reabold
resources plc

Delivering on our strategy to unlock strategic gas assets to secure European gas supply and energy security.

Annual Report and Financial Statements

For the year ended 31 December 2023

Contents

Highlights

Reporting period ended 31 December 2023

Portfolio developments

Acquisition of a 26.1% interest in LNEnergy Limited ("LNEnergy"), built in stages throughout 2023 for a total consideration of £4.3m (£1.9 million of which was in cash and the balance in 1,297,297,298 new Reabold shares). LNEnergy's primary asset is an exclusive option over a 90% interest in the Colle Santo gas field, a highly material gas resource with an estimated 65bcf of 2P reserves, with two production wells already drilled and a development-ready field, subject to approvals and permits. Financing and approvals are progressing well for the liquified natural gas ("LNG") field development.

Balance sheet and capital allocation

Cash of £5.4 million as at 31 December 2023; net assets of £42.2 million

Cash proceeds of £5.2 million received during the financial year for second tranche proceeds from the sale of Corallian

£263,000 returned to shareholders through share buybacks as part of the distribution of Corallian sale proceeds, with a further £75,000 returned post period end.

Post Period End Highlights

Final tranche cash proceeds of £4.4 million for the sale of Corallian, received from Shell in January 2024; Reabold net cash of £8.2 million as at 30 April 2024

At West Newton, a Gas Export Feasibility study completed by independent energy consultants, CNG Services Limited, concluded that as a precursor to the intended West Newton full field development, an initial single well development and gas export plan can accelerate production and cash flow whilst requiring limited capital expenditure, giving the joint venture the ability to drill future wells out of cash flow. See Review of Operations section on page 7 for further details.

Execution of a non-binding Heads of Agreement between Gunvor International B.V. ("Gunvor") and LNEnergy for the purchase of LNG by Gunvor from LNEnergy from the Colle Santo gas field.

Chair's letter

Jeremy Edelman
Chair

In the financial year ended 31 December 2023, Reabold continued with its strategy of identifying, investing in, maturing and monetising undeveloped gas discoveries with significant resources and near-term production potential. Our emphasis is on investing in UK and European gas assets to enhance domestic energy supply and security, which has been exposed in recent years by the Ukraine war. The sale of the Victory strategic gas project to Shell U.K. Limited ("Shell") in late 2022 reaffirmed our view that there is further opportunity for value creation by applying our strategy to similar assets. Portfolio activity undertaken in 2023 reflects this approach; Reabold reinvested some of the proceeds from the Victory transaction into a significant new opportunity in Italy, the Colle Santo onshore gas field, and continued to commit resources to and develop the attractive prospects of the PEDL183 onshore licence at West Newton in the UK. Other investments in the Reabold portfolio, such as the Romanian licences, continue to hold attractive optional value in the long-term but were not a capital allocation priority in 2023.

At West Newton, we were pleased to receive approval permits from the Environment Agency, a key step forward in enabling further licence activity. We were however disappointed with the delay in drilling of the first development well, which had been targeted for the second half of 2023. Rathlin, the site operator, was unable to resolve funding for its own share in 2023, which we believe is a consequence of the fiscal and political instability in the UK. With a strong balance sheet throughout the year and £8.2 million of cash as at 30 April 2024, Reabold has more than sufficient funding for its direct share of the planned drilling on the licence. And having confirmed a materially lower phased capital expenditure plan for a single well development and early cash flow from production, ahead of the full field development longer-term, we now look forward to an enhanced level of interest and the resolution of Rathlin's funding situation in 2024 through a potential farm-out arrangement or other sources of capital. As a Board, we remain confident in the prospects for West Newton and are fully focused on realising the asset's significant value potential for shareholders.

Outside the UK, we took the decision to build a significant stake (26.1% by the end of 2023) in LNEnergy for a total cost of £4.3 million (£1.9 million in cash and £2.4 million via the issuance of 1,297,297,298 new ordinary shares). We were attracted to LNEnergy because of the exclusive option it has over a 90% interest in the Colle Santo gas field, a highly material onshore gas resource in central Italy, with two production wells already drilled and a field that is development ready, subject to the approvals process. The primary focus for this asset in 2023 was to progress the necessary regional and national approvals required to begin operations. We are encouraged by the favourable momentum in this approvals process throughout 2023 and into the current financial year, helped by the political desire to improve domestic energy security. LNEnergy is working towards securing all necessary permits in the near future. It is also pleasing to report that LNEnergy has secured a well-known, highly experienced technical partner, Italfluid, to act as contract operator and, since the period end, has signed a Heads of Agreement with Gunvor, a leading global LNG trader, for the purchase of LNG from the Colle Santo production facility. 2024 will be an important year in gaining all the formal approvals and operationalising the site to start producing first gas and generating early cash flow, currently targeted for 2025.

From a corporate and governance perspective, 2023 was a year of mixed fortunes and outcomes. The Board and management team had to deal once again with the unwelcome distraction of a second unsuccessful general meeting requisition, driven by Kamran Sattar of Portillion Capital. This consumed valuable time and resource from our efforts to progress our two key assets in the UK and Italy, as described above. With the cash proceeds from the Victory asset sale on our balance sheet, we initiated a share buyback programme – returning £263,000 to shareholders in 2023 and a further £75,000 post period end. Our net assets on the balance sheet were £42.2 million, well above the market capitalisation of the Company at the time of writing. It is now our duty to ensure the full potential and value of Reabold's portfolio is delivered to shareholders. As a Board, we remain confident that this can be achieved, and we look forward to updating you on our progress throughout the year.

Jeremy Edelman
Chair

30 May 2024

Strategic Report

Strategy and business model

Reabold is an investing company focussed on developing strategic European gas assets to secure European gas supply and energy security. Reabold has a diversified portfolio of gas assets comprised of development, appraisal and exploration projects. Reabold aims to generate shareholder value by making disciplined and focused investments to grow our business. Reabold's strategy is to invest in existing undeveloped gas discoveries with significant resources and near-term production potential, which have considerable valuation uplift potential and a clear monetisation plan. Proceeds from monetisation events are balanced between shareholder returns and re-investment into new and existing projects.

We are preparing for the future and responding to the increased focus on energy security brought about by the rise in geopolitical conflict and instability in the region, and globally. Concern about energy shortages and vulnerability to geopolitical events has prompted many governments to prioritise access to more domestically produced energy and reduce their dependency on imported gas. Reabold aims to contribute to Europe's energy security by unlocking potential sources of near-term domestic gas supply, at a time when the continent is exposed to potentially significant gas supply disruptions. In this regard, the Company identified, matured and sold the strategic Victory gas project in the UK to Shell for £32.0m (£12.7m net to Reabold).

We are focused on the disciplined allocation of capital to deliver on our strategic objectives. Reabold's current focus is on its two key gas assets that have strong parallels with Victory: West Newton (UK onshore) & Colle Santo (Italy onshore). Similar to Victory, both assets are highly material, undeveloped gas discoveries in Europe. Full details of these operations are included in the Review of Operations.

