	329
Investments in equity instruments	13	15	-
		33,864	12,569
Current assets			
Inventory		19	32
Prepayments		58	33
Trade and other receivables	19	855	425
Restricted cash	20	341	176
Cash and cash equivalents		6,717	7,112
		7,990	7,778
Total assets		41,854	20,347
EQUITY			
Capital and reserves			
Share capital	24	6,845	3,935
Share premium account	26	19,685	25,302
Capital redemption reserve		200	200
Share based payment reserve		1,746	1,554
Foreign currency translation reserve		-	67
Retained earnings		11,651	(11,745)
Total shareholders' funds		40,127	19,313
LIABILITIES			
Current liabilities			
Trade and other payables	21	902	442
Provisions	22	299	184
Accruals	21	130	79
		1,331	705
Non-Current liabilities			
Deferred tax liability	12	329	329
Provision for decommissioning	23	67	-
		396	329
Total equity and liabilities		41,854	20,347

Approved by the Board of Directors on 10 June 2020

Signed on behalf of the board of directors:



Anthony Samaha
Director

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Company statement of financial position as at 31 December 2019

Company no. 3542727

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			
Investments in associates	14	25,613	7,570
Subsidiaries	15	1,933	1,933
Investments in equity instruments	13	15	-
		27,561	9,503
Current assets			
Loan to subsidiary	16	6,029	3,692
Prepayments		60	32
Trade and other receivables	19	232	145
Cash and cash equivalents		6,684	6,147
		13,005	10,016
Total assets		40,566	19,519
EQUITY			
Capital and reserves			
Share capital	24	6,845	3,935
Share premium account	26	19,685	25,302
Capital redemption reserve		200	200
Share based payment reserve		1,746	1,554
Retained earnings		15,840	(9,729)
(Loss) for the year		(4,191)	(2,026)
Total shareholders' funds		40,125	19,236
LIABILITIES			
Current liabilities			
Trade and other payables	21	77	71
Provisions	22	299	184
Accruals	21	65	28
Total liabilities		441	283
Total equity and liabilities		40,566	19,519

Approved by the Board of Directors on 10 June 2020

Signed on behalf of the board of directors:



Anthony Samaha
Director

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Group statement of cash flows for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss for the financial year		(4,199)	(2,016)
Adjustments:			
Net gain on financial assets at fair value through profit or loss	13	-	(6)
Capitalised E&E expenditure expensed to exploration costs	17	192	55
Depreciation	18	237	32
Impairment	18	160	-
Share based payments	25	192	995
Operating cash flows before movement in working capital		(3,418)	(940)
Decrease/(increase) in receivables	19	(430)	(395)
Increase/(decrease) in payables and accruals	21	512	387
Increase/(decrease) in provisions	22	115	83
Increase/(decrease) in provision for decommissioning	23	67	-
Decrease/(increase) in prepayments		(27)	-
Decrease/(increase) in inventory		13	(32)
Cash used in operating activities		(3,168)	(897)
Share of losses of associates	14	2,952	165
Net cash used in operating activities		(216)	(732)
Cash flows from investing activities			
Investments in associates	14	(20,995)	(7,179)
Expenditure on oil & gas property	18	(3,258)	(1,571)
Expenditure on exploration & evaluation assets		(567)	(371)
Cash acquired on acquisition of subsidiary		-	120
Additions to restricted cash		(165)	(44)
Loan to subsidiary pre-acquisition		-	(303)
Net cash used in investing activities		(24,985)	(9,348)
Cash flows from financing activities			
Share placement net proceeds		24,873	11,909
Net cash generated from financing activities		24,873	11,909
Net increase/(decrease) in cash and cash equivalents		(328)	1,829
Net foreign exchange differences		(67)	(24)
Cash and cash equivalents at the beginning of the period		7,112	5,307
Cash and cash equivalents at the end of the period		6,717	7,112
Cash and cash equivalents comprises:			
Cash and cash equivalents		6,717	7,112
Overdraft and borrowings		-	-
		6,717	7,112

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Company statement of cash flows for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Loss for the financial year		(4,191)	(2,026)
Adjustments:			
Net gain on financial assets at fair value through profit or loss	13	-	(6)
Share based payments	25	192	995
Realised foreign exchange loss/(gain)		164	(41)
Operating cash flows before movement in working capital		(3,835)	(1,078)
Decrease/(increase) in receivables	19	(87)	(115)
Increase/(decrease) in payables and accruals	21	43	13
Increase/(decrease) in provisions	22	115	83
Decrease/(increase) in prepayments		(28)	-
Net cash used in operating activities		(3,792)	(1,097)
Share of losses of associates	14	2,952	165
Net cash used in operating activities		(840)	(932)
Cash flows from investing activities			
Investments in associates	14	(20,995)	(7,179)
Loan to subsidiary	16	(2,501)	(2,958)
Net cash used in investing activities		(23,496)	(10,137)
Cash flows from financing activities			
Share placement net proceeds		24,873	11,909
Net cash generated from financing activities		24,873	11,909
Net increase/(decrease) in cash and cash equivalents		537	840
Cash and cash equivalents at the beginning of the period		6,147	5,307
Cash and cash equivalents at the end of the period		6,684	6,147
Cash and cash equivalents comprises:			
Cash and cash equivalents		6,684	6,147
Overdraft and borrowings		-	-
		6,684	6,147

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Group statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium account	Capital redemption reserve	Share based payments reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2017	1,654	13,048	200	559	-	(9,729)	5,732
Loss for the year	-	-	-	-	-	(2,016)	(2,016)
Changes in equity for 2018							
Issue of share capital	2,281	12,931	-	-	-	-	15,212
Transaction costs on issue of share capital	-	(677)	-	-	-	-	(677)
Share based payments	-	-	-	995	-	-	995
Other comprehensive income	-	-	-	-	67	-	67
Balance as at 31 December 2018	3,935	25,302	200	1,554	67	(11,745)	19,313
Loss for the year	-	-	-	-	-	(4,199)	(4,199)
Changes in equity for 2019							
Issue of share capital	2,910	23,755	-	-	-	-	26,665
Transaction costs on issue of share capital	-	(1,777)	-	-	-	-	(1,777)
Capital reduction	-	(27,595)	-	-	-	27,595	-
Share based payments	-	-	-	192	-	-	192
Other comprehensive income	-	-	-	-	(67)	-	(67)
Balance as at 31 December 2019	6,845	19,685	200	1,746	-	11,651	40,127

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Company statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium account	Capital redemption reserve	Share based payments reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 December 2017	1,654	13,048	200	559	(9,729)	5,732
Loss for the year	-	-	-	-	(2,026)	(2,026)
Changes in equity for 2018						
Issue of share capital	2,281	12,931	-	-	-	15,212
Transaction costs on issue of share capital	-	(677)	-	-	-	(677)
Share based payments	-	-	-	995	-	995
Balance as at 31 December 2018	3,935	25,302	200	1,554	(11,755)	19,236
Loss for the year	-	-	-	-	(4,191)	(4,191)
Changes in equity for 2019						
Issue of share capital	2,910	23,755	-	-	-	26,665
Transaction costs on issue of share capital	-	(1,777)	-	-	-	(1,777)
Capital reduction	-	(27,595)	-	-	27,595	-
Share based payments	-	-	-	192	-	192
Balance as at 31 December 2019	6,845	19,685	200	1,746	11,649	40,125

The notes on pages 49 to 78 form part of these financial statements.

REABOLD RESOURCES PLC

Notes to the financial statements

1. Reporting entity

Reabold Resources Plc is a public limited company registered in England and Wales under the Companies Act, with registered number 3542727, and limited by shares. The Company's registered office is at 20 Primrose Street, London EC2A 2EW. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The nature of the Group's operations and its principal activities are set out in the Directors' report on pages 28 to 30.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2019 have been prepared under International Financial Reporting Standards, as adopted for use by the European Union. The consolidated financial statements were authorised for issue by the Board of Directors on 10 June 2020.

(b) Going concern

The consolidated financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report. The Directors have prepared cash flow forecasts for the period ending 30 June 2021, which take account of the cost and operational structure of the Group, investment agreements and share of estimated drilling costs. The principal risk to the Group's working capital position is drilling cost overruns by the Group and its investee companies. The Group has sufficient current funding to meet planned drilling expenditures and a level of contingency. Taking account of these risks, the Directors have performed a "stress test" which show that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. In addition, the Group has secured the £5 million ELA discretionary cash facility to provide the Company with further financial flexibility and strength. Accordingly, the financial statements have been prepared on a going concern basis.