Key performance indicators (KPIs)

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

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

The KPIs are:

KPI	Definition	Performance
KPI 1	**Portfolio enhancements** Grow value through material investments, project delivery and commercial discoveries	• Accumulated a 26.1% interest in LNEnergy in 2023 whose primary asset is an exclusive option over a 90% interest in the Colle Santo gas field onshore Italy. The Colle Santo gas field is a highly material gas resource with an estimated 65Bcf of 2P reserves, with two production wells already drilled and flow-tested, making the field development ready. LNEnergy believes that the field has the potential to generate an estimated €11-12m of gross post-tax free cash flow per annum.
KPI 2	**Future financial prosperity** Liquidity events, and successful fundraising	• Reabold received £5.2 million in cash in 2023 which represented the second tranche of the consideration from the Corallian disposal, following Shell's decision to continue to pursue the development of the Victory gas field. A further £4.4 million was received in January 2024.
KPI 3	**Financial discipline** Ensuring business is run to budget via accurate forecasting, maintaining significant cash buffer and resilient balance sheet	• Cash position as at 31 December 2023 was £5.4 million (£8.2 million at 30 April 2024). Reabold is fully funded for all intended activities and commitments in 2024. • Net assets as at 31 December 2023 were £42.2 million.
KPI 4	**Growth in NAV per share**	• Broker risked NAV remains unchanged at 1.2p/sh
KPI 5	**Total shareholder return over a calendar year**	• The share price started the year at 0.21p and finished the year at 0.11p
KPI 6	**Risk and controls** Zero recordable incidents, ethical misconduct, breaches of laws or regulations, penalties. Accurate and compliant financial resources data	• The Company did not have any recordable incidents or injuries in 2023. There were no instances of misconduct, breaches of laws or regulations, regulatory actions or penalties. The Company was compliant with all its financial reporting deadlines.

Wellheads at Colle Santo

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

Co-Chief Executive Officers' Review of Operations

In 2023, it became even clearer that Europe needs a secure, affordable and lower carbon energy system. The Russia-Ukraine war continued in 2023 and renewed conflict in the Middle East has raised political tensions. Reabold's strategy is to improve Europe's energy security by unlocking potential sources of near-term domestic gas supply, at a time when Europe is exposed to potentially significant gas supply disruptions. In this regard, the Company identified, matured and sold the strategic Victory gas project to Shell for £32.0m (£12.7m net to Reabold).

The last few years were about generating options. In 2024, and as we drive to 2025, we will focus on our two key gas assets that have strong parallels with Victory, namely West Newton in the UK and Colle Santo in Italy, where the Company plans to apply the same successful strategy demonstrated with Victory. We will discuss the details of each project below.

UK Onshore

Rathlin Energy (UK) Limited and West Newton - PEDL183

West Newton is an onshore hydrocarbon discovery located north of Hull, England. To date, three successful wells have been drilled at West Newton (A-1, A-2 and B-1z) confirming a major discovery - potentially one of the largest hydrocarbon fields discovered onshore UK. Rathlin Energy (UK) Limited ("Rathlin") is the operator of the licence in which it holds a 66.67% interest. Reabold has a 59.5% shareholding in Rathlin and a direct 16.67% interest in the licence, giving the Company an aggregate c. 56% economic interest in West Newton. The other co-venturer on the licence is Union Jack Oil with a 16.67% direct interest.

A Gas Export Feasibility study completed by CNG Services Limited in the first half of 2024, concludes that, as a precursor to the intended West Newton full field development, an initial single well development and gas export plan can accelerate production and cash flow whilst requiring limited capital expenditure. With the industry currently suffering from a lack of available development capital, the ability to achieve early production with limited capex is strategically extremely valuable. Initial gas production will be from a single horizontal well, processed through a modular plant, tied in from the A site to the National Transmission System at an existing above ground installation via a pipeline. The single well development plan benefits from early cash generation with the ability to drill future wells out of cash flow. Drilling of the next well at West Newton is subject to Rathlin funding and regulatory approval. Following drilling and testing of this horizontal well, first gas is expected 18 months later with an associated development capex estimated to be c.£12 million. Although early production from the single well development demonstrates highly attractive standalone economics and would support future wells being drilled from cashflow, it is envisaged that it will be a precursor to the full field conceptual development plan which had an associated pre-tax NPV(10) of US$222 million, net to Reabold, based on the PEDL183 CPR effective 30 June 2022.

In May 2024, Reabold commissioned GaffneyCline to perform a carbon intensity study for the West Newton field. The GaffneyCline study highlighted the following:

- The West Newton project has an AA rating for Carbon Intensity for its potential upstream gas and condensate production, the lowest possible carbon intensity rating category on GaffneyCline's scale
- The West Newton field has a Carbon Intensity significantly lower than the UK average and onshore and offshore analogues. It is also significantly lower than the average imported LNG, based on the NSTA Natural Carbon Footprint Analysis published in July 2023
- Based on the study, GaffneyCline estimates that West Newton could produce the equivalent of just 2.87 grams of CO_2 per megajoule of energy developed ($gCO_2eq./MJ$)
- As the development proceeds and project knowledge increases, there is potential to improve the Carbon Intensity by further reducing fugitive, flaring and venting emissions and by gas-to-grid development, reducing on site gas and condensate processing, and using the shortest possible route to the National Grid

The AA rating demonstrates the low carbon credentials of the West Newton project and is an example of the opportunities available in the UK to power the country through lower carbon, home grown energy, rather than relying on expensive and more carbon intensive imports. For more information, please see the ESG section of this report on pages 15-17.

The joint venture has a commitment to the North Sea Transition Authority ("NSTA") to drill and test a new Kirkham Abbey deviated or horizontal well by June 2024 and to recomplete or sidetrack and test one of the existing wells in that same timeframe. As mentioned above, drilling of the first development well is subject to Rathlin securing funding. There is an active process underway to assess options to source funding for Rathlin's share of the cost, including through a farmout, or through further investment from Reabold, which, following the receipt of the proceeds from Shell, the Company could potentially provide, in addition to funding its own share. As a result of Rathlin's funding shortfall, drilling of the first development well will not be completed prior to June 2024. Rathlin, as operator, has initiated discussions with the NSTA to defer the deadlines for these commitments.

Italy – LNEnergy

Colle Santo Gas Field

In May 2023, Reabold acquired a 3.1% interest in LNEnergy for cash consideration of £250,000 and received options to acquire, at its sole discretion, further shares in LNEnergy. In June 2023, Reabold exercised certain of these options to increase the Company's stake in LNEnergy to 16.2% through a cash consideration of £500,000 and the issuance of 810,810,811 new ordinary shares as consideration for the increased investment. In September 2023, Reabold increased its stake in LNEnergy to 17.6% for a further cash consideration of £250,000. In November 2023, Reabold increased its interest in LNENergy by 0.8% to 18.4% through a partial exercise of the remaining option for a cash consideration of £150,000. In December 2023, Reabold exercised the remainder of the final option to increase its stake in LNEnergy to 26.1% through a cash consideration of £750,000 and the issuance of 486,486,487 new ordinary shares as consideration for the increased investment.

LNEnergy's primary asset is an exclusive option over a 90% interest in the onshore Colle Santo gas field in Abruzzo, Italy. With 65bcf of 2P reserves, as estimated by RPS as of 30 September 2022, this is a highly material undeveloped onshore gas resource. Reabold believes this is the largest onshore proven undeveloped gas field in mainland Western Europe. The field is development ready subject to permits and approvals. Two wells have already been drilled and are available for production, with no additional drilling being required. The development will consist of a small-scale LNG facility to produce initially at 10mmcf/d from the existing two wells with over 20 years of ultimate production. LNEnergy believes that the field has the potential to generate an estimated €11-12m of gross post-tax free cash flow per annum. First gas is targeted for 2025.

Demand for LNG is expected to continue to grow. LNG is critical to the energy transition and plays an important role in enabling countries to replace coal-fired power generation with a less carbon-intensive alternative, and provides grid stability alongside wind and solar power in electricity generation. The Italian government has recently approved a decree, which was converted into law in February 2024, to boost the country's renewable energy production and energy security. The decree provides incentives to build plants for energy production from renewable sources, such as the liquefaction of natural gas; the release of new licences for the exploitation of gas fields aimed at providing gas to industries with high gas consumption, at competitive prices; incentives for LNG terminals and incentives for carbon dioxide storage programmes.

In August 2023, Reabold announced that LNEnergy had received a letter from the head of the Italian National Bureau of Hydrocarbons and Georesources ("UNMIG"), the minerals division of Italian Ministry of Environment and Energy Security ("MASE"), giving permission to carry out well integrity and well service testing on the two existing wells and to start work on the installation and commissioning of the monitoring network at the Colle Santo gas field. The letter is a positive indication of support for the development of the Colle Santo gas field and the next stage is to receive a formal decree from MASE to conduct the work.

In December 2023, LNEnergy reported that it had filed the Environmental Impact Study ("EIS") for the new small-scale LNG development plan at the Colle Santo gas field with MASE. This is a further step towards achieving the granting of a production concession at Colle Santo. The study was performed on behalf of LNEnergy by its technical partner Italfluid, and various subsidiary companies of Italfluid, along with several independent technical specialists.

The Company also notes that LNEnergy's application for concession has been recognised by MASE, as a project that meets the requirements of the Italian government's National Integrated Plan for Energy and Climate and National Plan for Economic Recovery, for which €12 billion in grants and economic incentives have been made available by executive decree.

On 2 May 2024, Reabold announced the execution of a non-binding Heads of Agreement ("HoA") between Gunvor and LNEnergy for the purchase of LNG by Gunvor from LNEnergy from the Colle Santo gas field. The HoA provides the terms on which Gunvor will purchase LNG from LNEnergy at its planned small-scale LNG production facility at the Colle Santo gas field. Gunvor will purchase approximately 44,000 tonnes of LNG per annum. The point of sale will be the truck loading flange at the small-scale LNG plant, and the LNG will then be delivered by truck in Italy. The price for the LNG will be aligned with the Italian PSV price. The contract term will be for an indefinite period with a minimum term of five years.

The HoA also provides for a potential prepayment by Gunvor for a portion of the first five years of deliveries, with such amounts subject to prepayment being a total of approximately 66,000 tonnes of LNG, or 999,000 MWh. The average forward Italian PSV gas price for the years 2025-2030 is currently approximately €30 / MWh. The prepayment is conditional on agreeing definitive transaction documentation and LNEnergy obtaining the required permits to construct and operate the LNG production facility.

On the basis of the HoA, LNEnergy and Gunvor intend to negotiate a fully-termed LNG sale and purchase agreement over the next six months. During such time, LNEnergy will exclusively discuss the sale and purchase of LNG from Colle Santo with Gunvor, whilst concurrently focusing its efforts on obtaining the required permits to construct and operate the LNG production facility.

UK Offshore

Victory contingent consideration receivable

Following the receipt of the initial £3.2 million net to Reabold in November 2022, for the sale of Corallian, Reabold received a further £5.2 million in December 2023. In January 2024, Reabold received the final tranche payment, following Shell's receipt of development and production consent for the Victory gas field from the North Sea Transition Authority, taking Reabold's final proceeds for the sale of its 49.99% interest in Corallian to £12.7 million.

Licences retained - P2605, P2504 (both 100%) and P2486 (10%)

In 2023, Reabold relinquished interests in five North Sea licences: (P2464 and P2493 (both 100%), P2332 (30%), P2329 and P2427 (10%)). Reabold relinquished its 36% interest in licence P2478 in March 2024.

Discussions to farm down Reabold's remaining North Sea licences to help fund the de-risking and value creation process continues, however, the energy profits levy and political uncertainty in the UK has created difficulties for the farmout process.

Romania – Danube Petroleum Limited

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

During the reporting period, following several positive meetings with the governing authority, ADX has submitted technical and financial documents in relation to the Parta Exploration Licence to the relevant Romanian authorities for the possible extension of the current licence period (note: the validity of the Iecea Mare production licence is 20 years and not affected). The governing authority is the National Agency for Mineral Resources (NAMR) which is supporting the extension which can be granted through a government process. ADX is currently providing several reports to assist NAMR with documenting the extensive past activity with the objective of receiving a de facto waiver on the fulfilment of the obligatory work programme.

With regards to the Iecea Mare Production Licence, ADX has forwarded the 2024 work programme to the government agency and is reviewing options to convert part of the licence into a geothermal prospecting area.

USA – Daybreak

Reabold has a 42% shareholding in Daybreak Oil and Gas Inc ("Daybreak"). Daybreak is an OTC traded oil and gas company engaged in the exploration, development and production of onshore crude oil and natural gas, primarily in California. Further details on Daybreak can be found on its website at www.daybreakoilandgas.com/.

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

30 May 2024

Financial Review

Group Income Statement

The Group's loss for the year ended 31 December 2023 was £7.2 million (2022: £45,000).

The Group incurred a loss of £2.7 million on financial assets (2022: £1.9 million) The loss primarily arose from a decline in the market value of Daybreak's shares (£3.5 million), partly offset by an increase in the fair value of contingent consideration receivable (£0.8 million) from the sale of Corallian in 2022.

Reabold's share of loss of associates was £0.6 million (2022: £1.6 million). The decrease was largely due to the absence of non-cash impairment charges which Corallian had incurred in 2022. See Note 15 for more information.

Reabold received cash proceeds of £5.2 million in 2023 related to the sale of Corallian to Shell in 2022, however the gain on this sale was recorded in 2022, when the sale completed, and as such no gains were recorded in the income statement in 2023. In 2022, the net gains on sale of businesses of £5.0 million related to the gain on sale of Corallian (£7.3 million) offset by a loss on disposal of Reabold California (£2.3 million).

Exploration expenses of £1.6 million were incurred in 2023 (2022: £74,000). The increase in 2023 was principally related to exploration expenditure written off as a result of the relinquishment of several North Sea licences. See Notes 7 and 13 for further details.

Administrative expenses for the year were £2.2 million (2022: £1.7 million). The increase was mainly driven by an increase in legal fees in relation to the step acquisitions of LNEnergy, as well as inflationary impacts across the majority of suppliers.

In 2023, Reabold incurred £190,000 (2022: £191,000) in legal and professional fees, which Rebold has classified as non-underlying items, in relation to the successful defence from a second attempt, from a group of beneficial shareholders, to remove the entire Board of Directors of Reabold and replace them with four new directors. All resolutions proposed by the requisitioning shareholders were rejected at a general meeting held in January 2024 (2022: rejected at a general meeting held in November 2022).