The effect of Covid-19 is actively being assessed by the Directors, the future impact of which remains unknown. The Directors are of the opinion that there is no reason to believe there will be any effect in respect of the Group's going concern status for the foreseeable future. Further information on the impact of Covid-19 is included in Note 30 (Post balance sheet events).

(c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for investments in equity instruments, and share based payments that have been measured at fair value.

(d) Functional and presentation currency

These consolidated financial statements are presented in pounds sterling which is the Company's functional currency. All amounts have been rounded to the nearest thousands of pounds sterling (£1,000), unless otherwise indicated.

(e) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is stated below and included in the following notes:

- IFRS 10 – Management have evaluated and made judgement that the Company is not an investment entity with reference to IFRS 10. Management consider that the existence of Business Stream 2 (monetisation of investments by putting the asset into production) means that Reabold doesn't meet the criteria of IFRS 10 para 27 (b) and (c), and is accordingly not an investment entity.
- Note 14 – Investment in associates judgement regarding control versus significant influence. Management has assessed that the Company does not control Rathlin and Danube, despite holding an interest greater than 50% at the end of the reporting period, and accordingly has judged that Rathlin and Danube should not be consolidated.

REABOLD RESOURCES PLC

Notes to the financial statements

- Note 14 – Investment in associates impairment judgement. Judgements are required in assessing whether there is any indication that an asset may be impaired at each reporting date. Management assess a range of external and internal indicators of impairment in exercising its judgment. External factors assessed include market value declines, negative changes in the economy, market prices, technology and applicable regulatory conditions and laws. Internal factors assessed include technical and economic performance below expectations.
- Note 17 – Exploration and evaluation accounting judgment. The Group policy is to capitalise all expenditure incurred during the appraisal phase until the determination process has been completed or until such point as commercial reserves have been established. Exploration and evaluation assets are expected to be recouped in future through successful development and exploitation of the area of interest.

(ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 13 – Fair value assessment of investments in equity instruments. A significant source of estimation uncertainty is the fair value of the Company's unlisted investments, which are Level 2 unlisted companies, with inputs other than quoted prices. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Key inputs into the estimation of fair value of the Company's investments was observable arm's length transactional prices in the shares of the investee companies. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. The carrying amount of investments in equity instruments as at 31 December 2019 is £15,000.
- Note 17 – Impairment test of exploration and evaluation ("E&E") assets. The amounts for intangible E&E assets represent active E&E projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are indications of impairment in accordance with the Group's accounting policy. In assessing whether there should be a test of E&E assets for impairment, the Company will consider facts and circumstances including:
 - the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
 - substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
 - exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
 - sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

The carrying amount of E&E assets as at 31 December 2019 is £3,507,000.

Note 18 – Impairment test of property, plant and equipment assets. Their carrying value is checked by reference to the net present value of future cash flows which requires key assumptions and estimates in relation to commodity prices that are based on forward curves for a number of years and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, the quantum of commercial reserves and the associated production and cost profiles. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. The carrying amount of property, plant & equipment assets as at 31 December 2019 is £4,400,000.

- Note 23 – Provision for decommissioning. The Group estimates the decommissioning obligations for O&G wells and their associated production facilities and pipelines. In most circumstances, removal of the assets and remediation occurs many years into the future. Amounts recognised for decommissioning liabilities and related accretion expense require assumptions regarding the removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, inflation rate estimates and the estimate of the liability specific discount rates to determine the present value of these future cash flows. The carrying amount of the provision for decommissioning as at 31 December 2019 is £67,000.
- Note 25 – Share based payment arrangements. The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares is determined by the share price, and the fair value of options is determined using the Black-Scholes model. The carrying amount of the share based payments reserve as at 31 December 2019 is £1,746,000.

REABOLD RESOURCES PLC

Notes to the financial statements

3. Significant accounting policies

The Group has consistently applied the following significant accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Reabold Resources Plc and its subsidiaries as at 31 December 2019. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Inter-company balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on inter-company balances between subsidiaries with differing functional currencies are not offset.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange, adjusted for any conditions imposed on those shares. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(c) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence ceases.

(d) Foreign currency translation

(i) Foreign operations

The assets and liabilities of subsidiaries that have a functional currency different from that of the Company are translated into sterling at the closing rate at the date of the statements of financial position, and revenue and expenses are translated at the average rate for the period and the difference is recorded in other comprehensive income (loss).

(ii) Transactions in foreign currency

Transactions in foreign currencies are translated at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the reporting date. All differences that arise are recorded in net loss. Non-monetary assets measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions.

(e) Revenue and other income

Revenue from contracts with customers is recognized when the Group satisfies a performance obligation by transferring control of a promised good or provision of a service to a customer. The transfer of control of oil and gas usually coincides with the title passing to the customer and the customer taking physical possession. This generally occurs when the product is physically transferred into the customer's tanker, pipeline or other delivery mechanism. The Group principally satisfies its performance obligations in respect of the sale of oil and gas at a point in time. The Group principally satisfies its performance obligations in respect of the provisions of services classified under other income, over a period of time. There were no performance obligations that are unsatisfied at the end of the reporting period. Interest income is recognised as the interest accrues.

Payment for oil and gas is usually received within a specified time from transfer of title and payment for services is usually received within a specified time from completion of the service.

When a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the group is entitled. The transaction price is allocated to the performance obligations in the contract based on selling prices of the goods or services defined in the contract.

REABOLD RESOURCES PLC

Notes to the financial statements

Revenue from sales of oil and natural gas is recognised at the defined market transaction price to which the Group is entitled, after deducting any applicable sales taxes, levies and discounts. Revenue from the production of oil and gas, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the production sharing contracts. Discounts can be made to the value of the oil sold for basic sediment and water ("BS&W") impurities. The buyers of the Group's interest in hydrocarbons have the right to refuse delivery of any oil and gas which fails to meet the defined quality specifications.

A contract asset is recognised when a performance obligation is satisfied (and revenue recognised), but the payment is conditional not only on the passage of time but usually relating to the fulfilment of other performance obligations in the contract. Contract assets are different from trade receivables, because trade receivables represent an unconditional right to receive payment. A contract liability is recognised when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied. The Group did not have any contract assets and contract liabilities as at 31 December 2019 or 31 December 2018.

The disaggregation of revenue by business stream, geography, external customer and type of good and service, is set out in Note 5.

(f) Cost of sales

Production expenditure, hydrocarbon evacuation, lifting and handling expenditure, depreciation, depletion and amortisation of oil and gas assets and over-riding royalties are reported as costs of sales.

(g) 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.

(h) Taxation

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.

(i) Oil & gas assets

(j) Licence acquisition costs

Licence acquisition costs are capitalised as intangible E&E assets. These costs are reviewed on a continual basis by management to confirm that activity is planned and that the asset is not impaired. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Capitalised licence acquisition costs are measured at cost less accumulated amortisation and impairment losses. Costs incurred prior to having obtained the legal rights to explore an area are expensed directly as they are incurred.

(ii) Exploration expenditure

Exploration expenditure is expensed to the profit or loss statement as and when it is incurred and included as part of cash flows from operating activities.

(iii) Evaluation expenditure

Evaluation expenditure is capitalised to the Statement of Financial Position. All expenditure incurred during the appraisal phase is capitalized until the determination process has been completed or until such point as commercial reserves have been established.

REABOLD RESOURCES PLC

Notes to the financial statements

Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a resource before moving into the Development phase. The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

(iv) Treatment of intangible E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each cost pool are carried forward until the existence, or otherwise, of commercial reserves have been determined, subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss, of the relevant E&E assets, are then reclassified as development and production assets within property plant and equipment. However, if commercial reserves have not been found, the capitalised costs are charged to expense.

Such reserves may be considered commercially producible if management has the intention of developing and producing them and such intention is based upon:

- a reasonable assessment of the future economics of such production;
- a reasonable expectation that there is a market for all or substantially all the expected hydrocarbon production;
- evidence that the necessary production, transmission and transportation facilities are available or can be made available; and
- the making of a final investment decision.

(v) Development and production assets

Development and production assets, classified within property, plant and equipment, are accumulated generally on a field-by-field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets.

(vi) Depreciation of producing assets

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.

(vii) Disposals

Net cash proceeds from any disposal of an intangible E&E asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the income statement.

(viii) Decommissioning

Provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. The discount rate reflects current market assessments of the time value of money and the risks specific to the decommissioning liability. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related oil and gas property. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is dealt with prospectively as an adjustment to the provision and the oil and gas property. The unwinding of the discount is included in finance cost.