Group Balance Sheet

Exploration and evaluation assets increased by £0.2 million from £6.8 million at 31 December 2022 to £7.0 million at 31 December 2023. Additions at West Newton of £0.3 million and the acquisition of four Southern North Sea licences for £1.2 million as part of the acquisition of Simwell Resources were offset by exploration write-offs of £1.4 million.

Investments in associates increased from £22.3 million at year end 2022 to £26.1 million at year end 2023, primarily as a result of the step acquisitions of LNEnergy during the year. See Note 15 for further information.

Other long-term investments decreased by £3.5 million as a result of the decline in value of Daybreak's shares. Other short-term investments decreased from £8.7 million to £4.4 million following the receipt of £5.2 million of contingent consideration for the sale of Corallian to Shell in 2022. The movement in short-term investments also included favourable movements of £0.8 million due to the fair value accounting of contingent consideration. See Note 16 for further information.

The increase in share capital from £9.0 million to £10.6 million arose from shares issued as consideration for the acquisition of Simwell Resources Limited (£0.2 million) and shares issued as part of the investment into LNEnergy (£1.3 million). The decrease in the share premium account from £29.0 million to £1.1 million relates to a capital reduction of £29.4 million, offset by the premium on shares issued as part of the consideration for Simwell Resources Limited (£0.4 million) and the premium on shares issued as part of the investment in LNEnergy (£1.1 million). The capital reduction ensures the Company has sufficient distributable reserves to make distributions to shareholders.

Overall, net assets decreased from £46.5 million at 31 December 2022 to £42.2 million at 31 December 2023.

Group cash flow statement

Net cash used in operating activities was £2.2 million in 2023, compared with £1.8 million in 2022. The net cash used in operating activities was primarily driven by administration expenses of £2.2 million.

Cash flow from investing activities was an inflow of £2.3 million, compared with an inflow of £2.4 million in

2022. The cash flow from investing activities in 2023 included cash capital expenditure of £2.9 million (compared with cash capital expenditure of £0.7 million in 2022). The increase in cash capital expenditure was primarily driven by the acquisition of Simwell Resources Limited and the step acquisitions of LNEnergy. Divestment proceeds in 2023 were £5.2 million compared with £3.2 million in 2022 – both amounts relate to cash receipts from the sale of Corallian to Shell in 2022.

Cash flow from financing activities in 2023 was an outflow of £0.3 million, compared with nil in 2022, due to the repurchase of shares in 2023.

Liquidity

Cash and cash equivalents were £5.4 million at 31 December 2023 (2022: £5.5 million). The Group has no debt.

Commitments

The Group does not have any signed contractual capital commitments as at 31 December 2023 (2022: nil), however the group does have obligations to carry out defined work programmes on its licences, under the terms of the award of rights to these licences. The Company is not obliged to meet other joint venture partner shares of these programmes.

PEDL 183

The joint operation between Rathlin, Reabold and Union Jack have a commitment to drill and test a new Kirkham Abbey deviated or horizontal appraisal well by June 2024. The joint venture has also committed to recomplete or sidetrack and test one of the WNA-1, WNA-2 or WNB-1Z wells in that same timeframe. The Company estimates its 16.67% share of costs for these commitments to be c.£2.2 million. Rathlin, the operator of PEDL183, is working with the NSTA to defer these commitments to allow the time necessary for Rathlin to obtain sufficient funding for its share of the commitments.

UK North Sea

Reabold estimates its share of firm exploration and appraisal work commitments on its North Sea portfolio to be c.£50,000 over the course of 2024. The Company has not yet taken a decision on whether to drill on any of its North Sea licences.

Principal Risks and Uncertainties

Reabold operates in an environment subject to inherent risks and uncertainties. The Board regularly considers the principal risks to which the Group is exposed and monitors any agreed mitigating actions. The overall strategy for the protection of shareholder value against these risks is to carry a broad portfolio of assets with varied risk/reward profiles, and to retain adequate working capital. The risks faced by the Company can, and are likely to, change with progress in the Company's strategy and developments in the external business environment.

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

Risks	Mitigation
Strategic, Commercial and Operational Risks	
Investment Returns: Stock market support may be eroded, lowering investor appetite and obstructing fundraising if we fail to scale our business at pace, make poor investment choices or fail to sustain and develop a high-quality portfolio of assets.	• Management regularly communicates its strategy to shareholders. • Focus is placed on building a diverse and resilient asset portfolio capable of offering prospectivity throughout the business cycle. The Group continually reviews its portfolio of assets to identify internal growth opportunities. • The Company seeks to limit its financial dependence on any one single asset by holding a diversified portfolio and re-investing capital generated through monetisation of its investments into new projects in order to grow the Company and create value for its shareholders. • The Group engages with a range of advisers and active competitor monitoring to provide a range of opportunities for screening. • The Group also engages third-party assurance experts to review, challenge and, where appropriate, make recommendations to improve the processes for project management, cost control and governance of projects. • The Directors regularly monitor the appropriateness of the strategy taking into account both internal and external factors, and the progress in implementing the strategy, and may modify the strategy based on developments.
Prices and Markets: Decreases in oil and/or gas prices could have an adverse effect on the demand for oil and/or gas. If these reductions are significant or for a prolonged period, we may have to write down assets and investments and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure, the ability to work within our financial frame and maintain our investment programme.	• Contingency is built into the evaluation, planning and budgeting process to allow for the downside movements in commodity prices. • Reabold's business model is to invest in undervalued oil and gas assets that would be able to deliver profitably under current reasonable oil/gas price assumptions, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons.
Accessing, progressing and delivering hydrocarbon projects: Inability to access and progress hydrocarbon resources could adversely affect delivery of our strategy. Challenging operational environments and other uncertainties could impact drilling and production activities. Challenges include uncertain geology; the existence and availability of necessary technology and engineering resources; the availability of skilled labour; the existence of transport infrastructure; project delays; the expiration of licences; delays in obtaining required permits; potential cost overruns; and technical, fiscal, regulatory, political and other conditions.	• The Group and its investee companies undertake extensive analysis of available technical information to determine work programmes. • Appraisal programmes are designed to de-risk the overall field development. Well and seismic data is continually reviewed to best allocate capital and make drilling decisions. • Downside risk can be reduced by entering into risk sharing arrangements. • The Group retains working capital reserves to cover any delays or cost overruns.

Risks	Mitigation
Liquidity, financial capacity and financial exposure: External market conditions can impact our financial performance. Insufficient liquidity and funding capacity of the Group and its investee companies could adversely impact the implementation of the Group's strategy and restrict work programmes due to lack of capital.	• Management has a clear strategy for value realisation and creation as evidenced by the realisation of value from the Corallian sale in 2022. • The Group maintains a strong balance sheet by maximising cash to ensure sufficient liquidity within the business. The Group has no debt. • Cash forecasts are monitored including considering multiple scenarios. • The Company has demonstrated it can raise incremental capital if needed. • The Group continually monitors its capital allocation and will only pursue programs that are of appropriate size and risk relative to the Group's capital resources.
Joint arrangements: Most of our projects and operations are conducted in joint arrangements or with associates. This could reduce our degree of control and our ability to identify and manage risks. Varying levels of control over the standards, operations and compliance of our partners could result in legal liability and reputational damage.	• For every project which is conducted via an associate, Reabold seeks to appoint a director to the board of the associate, whose responsibility is to manage performance and create and protect value for Reabold. With a director on the board, Reabold seeks to influence operators and other partners to adapt their practices in order to drive value appropriately and to mitigate identified risks. • The Group continually engages with its operating partners and closely monitors the operation of its assets. • The Group completes thorough due diligence reviews before entering future partnerships to ensure that their strategic and operational objectives are aligned with those of the Group.
Climate change: A global transition to alternative energy sources could have an adverse impact on demand for oil and gas, commodity prices and/or the Group's access to and cost of capital. Developments in policy, law, regulation, technology and markets including societal and investor sentiment, related to the issue of climate change and the transition to a lower carbon economy could increase costs, constrain our operations and affect our business plans and financial performance.	• Management looks for opportunities to deliver low carbon intensity production into the UK market by using low carbon intensity facilities, including potential re-use of existing infrastructure. • The Group's "investment horizon" is considered to fall within time frames too short to be materially affected by the Paris Agreement 2˚C scenario. • The Group's resources are weighted towards gas which is playing a key role in the national energy transition.
Talent and capability: Inability to attract, develop and retain people with necessary skills and capabilities could negatively impact delivery of our strategy.	• Recruitment and retention of key staff through providing competitive remuneration packages and stimulating and safe working environment. Balancing salary with longer term incentive plans.
Geopolitical: Exposure to a range of political developments and consequent changes to the operating and regulatory environment (including events relating to the Russia-Ukraine conflict) could cause business disruption.	• We continually monitor geopolitical developments. • Management maintains regular communication with regulatory authorities. • The Company aligns its standards and objectives with government policies as closely as possible. • The Group does not consider that it has a material adverse exposure to the geopolitical situation with respect to the sanctions imposed on Russia, although recognises the evolving situation is causing price volatility. The Group will continue to monitor its position to ensure it remains compliant with any sanctions in place.
Digital infrastructure, cyber security and data protection: Breach or failure of our third parties' digital infrastructure or cyber security, including loss or misuse of sensitive information could damage our operations, increase costs and damage our reputation.	• The Group employs specialist support to detect and monitor threats using security protection tools. • We build awareness with our employees and share information for continuous learning.

Risks	Mitigation
Compliance and control risks	
Regulation: Changes in the law and regulation in countries in which Reabold has a presence with partners could increase costs, constrain our operations and affect our strategy, business plans and financial performance.	• Our business seeks to identify, assess and manage legal and regulatory risk relevant to our operations, strategy, business plans and financial performance. To support this work, we seek to develop co-operative relationships with governmental authorities to allow appropriate focus on areas of potential risk or uncertainty while also protecting Reabold's interests within the law.
Tax rates, particularly those applied to hydrocarbon activities tend to be high compared with those imposed on similar commercial activities. Governments may change their fiscal and regulatory frameworks in response to public pressure on finances resulting in increased amounts payable to them. The UKCS licensing regime under which some of Reabold's operational rights and obligations are defined may be subject to future change.	• Management will utilise investment incentives where available.
Reporting: Failure to accurately report our data could lead to regulatory action, legal liability and reputational damage.	• Our finance team provide assurance of the control environment and are accountable for building control and compliance into finance processes and digital systems.

Environmental, Social & Governance

Environmental, Social and Governance (ESG) Statement

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

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

Environment

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

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

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

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

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

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

Focus on energy efficient extraction and drilling to reduce carbon intensity

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

United Kingdom

Our investee company sites in the United Kingdom are located close to areas with a high demand for energy. Consequently, we expect that hydrocarbons produced locally and consumed locally will displace imported hydrocarbons thereby resulting in lower carbon emissions overall. This will provide greater security of supply to the UK as well as providing jobs and supporting UK industry, compared to the alternative of importing fuel. The COVID-19 pandemic highlighted the importance of our critical national infrastructure and, more recently, the war in Ukraine has been a stark reminder that energy security cannot be taken for granted.

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

Reabold takes its commitment to responsible hydrocarbon production very seriously. In May 2024, Reabold commissioned GaffneyCline to perform a carbon intensity study for the West Newton field. The GaffneyCline study highlighted the following:

- The West Newton project has an AA rating for Carbon Intensity for its potential upstream gas and condensate production, the lowest possible carbon intensity rating category on GaffneyCline's scale
- The West Newton field has a Carbon Intensity significantly lower than the UK average and onshore and offshore analogues. It is also significantly lower than the average imported LNG, based on the NSTA Natural Carbon Footprint Analysis published in July 2023
- Based on the study, GaffneyCline estimates that West Newton could produce the equivalent of just 2.87 grams of CO2 per megajoule of energy developed (gCO2eq./MJ)
- As the development proceeds and project knowledge increases, there is potential to improve the Carbon Intensity by further reducing fugitive, flaring and venting emissions and by gas-to-grid development, reducing on site gas and condensate processing, and using the shortest possible route to the National Grid

The AA rating demonstrates the low carbon credentials of the West Newton project and is an example of the opportunities available in the UK to power the country through lower carbon, home grown energy, rather than relying on expensive and more carbon intensive imports.

We believe West Newton is an important strategic asset to the UK as the country looks to secure domestic energy supply for secure and affordable energy, at a time when the country is exposed to potentially significant gas supply disruptions. The study proves that the operator, Rathlin, is a responsible hydrocarbon producer complying with best environmental practice to produce much needed UK hydrocarbons in the most efficient and environmentally friendly way possible.

Reabold is committed to the highest standards of environmental processes and we incorporate these responsibilities into our operational decision-making and investments.

Italy

The development plan for Colle Santo involves converting gas to LNG directly onsite using a small modular LNG processing unit. The LNG will be trucked a short distance (7 km) to an entry point into the SNAM transmission grid. There will be no new drilling due to two existing wells already drilled and tested. There will be on-site CO_2 capture of 1,400 tonnes CO_2 equivalent per year, and connected hydrogen production facilities.

LNG provides energy security and flexibility because it can be easily transported to places where it is needed most. LNG is a critical fuel in the energy transition and plays an important role as a lower-carbon alternative to coal for industry, and provides grid stability alongside wind and solar power in electricity generation. It is the lowest-carbon fossil fuel, producing around 50% less carbon emissions than coal when used to generate electricity.

Daybreak, USA

Daybreak's production sites are located in California, a state with very high renewable energy generation which feeds into the energy required for hydrocarbon extraction. By industry standards, Daybreak's 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 has a diverse energy mix, including coal, natural gas, nuclear, hydroelectric, and renewable sources. The largest share of electricity production historically came from coal and natural gas, followed by hydroelectric and nuclear power. In recent years, there has been a shift towards increasing the share of renewable energy sources, such as wind and solar. However, Romania supports natural gas in the long-term in the European Green Deal because it forecasts that this resource will remain an important tool in changing the energy sector and transitioning to a more sustainable and carbon-free economy. By developing and producing gas from the Parta site, Danube Petroleum Limited will be able to contribute to the country's efforts to implement this energy strategy. In addition, options to exploit the geothermal potential of the Romanian part of the Pannonian Basin are under investigation with the authorities in combination with a subsurface review of the likely prospectivity.

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

Health & Safety

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

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

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

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

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

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

Governance

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

The Directors of the Company have formally applied the 2018 QCA Code. The Board recognises the principles of the 2018 QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Reabold, have been created. Please see pages 25 to 30 for the Chair's corporate governance statement and how Reabold has applied the 10 principles of the 2018 QCA code.