(j) Goodwill

Goodwill is measured as described in Business Combinations. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment each reporting period, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(k) Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested each reporting period for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

REABOLD RESOURCES PLC

Notes to the financial statements

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Share based payments

The Company has an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period; and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the grant-date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statements of financial position when the Company has become a party to the contractual provisions of the instrument.

IFRS 9 contains four principal classification categories for financial assets:

- amortised cost;
- fair value through other comprehensive income ("FVOCI") with gains or losses recycled to profit or loss on derecognition;
- FVOCI with no recycling of gains or losses to profit or loss on derecognition; and
- fair value through profit or loss ("FVTPL").

The following summarises the accounting policies in respect of financial instruments upon adoption of IFRS 9 by the Company:

Classification	Financial instrument	Description
Financial assets measured at amortised cost	Cash	Cash balances with banks
	Cash restricted	Restricted cash is denoted as restricted when it is not under the exclusive control of the Group.
	Cash held in trust	Cash balances held in trust for specified purposes - not available to fund normal operations
	Other receivables	Amounts receivable from third parties
	Loans receivable	Loans receivable and long-term receivables
Financial assets measured at FVTPL	Equity investments	Equities of publicly traded and private entities
Financial assets measured at FVOCI (with no recycling)	Equity investments	Equities of publicly traded and private entities
Financial liabilities	Accounts payable and accrued liabilities	Amounts payable to suppliers and third parties

Under IFRS 9 the Company can classify, measure and account for its loans receivable and other receivables as amortised cost, FVOCI (with recycling) and FVTPL while equity investments can be classified as FVOCI (with no recycling) or FVTPL. The Company analyses each loan receivable, other receivables and equity investment on an individual basis. The analysis and classification is driven by the following criteria.

REABOLD RESOURCES PLC
Notes to the financial statements

Classification	Criteria
Loans and receivables	
Amortised cost	- Held within a business model whose objective is to hold assets in order to collect contractual cash flows and; - Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Financial assets measured at FVOCI (with recycling)	- Held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets and; - Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
FVTPL	All loans receivable and investments in funds not measured at amortised cost or at FVOCI must be measured at FVTPL.

Classification	Criteria
Investments in equity instruments	
FVTPL	- Investment acquired with the purpose of sale or, - Evidence of historical short-term profit making on similar instruments.
FVOCI (with no recycling)	Investment made primarily for non-financial benefits such as strategic alliances and strategic investments.

After classification as amortised cost, FVTPL or FVOCI, the Company uses the following policy for initial measurement and subsequent measurement at each reporting period.

Classification	Initial measurement	Subsequent measurement	Changes in fair value
Amortised cost	Fair value less expected credit loss	Amortised cost using the effective interest method	Reported in consolidated statement of loss when realized or impaired. Interest accretion on loans is recorded in "Finance income" on the consolidated statement of loss.
FVTPL	Fair value	Re-measured at subsequent reporting dates to fair value Re-measured using the Black-Scholes option pricing valuation model or other techniques if quoted market prices are not available.	Reported in "Net gain (loss) on financial assets measured at FVTPL" on the consolidated statement of loss.
FVOCI (with no recycling)	Fair value	Re-measured at subsequent reporting dates to fair value using quoted market prices, if available. Re-measured using the Black-Scholes option pricing valuation model or other techniques if quoted market prices are not available.	Reported in consolidated statement of other comprehensive loss. There is no recycling of amounts from the statement of comprehensive loss to the statement of loss upon the disposal of the financial asset.
Financial liabilities	Fair value	Amortised cost using the effective interest method.	Reported in consolidated statement of loss when liability is extinguished. The interest accretion is recorded in "Finance expense" on the consolidated statement of loss.
Financial liabilities measured at FVTPL	Fair value	Re-measured at subsequent reporting dates to fair value Re-measured using the Black-Scholes option pricing valuation model or other techniques if quoted market prices are not available.	Reported in "Net gain (loss) on financial liabilities measured at FVTPL" on the consolidated statement of loss.

REABOLD RESOURCES PLC

Notes to the financial statements

(n) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

Note 13 – Investments in equity instruments

Note 25 – Share-based payment arrangements

Note 29 – Financial risk management and financial instruments

Unlisted Investments are therefore classified at Level 2 of the fair value hierarchy when initially recognised and subsequent to initial recognition.

(o) Capital and reserves

(i) Share capital

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

(i) Share premium

Representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

(ii) Capital redemption reserve

Where a company acquires its own shares out of free reserves, then a sum equivalent to the nominal value is transferred to a capital redemption reserve.

(iii) Share based payments reserve

Represents the value of equity benefits provided to employees and directors as part of their remuneration and provided to consultants and advisors hired by the Company from time to time as part of the consideration paid.

(iv) Foreign currency translation reserve

Exchange differences arising on consolidating the assets and liabilities of the Group's subsidiaries are classified as equity and transferred to the Group's translation reserve.

(v) Retained losses

Cumulative net gains and losses recognised in the financial statements.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

REABOLD RESOURCES PLC

Notes to the financial statements

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(r) Capital commitments

Capital commitments include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

(t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group defines geographical areas as operating segments in accordance with IFRS 8- Operating Segments.

4. Adoption of new and revised International Financial Reporting Standards

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2019

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Group's and the Company's financial statements:

(ii) IFRS 16 "Leases"

The IASB has published IFRS 16 "Leases", completing its long-running project on lease accounting. The new Standard, which is effective for accounting periods beginning on or after 1 January 2019, requires lessees to account for leases "on-balance sheet" by recognising a "right-of-use" asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property and high value equipment. This standard has been endorsed by the European Union. The Group adopted IFRS 16 on 1 January 2019. This standard is assessed as not having a material impact on the Group's financial statements as the Group does not hold any leases either at the date of sign off of these financial statements or during any of the periods presented.

Standards, amendments and interpretations in issue but not yet adopted

At the date of authorisation of these consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group.

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of these consolidated financial statements, the following could potentially have a material impact on the Group's financial statements going forward:

New and revised International Financial Reporting Standards		Effective date: annual periods beginning on or after:	EU adopted
IAS 1	Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	Yes
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2021	No
IFRS 3	Amendments to IFRS 3: Business Combinations	1 January 2020	No
IFRS 9	Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1 January 2020	Yes

New and revised International Financial Reporting Standards which are not considered to potentially have a material impact on the Group's financial statements going forward have been excluded from the above.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

REABOLD RESOURCES PLC

Notes to the financial statements

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Group.

5. Segment analysis

The Directors consider the Group to have two segments, being Business Stream 1 (which encompasses the UK/European based investments in Corallian, Danube and Rathlin) and Business Stream 2 (which encompasses the Group's project in California, USA). The Business Stream 1 segment investments are currently predominantly in the appraisal phase, and the Business Stream 2 segment investment is in evaluation and production phase. Corporate costs relate to the administration and financing costs of the Company and are not directly attributable to the individual investments and projects. The Company's registered office is located in the United Kingdom.

31 December 2019	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue ¹	-	1,452	-	1,452
Cost of sales ²	-	(856)	-	(856)
Gross profit	-	596	-	596
Net gain in financial assets measured at FVTPL	-	-	-	-
Other income	-	-	71	71
Impairment	-	(160)	-	(160)
Exploration expenses	-	(192)	-	(192)
General and administration expenses	-	(60)	(1,519)	(1,579)
(Loss)/profit on ordinary activities before taxation	-	184	(1,448)	(1,264)
Share of losses of associates ³	(2,952)	-	-	(2,952)
Finance income	-	-	17	17
(Loss)/profit on ordinary activities before taxation	(2,952)	184	(1,431)	(4,199)
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(2,952)	184	(1,431)	(4,199)
Other comprehensive income	-	-	(67)	(67)
Total comprehensive (loss)/income for the period	(2,952)	184	(1,498)	(4,266)
Segment assets ⁴	25,613	8,922	-	34,535
Unallocated corporate assets	-	-	7,319	7,319
Total assets	25,613	8,922	7,319	41,854
Segment liabilities	-	1,286	-	1,286
Unallocated corporate liabilities	-	-	441	441
Total liabilities	-	1,286	441	1,727

¹ All revenue of Business Stream 2 is attributable to sales of oil & gas at a point of time from contracts with external customers, with 99% of sales to a single external customer.

² Cost of sales of Business Stream 2 includes depreciation of oil & gas assets of £237,000.

³ All of the investment in associates in Business Stream 1 is accounted for by the equity method.