Section 172(1) statement

In accordance with the requirements of Section 172 of the Companies Act 2006, the Directors consider that, during the financial year ended 31 December 2023, they have acted in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of the members as a whole, having regard to the likely consequences of any decision in the long term and the broader interests of other stakeholders, as required by the Act. The Board delegates day-to-day management of the business of the Company to the Co-CEOs, save for those matters which are reserved for the Board's approval. More information on how the Board has regard to the Section 172 factors are outlined below.

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

The Directors understand the business and both the evolving and challenging environment in which we operate, including the challenges of the global energy transition. The Board made decisions with regard to acquisitions and investments with consideration given to key stakeholders and the likely long-term impact of any decision. During the year, the Board reflected on the challenges to be faced by Reabold given the shifting macroeconomic and geopolitical context. Our strategy is intended to transition Reabold to an energy business focused on developing strategic European gas assets to secure European gas supply and energy security. The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and the way in which the strategic, operational and risk management decisions have been implemented throughout the business is detailed in our Strategy and business model on page 4 and throughout the Strategic Report.

S172(1) (b) "The interests of the Company's employees"

Reabold employees are fundamental and core to our business model and the delivery of our strategic ambitions. The future success of our business depends on attracting, retaining, developing and motivating talented employees.

We ensure that:

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

The Remuneration Committee oversees and makes recommendations of executive remuneration and any long-term share awards. In April 2023, we launched the Reabold Resources plc long-term incentive plan for our full-time senior management team. Reabold aims to invest in competitive rewards for our people.

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

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, governments, and joint-venture partners. We aim to have a positive and enduring impact on the communities in which we operate, through partnering with national and local suppliers, and through payments to governments in taxes and other fees. The Group values all of its suppliers and aims to build strong positive relationships through open communication and adherence to trade terms. The Group is committed to being a responsible entity and doing the right thing for its customers, suppliers and business partners. The Board upholds ethical business behaviour across all of the Company's activities and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered. The Board engages with stakeholders to understand their priorities and concerns through a range of engagement activities. Meeting commitments made to investors is critical to building trust and confidence with our external stakeholders. Back in 2022, management made a commitment to improve communication with shareholders with stakeholder engagements at least every two months. This has taken the form of corporate presentations, interviews with the Co-CEOs and investor events. In 2023, we published 12 new videos on the media section of our website, including operational updates, investor presentations and Q&As. In Q1 2023 the Company launched a new website so that shareholders and other stakeholders can more easily navigate Company updates and communications. The website includes a Q&A page which answers some of the most common investor questions.

The Co-CEOs provide a comprehensive update to the Board on material business and external developments at each main Board meeting. This includes significant operational updates, e.g. partnerships, investments, divestments, projects, commercial highlights and political or regulatory developments.

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

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

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

Further information can be found within our ESG Statement on page 15, and within the principal risks and uncertainties section on page 12.

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

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code 2018 (the "2018 QCA Code") and the Board recognises the importance of maintaining a good level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. Please see the Chair's Corporate Governance statement on pages 25 to 30.

Reabold aims to contribute to Europe's energy security by unlocking potential sources of near-term domestic gas supply in economically, environmentally and socially responsible ways. The Board periodically reviews and approves clear frameworks, such as Reabold's Code of Conduct, and specific Ethics & Compliance policies, to ensure that its high standards are maintained both within Reabold and the business relationships we maintain. This, complemented by the various ways the Board is informed and monitors compliance with relevant governance standards help ensure its decisions are taken, and that Reabold investee companies act, in ways that promote high standards of business conduct.

S172(1) (f) "The need to act fairly as between members of the Company"

The Directors consider which course of action best enables delivery of our strategy in the long-term interest of the Company. The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its shareholders – engaging with both retail and institutional holders during 2023. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings.

The primary communication tool with our shareholders is through the Regulatory News Service ("RNS") on regulatory matters and matters of material substance. The Company's upgraded website, launched in March 2023, provides details of the business, investor presentations and details of the Board, changes to major shareholder information and 2018 QCA Code disclosure updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of Company's affairs. The Company's Annual Report and Notice of Annual General Meetings are available to all shareholders. The Interim Report and investor presentations are also available on our website.

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

Principal decisions

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

Cash allocation including shareholder distributions

Following the completion of the sale of Corallian in November 2022 along with the receipt of the first tranche payment from Shell, the board considered cash flow, the macro environment and business performance in 2023. The Directors approved a share buyback programme in April 2023 with the aim of delivering value to shareholders. The Directors considered its ordinary shares to be undervalued and at a meaningful discount to conservatively estimated per-share intrinsic value.

A number of considerations underpinned the decision to commence the buyback programme including feedback from advisors and other stakeholders, the strength of the Company's balance sheet and the need to continue to invest in our assets.

Investment in LNEnergy

Over the course of the year, the Board considered and approved new opportunities and investments. The Board reviewed various proposals and their alignment with Reabold's strategy. During 2023, the Board approved the accumulation of a 26.1% interest in LNEnergy, whose primary asset is an exclusive option over a 90% interest in the Colle Santo gas field onshore Italy. The Board agreed the investment was in line with Reabold's strategy to develop high quality strategic European gas assets with near-term production potential that can generate shareholder value. LNEnergy's primary asset is an option over a 90% interest in the Colle Santo gas field, onshore Italy in the Abruzzo region. The Colle Santo gas field is a highly material gas resource with 65Bcf of 2P reserves, as estimated by RPS as of 30 September 2022, and subject to the necessary approvals and permits, is development ready with no additional drilling required. LNEnergy believes that the field has the potential to generate an estimated €11-12m of gross post-tax free cash flow per annum. On 1 May 2024 a non-binding Heads of Agreement between Gunvor and LNEnergy for the purchase of LNG by Gunvor from LNEnergy from the Colle Santo gas field was executed. First production from the LNG project expected in 2025.

Strategic Report signed on behalf of the Board

Chris Connolly
Company Secretary

May 30, 2024

Colle Santo gas field

Board of Directors

Jeremy Edelman - **Non-Executive Chairman**

Appointed: 19 December 2012

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

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

Appointed: 19 October 2017

Sachin Oza has 21 years of investment experience, including 17 years covering the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G Investments for 13 years, where he covered the Utility, Transport, Mining and Oil & Gas sectors on a global basis. Sachin has also held investment analyst roles at Tokyo Mitsubishi Asset Management and JP Morgan Asset Management.

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

Appointed: 19 October 2017

Stephen Williams has 19 years of experience in the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G between 2010 and 2016, where he focussed on energy and resources. Prior to this, Stephen worked as an energy investment analyst for Simmons & Company International between 2005 and 2010 and from 2003 to 2005 he worked as an analyst at ExxonMobil.

Anthony Samaha - **Non-Executive Director**

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

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

Mike Felton - **Non-Executive Director**

Appointed: 17 September 2018

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

Marcos Mozetic - **Non-Executive Director**

Appointed: 17 September 2018

Marcos Mozetic, an exploration geologist, brings over 45 years of international technical experience in the oil and gas industry to the Company. His most recent experience was in designing, implementing and leading Repsol S.A's exploration strategy between 2004 and 2016. During this period, Repsol become a leader in reserve replacement and participated in some of the most exciting discoveries worldwide. Previous to this, Marcos worked as a development geologist in 1975 with Bridas, before moving into the exploration department, which he later led. Following this, Marcos worked for BHP Petroleum and BHP Minerals as Chief Geologist for Argentina and later Country Leader. Marcos holds a BSc and Post-Graduate degree in Petroleum Geology from the University of Buenos Aires.