⁴ The amounts of additions to non-current assets of Business Stream 1 and Business Stream 2 was £18,057,000 and £3,236,000 respectively.

REABOLD RESOURCES PLC
Notes to the financial statements

31 December 2018

	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue⁵	-	194	-	194
Cost of sales⁶	-	(83)	-	(83)
Gross profit	-	111	-	111
Net gain in financial assets measured at FVTPL	6	-	-	6
Other income	-	-	11	11
Impairment	-	-	-	-
Exploration expenses	-	(55)	-	(55)
General and administration expenses	-	(23)	(1,911)	(1,934)
(Loss)/profit on ordinary activities before taxation	6	33	(1,900)	(1,861)
Share of losses of associates ⁷	(165)	-	-	(165)
Finance income	-	-	10	10
(Loss)/profit on ordinary activities before taxation	(159)	33	(1,890)	(2,016)
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(159)	33	(1,890)	(2,016)
Other comprehensive income	-	-	67	67
Total comprehensive (loss)/income for the period	(159)	33	(1,823)	(1,949)
Segment assets⁸	7,570	6,476	-	14,046
Unallocated corporate assets	-	-	6,301	6,301
Total assets	7,570	6,476	6,301	20,347
Segment liabilities	-	751	-	751
Unallocated corporate liabilities	-	-	283	283
Total liabilities	-	751	283	1,034

¹ All revenue of Business Stream 2 is attributable to sales of oil & gas at a point of time from contracts with a single external customer.

² Cost of sales of Business Stream 2 includes depreciation of oil & gas assets of £32,000.

³ All of the investment in associates in Business Stream 1 is accounted for by the equity method.

⁴ The amounts of additions to non-current assets of Business Stream 1 and Business Stream 2 was £7,570,000 and £4,669,759 respectively.

6. Cost of sales

	2019 £'000	2018 £'000
Production costs	329	39
Royalties	290	12
Depreciation of oil & gas assets	237	32
	856	83

REABOLD RESOURCES PLC
Notes to the financial statements

7. Loss on ordinary activities before taxation

	Note	2019 £'000	2018 £'000
The loss on ordinary activities before taxation has been arrived at after charging/(crediting):			
Auditor's remuneration – audit of Company		58	27
Auditor's remuneration – other taxation services		15	10
Exploration costs		192	55
Foreign exchange loss / (gain)		170	(42)
Net gain in financial assets measured at FVTPL	13	-	(6)
Provision for VAT non-claimable	22	115	83
Share based payments	25	192	995
Directors' employment costs	8	604	400

8. Directors employment costs

Directors' employment costs were:

	2019 £'000	2018 £'000
Wages and salaries	527	354
Social security costs	59	40
Other pension costs	18	6
	604	400

During the year there were no employees (2018: nil) employed by the Company excluding the Directors. The staff costs during the year include the accrual of Director fees in the amount of £6,000 (2018: £4,000) which were not paid during the reporting period.

9. Directors' remuneration

The total emoluments paid to Directors during the year was as follows:

Directors	Salary & fees £'000	Share based Payments £'000	Pension contribution £'000	2019 Total £'000	2018 Total £'000
Sachin Oza	184	96	9	289	626
Stephen Williams	184	96	9	289	626
Anthony Samaha	72	-	-	72	63
Jeremy Edelman	33	-	-	33	24
Marcos Mozetic	27	-	-	27	8
Mike Felton	27	-	-	27	8
	527	192	18	737	1,355

An accrual of £6,000 (2018: £4,000) for Director fees which were unpaid during the reporting period has been made.

The Directors are the key management personnel of the Company.

As at 31 December 2019, no Director was accruing benefits under a money purchase scheme (2018: none).

The total options held by Directors as at 31 December 2019 was 315,000,000. Sachin Oza and Stephen Williams each held 150,000,000 options and Anthony Samaha held 15,000,000 options. The options have a weighted average exercise price of 0.8p and a weighted average life of 2.0 years.

REABOLD RESOURCES PLC

Notes to the financial statements

10. Taxation

	2019 £'000	2018 £'000
Loss before tax	(4,199)	(2,016)
Loss multiplied by standard rate of corporation tax in the UK	(798)	(383)
Effects of:		
Share of operating loss of associates not taxable	561	31
Income and gains not taxable	-	(13)
Expenses not deductible for tax purposes	95	198
Deferred tax asset not recognised	142	167
Total tax for the year	-	-

No deferred tax assets have been recognised in the year (2018: nil).

The corporation tax rate throughout 2019 and 2018 was 19%.

The Company has unused tax losses of £3.7 million (2018: £3.1 million) and capital losses of £2.5 million (2018: £2.5 million). The deferred tax asset for these losses, amounting to £1.2 million (2018: £1 million) has not been recognised as the timing of profits is uncertain. The corporation tax rate applied in the deferred tax asset is 19%. Future tax rates increases and decreases will have the effect of increasing and decreasing respectively the deferred tax asset for the applicable unused losses.

11. Loss per share

The calculations of the basic and diluted earnings per share are based on the following data:

	2019 £'000	2018 £'000
Loss for the year	(4,266)	(1,949)
Loss for the purpose of basic earnings per share	(4,266)	(1,949)
Number of shares:	Number	Number
Weighted average number of ordinary shares in issue during the year	3,822,854,007	2,949,812,420
Loss per share:		
Basic and diluted loss per share (pence)	(0.11)	(0.07)

As the Group is reporting a loss in each period in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

REABOLD RESOURCES PLC
Notes to the financial statements

12. Goodwill on acquisition and deferred tax liability

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Goodwill on acquisition				
At 1 January	329	-	-	-
Additions	-	329	-	-
Impairment	-	-	-	-
At 31 December	329	329	-	-
	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Deferred tax liability				
At 1 January	329	-	-	-
Additions	-	329	-	-
Reductions	-	-	-	-
At 31 December	329	329	-	-

On 4 July 2018, the Company completed the acquisition of:

- (i) 100% of the issued share capital of Gaelic Resources Ltd ("Gaelic"), and its wholly owned US subsidiary Temporary Energy LLC ("Temporary"); and
- (ii) loans to Temporary by the vendors of Gaelic in the amount of US\$914,000 (£692,005) ("Vendor Loan").

The acquisition of Gaelic provided Reabold with options to participate in multiple near-term, high-impact, oil & gas leases in California, United States, and was considered by management to be consistent with the Reabold strategy, providing high-impact drilling opportunities with considerably de-risked wells with low drilling costs and a fast path to monetisation.

The total consideration for the acquisition of Gaelic and the Vendor Loan was together the issue of 420,000,000 new ordinary shares in Reabold (the "Share Consideration"), representing a value of £2,625,000 at the closing price of 0.625 pence per share, on 4 July 2018. As at 4 July 2018, Temporary had loans outstanding of US\$1,314,000 (£994,852), including a loan from Reabold of US\$400,000 (£302,845).

The fair value of the Vendor Loan acquired was assessed as £692,000, and the Share Consideration allocated as:

	Fair Value £'000
Allocation of Share Consideration	
Acquisition of 100% of Gaelic	1,933
Acquisition of Vendor Loans of US\$914,000	692
Total Share Consideration	2,625

The identifiable consolidated assets and liabilities of Gaelic were measured initially at their fair values at the acquisition date of 4 July 2018.

REABOLD RESOURCES PLC
Notes to the financial statements

	Cost £'000	Fair Value Adjustment £'000	Fair Value £'000
Net assets assumed:			
Cash	120	-	120
Restricted cash	132	-	132
E&F assets – earn-in rights	681	1,933	2,614
E&E assets	111	-	111
Loans payable	(995)	-	(995)
Accounts payable	(49)	-	(49)
Deferred tax liability	-	(329)	(329)
Net assets	-	1,604	1,604
Goodwill on acquisition	-	329	329
Total	-	1,933	1,933

Consideration paid:

Allocated share consideration	1,933
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The fair value adjustment on acquisition of £1,933,000 results in a deferred tax liability of £329,000 as a result of the timing difference between the recognition of when the tax liability is accrued and when the tax would be paid. As the intangible asset and the related deferred tax arise on a business combination, it results in the recognition of goodwill of £329,000, equivalent in amount to the deferred tax liability.

Costs related to the acquisition of Gaelic in the amount of £74,091 were recognised as an expense in the year ended 31 December 2018.

Gaelic's consolidated revenue and profit for the period since acquisition date to 31 December 2018 was £193,527 and £10,137 respectively. Had the acquisition occurred on 1 January 2018, the Group's consolidated revenue and profit for the year would not be materially different to that which has been reported.