Directors' Report

For the year ended 31 December 2023

The Directors submit their report and the audited financial statements of the Group and Company for the year ended 31 December 2023.

Principal activities

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

Business Review and Future Developments

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

Engagement with Employees, Suppliers and Customers

Information regarding Reabold's engagement with employees, suppliers and customers is included in the Section 172 statement on pages 18 to 20.

Results and dividends

The loss for the year was £7.2 million (2022: loss of £45,000). The Company has not declared any dividends during the year (2022: £nil). The Directors do not propose the payment of a final dividend.

Financial Instruments

The Group's financial risk management objectives and policies are discussed in note 21.

Events since Balance Sheet Date

Details of post reporting date events are disclosed in Note 27 of the financial statements.

Directors and their interests

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

Director	At 31 December 2023	At 1 January 2023
Jeremy Edelman*	173,545,454	173,545,454
Sachin Oza	75,750,299	75,750,299
Stephen Williams	47,304,697	47,304,697
Michael Felton	25,240,599	25,240,599
Anthony Samaha	7,818,182	7,818,182
Marcos Mozetic	4,545,454	4,545,454

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

Details of Directors' share options are included in the Directors Remuneration Report and Note 9.

Indemnity provisions

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

Political and charitable contributions

The Company made no contributions to charitable or political bodies during the year (2022: £Nil).

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Mazars LLP was put to the Annual General Meeting held on 29 June 2023 and was approved. The auditor, Mazars LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. Mazars LLP has signified its willingness to continue in office as auditor.

Statement of disclosure to auditor

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

Going concern

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. See Note 1 - going concern, to the financial statements.

Repurchase of shares

Information on share repurchases, including the number and nominal value of the shares repurchased in 2023, can be found in Note 22 of the financial statements.

The Directors' report was approved by the Board and signed on its behalf by Chris Connolly, Company Secretary, on 30 May 2024.

Reabold Resources plc

Registered in England and Wales No. 3542727

Corporate governance report

Chair's Corporate Governance Statement

Each year seems to bring more challenges for company boards – shareholder activism; the ongoing complexity of the energy transition; fiscal uncertainty in the UK for energy companies surrounding the windfall tax and investment allowances; a challenging macro environment with headwinds from the cost-of-living crisis, high inflation and large interest rate rises. Reabold's corporate governance framework needs to be both dynamic and flexible in its application to a range of different situations.

In 2018 the Company adopted the 2018 QCA Code, which it believes to be the most appropriate recognised corporate governance code for the Company. The 2018 QCA Code has ten principles which the Company is required to adhere to and to make certain disclosures both within this report and on its website.

The Company notes the updates made by the 2023 Quoted Companies Alliance Corporate Governance (the '2023 QCA Code') which will apply to financial years starting on or after 1 April 2024. For the 2023 financial year, the Company has continued to adopt the 2018 QCA Code. The Company will be transitioning to the 2023 QCA code over the next 12 months in order to build capability to apply its principles and address any gaps in our current corporate governance framework.

The importance of maintaining strong relationships and engaging with our shareholders continues and underpins the success of the business. The Board strives to ensure that there are numerous opportunities for investors to engage with both the Board and Executive Directors. During 2023 the Board welcomed shareholders in person at the Annual General Meeting. The Company also held a General Meeting in January 2024. This provided shareholders with an opportunity to raise questions in connection with the Company's strategy and to vote in favour of the Board.

I would like to thank the Reabold leadership team for their focus, and I would like to thank our fellow shareholders for your continued confidence in the Board.

The 2018 QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

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

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

2) Seek to understand and meet shareholder needs and expectations

The Executives held meetings with major shareholders several times throughout the year and reported the views of such shareholders to the Board. A variety of topics were discussed including performance, capital allocation, shareholder distributions, remuneration policies and board priorities.

Shareholders can contact Reabold directly via the "Contact us" section of the Reabold website. Investors can also access information via the Investor Q&A section of the Reabold website.

We value the feedback we receive from our shareholders, and we take every opportunity to ensure that where possible their wishes are duly considered. The Board engages with shareholders to understand their priorities and concerns through a range of engagement activities. Back in 2022, management made a commitment to improve communication with shareholders with stakeholder engagements at least every two months. This has taken the form of corporate presentations, interviews with the Co-CEOs and investor events. In 2023, we published 12 new videos on the media section of our website, including operational updates, investor presentations and Q&As. In Q1 2023 the Company launched a new website so that shareholders and other stakeholders can more easily navigate Company updates and communications.

General Meetings in 2023

In February 2023, the Company held a general meeting at which shareholders granted the Company authority to make market purchases of its ordinary shares and approved the cancellation of the Company's share premium account – shareholders showed strong endorsement with 99.5% of shareholders who voted casting votes in favour of our strategy.

All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, which present an opportunity for shareholders to speak with the Executive Directors in a formal environment and in more informal one to one meetings. At the 2023 AGM, shareholders voted in favour of all resolutions including the reappointment of the Executive Directors – 78% of shareholders who voted casted votes in favour of our executive directors.

In January 2024, the Board successfully defended a second attempt, from a group of beneficial shareholders, to remove the entire Board of directors of Reabold and replace them with four new directors. All resolutions proposed by the requisitioning shareholders were rejected at a general meeting. The resolutions were broadly unchanged from their 2022 submission which was also rejected by shareholders. The requisitioning shareholders received support from approximately 21% of shareholders who voted.

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

The Board continues to value and recognise the importance of engagement and cooperation with our stakeholders. 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.

The Executive Directors visited the operations at Colle Santo, Italy in 2023. The objective of the visit was to provide the Directors with local context and provide insights into asset operations. It was also an opportunity to engage directly with stakeholders, including business partners and communities and improve management's oversight of risks.

The Company seeks to be a responsible corporate citizen in all its areas of operation and is committed to maintaining a high standard of corporate governance. A description of how the group considers key stakeholders in its decision-making is included in the section 172 statement on page 18. The Company's ESG statement is on page 15.

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

The Board ensures that procedures are in place and such procedures are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. Key business challenges and risks are detailed on pages 12 to 14.

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

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

As at 31 December 2023 and at the date of publication, the Board comprised of Jeremy Edelman as the Non-Executive Chairman, Marcos Mozetic, Michael Felton and Anthony Samaha as Non-Executive Directors and Sachin Oza and Stephen Williams, the Co-Chief Executive Directors. Biographical details of the current Directors are set out on pages 22 and 23 of this Annual Report.

The Executive Directors are expected to devote substantially the whole of their time to their duties with the Company. Non-Executive Directors have a lesser time commitment which is set out in their letter of appointment. It is anticipated that Non-Executive Directors will spend up to 3 days a month on work for the Company.

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

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

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

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

The Board has two committees as detailed below.