The Group has tested the goodwill arising on acquisition and assessed no impairment is required as at 31 December 2019. For the 2019 reporting period, the recoverable amount was determined based on the reserves reports compiled by Petrotech Resources Company Inc.

13. Investments in equity instruments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
At 1 January	-	550	-	550
Addition at cost	15	-	15	-
Divestment	-	-	-	-
Net fair value adjustment	-	56	-	56
Transfer to investments in associates	-	(556)	-	(556)
Impairment	-	(50)	-	(50)
At 31 December	15	-	15	-

(a) Connaught Oil & Gas Ltd

On 8 February 2019, Reabold announced the issue of 1,980,000 new ordinary shares of 0.1 pence each in the Company to an institutional investor, as consideration for the purchase of 350,000 common shares in Connaught Oil & Gas Ltd. ("Connaught"), a private oil and gas company incorporated and registered in the Province of Alberta, Canada. Connaught's primary asset was a 35.04% interest in Rathlin, at the time of the transaction. The deemed value of the Reabold shares was 0.75 pence each at the time of the transaction, valuing the Company's acquired 0.52% interest in Connaught at £14,850.

REABOLD RESOURCES PLC

Notes to the financial statements

(b) Corallian

On 1 March 2018, the Company announced that it had signed further subscription agreements with Corallian. The first agreement ("Round 5") was an unconditional subscription for 333,333 new Corallian shares at £1.50 per share for an investment of £500,000, which was completed in February 2018, giving Reabold an interest of 25.7% of the issued capital of Corallian at that time. The second agreement ("Round 5A") gave Reabold the option to subscribe for an additional 333,333 new Corallian shares at a price of £1.50 per share for an investment of £500,000 at any point up to 6 April 2018. On 3 April 2018, the Company completed the Round 5A agreement.

At the point of the completion of the Round 5 subscription, Reabold's prior Round 4 investment in Corallian of 370,370 shares was assessed as having a fair value of £1.50 per share, giving a value of £555,555 and resulting in an increase in fair value through P&L of £55,555 during the reporting period. The Round 4 Shares in the value of £555,555 was reallocated from Investments Available for Sale to Investments in Associates, given Reabold's significant influence in Corallian had been secured.

14. Investments in associates

The table below presents the Company's associates, in which it has significant influence:

Associate	Country of registration	Registered address	Nature of business	Class of shares	Holding 31-Dec-19	Holding 31-Dec-18
Corallian Energy Limited	England & Wales	Blackstable House, Longridge, Sheepscombe Stroud, Gloucestershire GL6 7QX	Oil & gas	Ordinary	34.9%	32.9%
Danube Petroleum Limited	England & Wales	3 Waterfront Business Park, Brierley Hill, West Midlands DY5 1LX	Oil & gas	Ordinary	50.8%	33.3%
Rathlin Energy (UK) Limited	England & Wales	11-12 St James' Square, London SW1Y 4LB	Oil & gas	Ordinary	59.5%	37.1%

Whilst during the reporting period, Reabold increased its equity stake in Rathlin to 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 5 directors. Reabold's increased interest in Rathlin to 59.5% 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.

Similarly, whilst during the reporting period, Reabold increased its equity stake in Danube to 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 3 directors. Reabold's increased interest in Danube to 50.8% 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.

All of the Company's associates are unlisted. A breakdown of investments in associates as at 31 December 2019 and 2018 and the respective changes during the year then ended are summarised as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
At 1 January	7,570	-	7,570	-
Transfer from investments in equity instruments	-	556	-	556
Additions	20,995	7,179	20,995	7,179
Share of loss of associates	(2,952)	(165)	(2,952)	(165)
At 31 December	25,613	7,570	25,613	7,570

REABOLD RESOURCES PLC
Notes to the financial statements

The table below presents summarised financial information in respect of the Company's associates:

	31-Oct-19* Corallian £'000	31-Dec-19 Danube £'000	31-Dec-19 Rathlin £'000
Current assets	602	2,322	18,354
Non-current assets	1,547	6,694	8,223
Total assets	2,149	9,015	26,577
Current liabilities	175	101	629
Non-current liabilities	-	-	1,261
Total liabilities	175	101	1,889
Net assets	1,974	8,914	24,688
Revenue	181	-	-
Total comprehensive loss for period	(7,161)	(147)	(1,021)
Reabold's share of loss	(2,459)	(55)	(438)

* Corallian has a financial year end of 31 October

(a) Corallian

As outlined in Note 13 above, at the point of the completion of the Round 5, Reabold's prior Round 4 investment in Corallian of 370,370 shares was assessed as having a fair value of £1.50 per share, giving a value of £555,555 and resulting in a revaluation increase of £55,555 during the reporting period. The Round 4 investment in the value of £555,555 was reallocated from Investments Available for Sale to Investments in Associates, given Reabold's significant influence in Corallian had been secured. Following the completion of the Round 5 subscription in February 2018 in the amount of £500,000 for 333,333 new Corallian shares at £1.50 per share, the value of Reabold's total investment in Corallian at that time was £1,055,554, representing a 25.7% interest.

On 3 April 2018, the Company completed the Round 5A agreement, subscribing for an additional 333,333 new Corallian shares at a price of £1.50 per share for an investment of £500,000.

As at 30 April 2018, no authorisation for expenditure for the drilling of the Colter well had been approved, as required under the Round 4A subscription. Subsequently, on 25 May 2018, Reabold advised Corallian that it had waived the condition for the Round 4A subscription and proceeded to complete the Round 4A subscription on 28 May 2018 for 740,741 shares at £1.35 per share, for an investment of £1,000,000, giving the Company an interest of 32.9% in the enlarged issued share capital of Corallian.

On 11 December 2018, the Company announced that Corallian had raised £912,300 by way of an advanced subscription agreement, with Reabold participating in this fund raise with an investment of £300,000, maintaining its 32.9% interest. The additional shares to be issued under the advanced subscription agreement were to be priced at the higher of either a 30% discount to the price achieved in the next Corallian funding round, or at £1.50 per share (in line with the price per share at the last fund raise) if no funding round has occurred within 12 months.

On 25 February 2019, Reabold secured an additional equity investment into Corallian, by way of an advanced subscription agreement, whereby Reabold invested £750,000, priced at a 30% discount to the next Corallian fundraise. This structure and pricing was in line with a previous £300,000 investment in December 2018. This investment was intended to cover Corallian's expected costs in relation to the side-track to appraise the principle Colter oil discovery.

Corallian's next fundraise was completed in late July 2019, when the company completed an equity raise of £1,225,000 at £2.20 per share with a new shareholder. Completion of the Round 6 Fundraise enabled Corallian to allot the shares related to the advanced subscription agreements that it executed with its existing shareholders in December 2018 and February 2019. Accordingly, Reabold was allotted 681,818 new Corallian shares at £1.54 per share, taking the Company's interest in Corallian to 34.9% from 32.9%.

On 22 November 2019, Reabold announced that it had participated in the second tranche of Corallian's then recently completed Round 6 fundraise. Reabold subscribed for 47,727 new ordinary shares in Corallian at a subscription price of £2.20 per Ordinary Share, an investment of £105,000, being Reabold's pro rata share. In aggregate, Corallian raised £300,000 pursuant to the Fundraise via the issuance of 136,363 Ordinary Shares. Accordingly, Reabold's equity interest in Corallian remained unchanged at 34.9%. The proceeds were intended to be used by Corallian to prepare for a planned Initial Public Offering early in the second half of 2020, and to complete the work required to finalise UK North Sea well locations for both the Unst prospect in the Viking Graben and the Dunrobin prospect in the Inner Moray Firth.

As at 31 December 2019, the Company had invested a total of £3,655,000 for a 34.9% interest.

REABOLD RESOURCES PLC

Notes to the financial statements

During the period ended 31 December 2019, the Company's share of Corallian's total loss amounted to £2,459,000 (2018: £104,000), reflecting impairments by Corallian in respect to Colter and Wick.

(b) Danube

On 4 December 2017, the Company announced that it had signed an agreement with Danube, a newly incorporated subsidiary of ASX listed, ADX Energy Ltd, to invest a total of £1.5 million for a 29% interest in Danube. The investment was conditional on completion of a transaction between Danube and ADX Energy Ltd, by 28 February 2018, which would result in Danube holding a 50% interest in the Parta licence in Romania, and a 100% interest in a low-risk appraisal campaign within Parta. The investment comprised an initial 375,940 new shares to be issued upon completion of the transaction at £1.00 per share. This would be followed by a further 1,127,819 new shares to be issued upon submission of an Authorisation for Expenditure ("AFE") for the first appraisal well at £1.00 per share. On 19 February 2018, the Company agreed to extend the date for completion of the transaction to 31 March 2018, with completion of the initial investment by the Company of £375,940 taking place on 23 March 2018.

On 24 September 2018, the Company announced the AFE had been submitted and that the Company had completed the second tranche of Reabold's investment in Danube in the amount of £1,127,819, giving the Company a 28.6% interest in Danube.

On 3 December 2018, the Company announced that it had exercised options to subscribe for 375,940 shares in Danube at £1.00 per share for a total of £375,940, pursuant to the subscription agreement between the Company and Danube dated 1 December 2017.

On 9 May 2019, Reabold announced that it had agreed to subscribe for a further 375,940 ordinary shares in Danube at an issue price of £1.00 per share. This increased Reabold's shareholding in Danube from 33.3% to 37.5%, with ADX holding the remaining 62.5%. In addition, ADX, on behalf of Danube, agreed to engage Reabold for a period of 12 months to provide Corporate Advisory Services to Danube for a fee of approximately £75,000.

On 16 September 2019, Reabold subscribed for 810,811 Danube at an issue price of £1.00 per share via two tranches, with the first tranche being for 237,838 Danube shares and the second tranche being for 572,973 Danube shares. Simultaneously, ADX subscribed for 540,541 Danube shares at an issue price of £1.00 per share, comprising 158,559 first tranche shares and 381,982 second tranche shares. Following completion of this subscription, Reabold's equity interest in Danube would increase to 41.6%, with ADX holding the remaining 58.4%.

On 22 November 2019, Reabold exercised its option to subscribe for 200,000 new shares in Danube at a price of £1.20 per share for a total sum of £240,000. Following the subscription agreement, Reabold held a 43.2% interest in Danube, with ADX holding the remaining 56.8%.

On 2 December 2019, Reabold announced that it had fully exercised the remainder of its option to increase its investment in Danube through the subscription for additional shares. Reabold exercised its options over a further 1,427,604 Danube shares at a subscription price of £1.20 per share, being an investment of £1,713,125. ADX elected to partially exercise its own corresponding options, subscribing for 241,929 Danube shares at £1.20 per share. Following these investments, Reabold now owns 50.8% of Danube, with the remaining 49.2% held by ADX.

As at 31 December 2019, Reabold had invested a total of £5,020,000 for a 50.8% interest in Danube.

During the period ended 31 December 2019, the Company's share of Danube's total loss amounted to £55,000 (2018: loss of £28,000).

(c) Rathlin

On 3 December 2018, the Company announced the completion of a 37.08% investment in Rathlin for the consideration of £3,000,000 in cash. Rathlin is a subsidiary of Calgary-based Connaught. Completion of the deal was conditional on, *inter alia*, Connaught agreeing to settle a liability of £33.8 million owed to it by Rathlin and the finalisation of a farm out, by Rathlin, of Licence PEDL183 (onshore UK) to Union Jack Oil plc and Humber Oil & Gas Ltd resulting in Rathlin retaining a 66.67% equity interest in Licence PEDL183.

On 22 August 2019, Reabold announced that it has increased its investment in Rathlin through participation in an advanced subscription agreement. Following the successful drilling result at West Newton A-2, Rathlin raised £1,793,000 by way of an advanced subscription agreement in which Reabold invested £1,000,000. The additional shares to be issued under the advanced subscription agreement were to be priced at the higher of either a 20% discount to the price achieved in the next Rathlin funding round or at £0.8427 per share, being the price per share of Rathlin's previous fundraising.

REABOLD RESOURCES PLC
Notes to the financial statements

On 5 November 2019, the next Rathlin fundraise was completed, with Reabold the sole investor in a £16m equity subscription at £2.75 per share. This also triggered the pricing and allotment of shares from the previously described advanced subscription agreement. This resulted in Reabold having a 59.5% equity position in Rathlin.

As at 31 December 2019, Reabold had invested a total of £20,000,000 for a 59.5% interest in Rathlin.

During the period ended 31 December 2019, the Company's share of Rathlin's total loss amounted to £438,000 (2018: loss of £33,000).

15. Subsidiaries

The table below presents the Company's subsidiaries:

Associate	Country of Registration	Registered Office	Nature of business	Holding 31-Dec-19	Holding 31-Dec-18
Reabold Resourcing Limited	England & Wales	20 Primrose Street, London EC2A 2EW	Dormant holding company	100%	100%
Gaelic Resources Limited	Isle of Man	14 Albert Street, Douglas, Isle of Man, IM1 2QA	Holding company	100%	100%
Reabold California LLC (formerly Temporary Energy LLC) ⁽¹⁾	U.S.A.	5701 Lonetree Blvd, Rocklin CA 95765	Oil & gas	100%	100%

⁽¹⁾ 100% held by Gaelic Resources Limited

The Company's investment in subsidiaries is as follows:

	Note	2019 £'000	2018 £'000
At 1 January		1,933	-
Additions	12	-	1,933
Impairment		-	-
At 31 December		1,933	1,933

16. Loan to subsidiary

	Company 2019 £'000	Company 2018 £'000
Loan to Reabold California LLC	6,029	3,692
Total	6,029	3,692

The loan to the subsidiary is subject to interest rates at the short term monthly (compounded annually) Applicable Federal Rates published by the Internal Revenue Service of the United States federal government. The loan has no fixed repayment date and is denominated in USD. Subject to the subsidiary being solvent, the loan is repayable by giving the subsidiary not less than one month's written notice. Post balance date on 30 April 2020, the loan was replaced by a Loan Note Instrument on primarily the same terms. The accrued interest on the loan as at 31 December 2019 was US\$183,000 (2018: US\$Nil), equivalent to £139,000 (2018: £Nil).

The amount of the loan to the subsidiary as at 31 December 2019 was US\$7,964,000 (2018: US\$4,714,000), equivalent to £6,029,000 (2018: £3,692,000).

REABOLD RESOURCES PLC
Notes to the financial statements

17. Exploration and evaluation assets

The movement on the exploration and evaluation assets account was as follows:

	Note	2019 £'000	2018 £'000
At 1 January		3,131	-
Acquisitions through business combinations	12	-	2,725
Acquisition of contractual earn-in rights		284	-
Additions		639	1,888
Reclassified to oil & gas assets within property, plant & equipment	18	(257)	(1,571)
Written off to exploration costs		(192)	(55)
Foreign exchange differences		(99)	144
At 31 December		3,507	3,131

The acquisition during 2018 in the amount of £2,725,000 reflects primarily the fair value of the contractual earn-in rights held by Reabold California in oil and gas licences in California.

During the reporting period, Reabold California entered into the McCool Ranch earn-in agreement with Sunset and Integrity Management Services Inc., which provides Reabold California the right, but not the obligation to earn a 50% interest in the McCool Ranch licence area, for the consideration payable by Reabold California of a prospect fee of US\$375,000 (£284,000). The agreement includes Reabold California paying for 100% of the completion costs of an existing well as a water injection well, and 100% of the costs to re-establish oil production from an existing well.

The additions during the reporting period are in respect of evaluation expenditure by Reabold California on the California projects.

The reclassification to oil & gas asset within property, plant & equipment was in respect of the capitalised carrying value of expenditure by Reabold California on the California assets which was brought into production on a commercial basis.

During the reporting period, expenditure in respect of E&E assets in the amount of £192,000 was written off to exploration costs as management assessed this capitalised expenditure would not result in commercial production. In view of the commercial evaluation and development success by Reabold California during the reporting period and subsequent to balance date, the economic analysis supports no further impairment charge.

18. Property, plant and equipment

The movement on the property, plant and equipment assets account was as follows:

	2019 £'000	2018 £'000
Oil & gas assets		
Costs:		
At 1 January	1,571	-
Reclassified from exploration and evaluation assets	257	-
Additions	3,039	1,571
Foreign exchange differences	(52)	-
At 31 December	4,815	1,571
Accumulated depreciation and impairment:		
At 1 January	(32)	-
Charge	(237)	(32)
Impairments	(160)	-
Foreign exchange differences	14	-
At 31 December	(415)	(32)
Net book value at 31 December	4,400	1,539

The additions during the reporting period are in respect of the expenditure by Reabold California on the California assets that were brought into production on a commercial basis, as well as reclassification from exploration and evaluation assets in California that was brought into production on a commercial basis.

REABOLD RESOURCES PLC
Notes to the financial statements

In view of the commercial evaluation and development success by Reabold California during the reporting period and subsequent to the balance sheet date, the economic analysis supports no impairment charge, other than the impairment charge of £160,000 recognised in respect of the Doud A-3 make over well, which was shut-in as it was not operating at sufficiently economically viable levels and was impaired in full.

19. Trade and other receivables

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade receivables	276	222	-	-
Revenue receivable	351	90	-	-
Amounts owed by Group undertakings	-	-	4	32
VAT receivable	228	113	228	113
Total	855	425	232	145

As outlined in Note 22, the Company has made a provision for the recoverability of the VAT receivable in the amount of £228,000 (2018: £113,000).

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All receivables are due within one year.

20. Restricted cash

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Restricted cash	341	176	-	-
Total	341	176	-	-

The restricted cash is in respect of surety bonds in the amount of US\$450,000 (£341,000) (2018: US\$250,000 (£176,000)) to cover oil and gas drilling activities in California, as required by regulatory authorities.

21. Trade and other payables

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Trade and other payables	902	442	77	71
Accruals	131	79	65	28
Total	1,033	521	142	99

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. All liabilities are due within one year.

22. Provisions

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
At 1 January	184	101	184	101
Utilised in the year	-	-	-	-
Additions – Provision for VAT	115	83	115	83
At 31 December	299	184	299	184

REABOLD RESOURCES PLC
Notes to the financial statements

The Company has been advised by HMRC that, following a review of its activities, HMRC has assessed that the Company's investment activities is not a supply for consideration and as a result the Company cannot claim any Input Tax related to its investment activities. HMRC had assessed that all expenses claimed since registration in December 2012 are related to investment activities and that it would be disallowing claimed Input Tax in the amount of £71,129 up to September 2017. The Company has made a further provision for VAT receivable for the period to December 2017 in the amount of £29,957. For the year ended 31 December 2019, the Company has made a provision for VAT receivable in the amount of £114,613 (2018: £82,990). The Company is in discussions with HMRC, towards them reversing this assessment and is awaiting a further response from HMRC.

23. Provision for decommissioning

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
At 1 January	-	-	-	-
Utilised in the year	-	-	-	-
Additions - Provision for decommissioning	67	-	-	-
At 31 December	67	-	-	-

The Group has recognised a provision for decommissioning, which represents the estimated present value of the amount of the Reabold California's share of costs to plug, abandon and remediate wells in California at the end of their estimated productive lives, in accordance with applicable legislation. The provision covers the decommissioning of 11 wells, of which one is to be decommissioned in 2020 and the other 10 wells are estimated to be decommissioned between approximately 2031 and 2070, dependent on the future production profiles of the wells and government legislation. The provision has been estimated at a US inflation rate of 2% and discounted to present value at 10%. The provision recognised represents 50% of the net present value of the estimated total future cost as Reabold California's partner. Sunset Exploration Inc., is obligated to bear 50% of the cost.

A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements, reflecting management's best estimates, including input from its technical advisors. The Company's technical advisors have significant experience in the area of operations and historical data for reference, however there is inherent uncertainty about the actual future amount and timing of these decommissioning obligations.

The unwinding of the discount on the decommissioning is included as a finance cost.

Changes in the estimated timing of decommissioning, or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to property, plant and equipment.

24. Share capital

	Number of ordinary shares	Nominal Value £	Total Value £'000
Issued at 31 December 2017	1,540,415,896	£0.001	1,540
On 13 March 2018, placing for cash at 0.6p per share	1,291,750,000	£0.001	1,292
On 4 July 2018, acquisition for shares at 0.625p per share	420,000,000	£0.001	420
On 5 September 2018, placing for cash at 0.85p per share	568,908,823	£0.001	569
Issued at 31 December 2018	3,821,074,719	£0.001	3,821
On 7 February 2019, acquisition for shares at 0.75p per share	1,980,000	£0.001	2
On 4 July 2019, placing for cash at 1.1p per share	240,909,091	£0.001	241
On 28 October 2019, placing for cash at 0.9p per share	2,666,666,666	£0.001	2,667
Issued at 31 December 2019	6,730,630,476	£0.001	6,731

"A" Deferred shares

The Company has in existence at 31 December 2019 and at 31 December 2018, 6,915,896 "A" deferred shares of 1.65p. These deferred shares do not carry voting rights.

REABOLD RESOURCES PLC
Notes to the financial statements

Total ordinary and "A" Deferred shares

The issued share capital as at 31 December 2019 is as follows:

	Number of ordinary shares	Nominal Value £	Total Value £'000
Ordinary shares	6,730,630,476	£0.0010	6,731
"A" Deferred shares	6,915,896	£0.0165	114
Issued at 31 December 2019			6,845

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 are of the Company are currently redeemable or liable to be redeemed at the option of the holder or the Company.

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.

Share Options

During the year nil options were granted (2018: 125 million).

Exercise Price	Grant Date	Vesting Date	Expiry Date	Options in Issue 31 December 2019	Options in Issue 31 December 2018
0.50p	19 October 2017	19 October 2017	19 October 2021	70,000,000	70,000,000
0.75p	19 October 2017	19 October 2018	19 October 2021	60,000,000	60,000,000
1.00p	19 October 2017	19 April 2019	19 October 2021	60,000,000	60,000,000
0.60p	14 March 2018	19 March 2018	19 March 2022	45,000,000	45,000,000
0.90p	14 March 2018	14 March 2019	19 March 2022	40,000,000	40,000,000
1.20p	14 March 2018	14 September 2019	19 March 2022	40,000,000	40,000,000
				315,000,000	315,000,000

At 31st December 2019 there were 315 million share options outstanding (2018: 315 million).

REABOLD RESOURCES PLC
Notes to the financial statements

25. Share based payments

Details of share options and warrants granted during the year to Directors over the ordinary shares are as follows:

Option Holder	At 1 January 2019 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 December 2019 No.	Exercise Price Pence	Vesting Date	Expiry Date
Sachin Oza	20,000,000	-	-	20,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza	20,000,000	-	-	20,000,000	0.90p	14/03/2019	19/03/2022
Sachin Oza	20,000,000	-	-	20,000,000	1.20p	14/09/2019	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	0.60p	19/03/2018	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	0.90p	14/03/2019	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	1.20p	14/09/2019	19/03/2022
Anthony Samaha	5,000,000	-	-	5,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Anthony Samaha	10,000,000	-	-	10,000,000	0.50p	19/10/2017	19/10/2021
	315,000,000	-	-	315,000,000			

Option Holder	At 1 January 2018 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 December 2018 No.	Exercise Price Pence	Vesting Date	Expiry Date
Sachin Oza		20,000,000	-	20,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza		20,000,000	-	20,000,000	0.90p	14/03/2019	19/03/2022
Sachin Oza		20,000,000	-	20,000,000	1.20p	14/09/2019	19/03/2022
Stephen Williams		20,000,000	-	20,000,000	0.60p	19/03/2018	19/03/2022
Stephen Williams		20,000,000	-	20,000,000	0.90p	14/03/2019	19/03/2022
Stephen Williams		20,000,000	-	20,000,000	1.20p	14/09/2019	19/03/2022
Anthony Samaha		5,000,000	-	5,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Anthony Samaha	10,000,000	-	-	10,000,000	0.50p	19/10/2017	19/10/2021
	190,000,000	125,000,000	-	315,000,000			

REABOLD RESOURCES PLC
Notes to the financial statements

The number and weighted average exercise prices of share options are as follows:

	2019	2019	2018	2018
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at 1 January	0.80	315,000,000	0.74	190,000,000
Granted during the year	-	-	0.89	125,000,000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.80	315,000,000	0.80	315,000,000
Exercisable at 31 December	0.80	315,000,000	0.61	175,000,000

The options outstanding at 31 December 2019 have a weighted average contractual life of 2.0 years (2018: 3.0 years).

The closing share price range during the year ended 31 December 2019 was 0.52p to 1.40p (2018: 0.57p to 0.95p).

The options issued during 2018 were all granted on 14 March 2018 and vest in tranches on 19 March 2018, 12 months from grant and 18 months from grant. The options issued during 2017 were all granted on 19 October 2017 and vest in tranches upon grant, 12 months from grant and 18 months from grant. All options granted had vested by 31 December 2019.

For the options granted, IFRS 2 "Share-Based Payment" is applicable, and the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
Granted 14 March 2018	1.05%	120%	4 years	0.65p
Granted 19 October 2017	0.72%	120%	4 years	0.77p

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 £191.879 (2018: £995.397).

26. Share premium

	Value £'000
At 31 December 2017	13,048
March 2018, placing for cash	5,985
July 2018, acquisition for shares	2,205
September 2018, placing for cash	4,063
At 31 December 2018	25,301
February 2019, acquisition for shares	14
July 2019, placing for cash	2,287
August 2019, capital reduction	(27,595)
October 2019, placing for cash	19,678
At 31 December 2019	19,685

REABOLD RESOURCES PLC

Notes to the financial statements

On 30 July 2019, shareholders of the Company at the AGM approved the resolution for a capital reduction, which was subsequently approved by the High Court of Justice on 27 August 2019 to cancel its share premium account. Accordingly, the amount standing to the credit of the Company's share premium account at that time was cancelled.

27. Related party transactions

In addition to the related party transactions disclosed elsewhere, the Company entered into the following related party transactions in the normal course of operations.

- (a) During the year ended 31 December 2019, the Company incurred fees to Santannos Limited, a company associated with Anthony Samaha, for provision of accounting and administrative services in the amount of £7,000 (2018: £9,000). As at 31 December 2019, there was nil amount included in accounts payable in respect of these fees (2018: nil).
- (b) During the year ended 31 December 2019, the Company provided consulting services to Corallian in the amount of £2,500 (2018: £2,000). As at 31 December 2019, there was £600 included in accounts receivable in respect of these fees (2018: £1,200).
- (c) During the year ended 31 December 2019, the Company provided consulting services to Danube in the amount of £12,000 (2018: £9,000). As at 31 December 2018, there was £3,600 included in accounts receivable in respect of these fees (2018: £3,600).
- (d) During the year ended 31 December 2019, the Company provided management services to Reabold California in the amount of £46,557 (2018: £23,275). As at 31 December 2019, there was £nil included in accounts receivable in respect of these fees (2018: £23,275).

The directors are the key management of the Company (refer to note 9).

28. Commitments

In August 2019, the Group executed an Authorised for Expenditure in respect to the VG-6 well in the West Brentwood licence in the amount of US\$1.46 million (£1.1 million), of which its 50% contribution would be US\$0.73 million (£0.55 million), of which US\$0.64 million (£0.48) had been expended up to 31 December 2019, with the balance of the Group's commitment as at 31 December 2019 of US\$0.09 million (£0.07 million).

29. Financial risk management and financial instruments

Overview

The Group has exposure to the following risks from its issue of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board.

The Group's risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

REABOLD RESOURCES PLC

Notes to the financial statements

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group charges partners and third parties for the provision of services and for the sale of oil and gas. Should the companies holding those accounts become insolvent then these funds may be lost or delayed in their release. Credit risk is managed through the maintenance of procedures ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. In respect of the Group's trade sales, the Group manages credit risk through dealing only with recognised, creditworthy third parties.

Credit risk relating to the Group's other financial assets which comprise principally cash and cash equivalents, and restricted cash arises from the potential default of counterparties. The credit risk on liquid funds is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the maximum credit exposure, which at the reporting date was:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Cash and bank balances	6,717	7,112	6,684	6,147
Trade and other receivables	855	425	232	145
Restricted cash	341	176	-	-
Loan to subsidiary	-	-	6,029	3,692

The expected credit risk for both the Group and the Company was assessed as not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, and excluding the impact of netting agreement:

	Notes	Group Carrying amount £'000	Group Contractual cash flows £'000	Group 6 months or less £'000
Non-derivative financial liabilities				
31 December 2019				
Trade and other payables	21	902	902	902
Accruals	21	130	130	130
		1,032	1,032	1,032
31 December 2018				
Trade and other payables	21	442	442	442
Accruals	21	79	79	79
		521	521	521

REABOLD RESOURCES PLC

Notes to the financial statements

	Notes	Company Carrying amount £'000	Company Contractual cash flows £'000	Company 6 months or less £'000
Non-derivative financial liabilities				
31 December 2019				
Trade and other payables	21	77	77	77
Accruals	21	65	65	65
		142	142	142
31 December 2018				
Trade and other payables	21	71	71	71
Accruals	21	28	28	28
		99	99	99

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages market risks by monitoring market developments and discussing issues regularly, and mitigating actions taken where necessary.

Foreign currency risk

The Group's functional currency is Sterling and as such the Group is exposed to foreign exchange movements on monetary assets and liabilities denominated in other currencies. In addition, the Group's subsidiary, Temporary, has a functional currency of USD, exposing the Group to foreign exchange differences, which are taken to reserves. Currently there are no foreign exchange hedge programmes in place. However, the Group treasury function manages the purchase of foreign currency to meet operational requirements.

The Group is mainly exposed to currency rate fluctuations of Sterling versus the USD, and measures its foreign currency risk through a sensitivity analysis considering 10% favourable and adverse changes in market rates on exposed monetary assets and liabilities denominated in Sterling.

As at 31 December 2019, the exposure of the Group to foreign exchange rates is summarised as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Exposure to USD				
Cash and bank balances	33	966	-	-
Restricted cash	341	176	-	-
Trade and other receivables	623	304	-	23
Loan to subsidiary	-	-	6,029	3,692
Trade and other payables	(761)	(394)	-	-
Accruals	(130)	(51)	-	-
	106	1,001	6,029	3,715

As at 31 December 2019, if Sterling had gained or lost 10% against the USD, the impact on comprehensive loss would have been as follows:

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Impact on comprehensive loss				
+10% GBP/USD	(11)	(100)	(603)	(372)
-10% GBP/USD	11	100	603	372

REABOLD RESOURCES PLC

Notes to the financial statements

Price risk

Price risk arises from uncertainty about the future prices of financial instruments held within the Group's portfolio. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements. The investments in equity stocks of unlisted companies are not traded and as such the prices are more uncertain than those of more widely traded securities. The Board's strategy in managing the market price risk inherent in the Group's portfolio of equity investments is determined by the requirement to meet the Group's investment objective. The Directors manage these risks by regular reviews of the portfolio within the context of current market conditions. Unlisted investments are valued as per accounting policy in these financial statements.

Interest rate risk

The Group's exposure to changes in interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Capital risk management

The Directors consider the Group's capital to comprise of share capital and reserves stated on the statement of financial position. The Group manages its capital to ensure the Group will be able to continue on a going concern on a long term basis while ensuring the optimal return to shareholders and other stakeholders through an effective debt and equity balance. No changes were made in the objectives, policies and processes during the current or previous year.

The share capital, including share premium, and reserves totalling £40,127,000 (2018: £19,313,000) provides the majority of the working capital required by the Group. Management reviews the capital structure and makes adjustment to it in the light of changes in economic conditions.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair value.

Categories of financial instruments

	IFRS 9 classification & measurement	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Financial assets:					
Cash and cash equivalents	Amortised cost	6,717	7,112	6,684	6,147
Restricted cash	Amortised cost	341	176	-	-
Receivables	Amortised cost	855	425	232	145
Investment in equity instruments	FVTPL	15	-	15	-
Loan to subsidiary	Amortised cost	-	-	6,029	3,692
Total financial assets		7,928	7,713	12,960	9,984
Financial liabilities:					
Other financial liabilities	Amortised cost	902	442	77	71
Total financial liabilities		902	442	77	71

30. Post balance sheet events

Following the year end the Covid-19 pandemic has had a global impact. The situation is continually developing and as at the date of this report the situation will need constant attention as it evolves over time. In the Directors' opinion, consistent with others, Covid-19 is considered to be a non-adjusting post balance sheet event and no adjustment is made in the financial statements as a result.

The rapid development and fluidity of the Covid-19 virus makes it difficult to predict the ultimate impact on the Group at this stage. In line with most experts, we believe that the impact of the virus will be material on the general economy and central banks have already begun to reduce interest rates and taking other measures. Undoubtedly, this will have implications for the Group's operations, for example restricting travel movements and impacting fund raising activities as investors look to delay decisions until the crisis is over.

REABOLD RESOURCES PLC

Notes to the financial statements

Management is in the process of addressing the impact of Covid-19 on the Group, however given the fluidity and volatility of the situation it is not possible to quantify the impact at this stage. The Directors have performed a "stress test" which show that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements.

On 26 May 2020, the Company announced that it had entered into an ELA for a period of 24 months with Acuitas, whereby Reabold has the right, at its sole election, but not the obligation, to issue new Ordinary Shares to Acuitas at a subscription price as determined under the ELA for an aggregate amount not exceeding £5 million ("Discretionary Facility").

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

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

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

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

31. Parent company profit and loss

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company total comprehensive loss for the year was £4,191,000 (2018: loss £2,026,000).

32. Ultimate controlling party

In the opinion of the directors there is no controlling party.