Audit Committee

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

- Reviewing the integrity of the financial statements, including annual reports and half-year reports;
- Overseeing the group's financial reporting disclosure process; this includes the choice of appropriate accounting policies;
- Advising the Board whether, in the Committee's view, the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- Monitoring the Group's internal financial controls and assess their adequacy;
- Reviewing key estimates, judgements and assumptions applied by management in preparing published financial statements;
- Annually assessing the auditor's independence and objectivity; and
- Making recommendations in relation to the appointment, re-appointment and removal of the Company's external auditor.

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

Remuneration Committee

Detailed information on the remuneration committee can be found on pages 31 to 33.

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

6) Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board currently consists of six Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industry sectors. The complementary skills and experience of our Board are included on pages 22 and 23. If the Company identifies an area where additional skills are required, the Company will often contract an appropriately qualified third party to advise as required.

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

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

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

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

Internal evaluation of the Board 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.

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

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

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

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

In Q1 2023, the Remuneration Committee undertook a thorough and robust engagement process with independent remuneration specialists to design a share plan and incentive scheme for the Executive Directors and senior management. The scheme provided the framework for the performance evaluation of the Executive Directors during the reporting period. The Executive Directors' performance evaluation is to be undertaken annually and includes an assessment of achievement based on a scorecard of measures. Please see the Directors' Remuneration Report on page 31. The Remuneration Committee undertakes a review of the remuneration of Executive Directors at least annually and may consult with external consultants to assist in the evaluation and determination of appropriate compensation and incentivisation schemes to ensure the Company remains competitive in retaining management.

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

We are committed to doing business in an ethical and transparent way. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company.

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

The Board considers that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has a code for Directors' and employees' dealings in the Company's securities, and is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the UK Market Abuse Regulation. The Company takes all reasonable steps to ensure it is compliant with the Market Abuse Regulations and AIM Rules. The Company has a zero-tolerance approach to bribery and corruption and has an Anti-Bribery Policy in place to protect the Company, its employees and those third parties with which the business engages.

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

The Company has a single-tier Board of Directors headed by a Chair, with executive management led by the Co-Chief Executive Officers. The names of the Directors who held office during the year can be found on pages 22 and 23.

There is no fixed number of times that the Board may meet in one year. During 2023, the Board met 16 times (13 times during 2022) and, as detailed throughout our Strategic Report, including the Section 172 statement, worked hard to promote the long-term sustainable success of the Company.

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.

Ultimate authority for all aspects of the Company's activities rests with the Board with the respective responsibilities of the Chair and the Executive Directors arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board.

The schedule of matters reserved for the Board include:

- Approval of the Group's strategic plan, oversight of the Group's operations and review of performance in the view of the Group's strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken;
- Ultimate oversight of risk, including determining the Group's risk profile and risk appetite;
- Culture and succession planning;
- Investments, acquisitions, divestments and other transactions outside delegated limits;
- Financial reporting and controls, including approval of the half-year interim results, full-year results, approval of the Annual Report and Financial Statements, approval of any significant changes in accounting policies or practices and ensuring maintenance of appropriate internal control and risk management systems;
- Ensuring the Annual Report and Financial Statements present a fair, balanced and understandable assessment of the group's position and prospects;
- Assessment of the Group's ability to continue as a going concern;
- Capital expenditure, including the annual approval of the capital expenditure budgets and any material changes to them in line with the Group-wide policy on capital expenditure;
- Dividend policy, including the annual review of the dividend policy and recommendation and declaration of any dividend;
- Appointment of Directors;
- Shareholder documentation, including approval of resolutions and corresponding documentation to be put to shareholders and approval of all material press releases concerning matters decided by the Board;
- Terms of reference of Board committees and appointment of members to the committees; and
- Key business policies, including approval of remuneration policies.

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

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

The Co-Chief Executive Officers have overall responsibility for the implementation of the strategy approved by the Board, the operational management of the Company and the business enterprise connected with it. The division of the CEO role reflects the collaborative nature of decision making within Reabold. The Co-CEOs provide complimentary and broad skill sets ranging across technical understanding of the asset base, business development, M&A, financial management, strategy and stakeholder engagement, as well as the day to day running of the business.

The Non-executive Directors bring a wide range and balance of skills and international business experience. Through their contribution to the Board and Board committee meetings, respectively, they are expected to challenge and help develop proposals on strategy and bring independent judgement on issues of performance and risk. The Non-executive Directors discuss, among other matters, the performance of individual Executive Directors.

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 over time in parallel with the Group's objectives, strategy and business model to reflect the development of the group.

Attendance at Board and Committee Meetings

In order to be efficient, the Board meets formally and informally both in person, virtually 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 sixteen Board meetings during the year. Attendance during 2023 for all committee meetings is given in the table below.

	Board	Audit Committee	Remuneration Committee
Jeremy Edelman	16/16	2/2	2/2
Sachin Oza	16/16	N/A	N/A
Stephen Williams	16/16	N/A	N/A
Anthony Samaha	16/16	2/2	N/A
Marcos Mozetic	16/16	N/A	2/2
Michael Felton	16/16	1/2	2/2

10) Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The work of the Audit Committee is outlined in principle 5. The work of the Remuneration Committee can be found in the Directors' Remuneration Report on page 31.

The Board is committed to maintaining regular communication with its shareholders. Regular constructive dialogue is important to hear the views of shareholders and communicate Reabold's strategy. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. Page 18 of this Annual Report provides a section 172 statement which discusses how the group considers the interests of shareholders and other relevant stakeholders in its decision making.

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

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

Jeremy Edelman
Chair

30 May 2024

Directors' Remuneration Report

Role of the remuneration committee

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

Key responsibilities

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

Membership

Marcos Mozetic

Member and chair since September 2018

Jeremy Edelman

Member

Michael Felton

Member

Meetings and attendance

The Committee met twice during the year. All members attended each meeting.

Key activities in 2023

- Undertook a thorough and robust engagement process with independent remuneration specialists to design a share plan and incentive scheme for the Executive Directors and senior management.
- Designed and implemented directors and senior management scorecards.
- Agreed a framework for the 2023 bonus plan.
- Considered and agreed a programme for the grant of LTIP awards.
- Agreed the 2023 Executive Director salaries.

Shaping our 2024 remuneration policy

The Remuneration Committee believes the current policy is robust and can generally be retained as the basis for the 2024 policy. Looking forward to 2024, the Committee will

- Review and agree the 2024 bonus measures for the executives.
- Review the executives' salaries.
- Review employer pension contributions.

Executive Directors' remuneration for the year ended 31 December 2023

	Sachin Oza Co-CEO 2023	Stephen Williams Co-CEO 2023	Sachin Oza Co-CEO 2022	Stephen Williams Co-CEO 2022
Salary	£242,627	£242,627	£230,875	£230,875
Annual bonus[a]	£51,575	£51,575	Nil	Nil
Taxable benefits	£530	£633	Nil	Nil
Pension	£12,121	£12,121	£11,419	£11,419
Performance shares[b]	Nil	Nil	Nil	Nil
Total remuneration	£306,853	£306,956	£242,294	£242,294

[a] The full value of the annual bonus in 2023 comprises 50% delivered in cash and 50% delivered in shares. The shares element applicable to the 2023 bonus outcomes will be granted as soon as reasonably practicable following the publication of this report provided that no award shall be granted at any time when such grant would be contrary to any dealing restriction. The shares will be subject to a 3 year restricted period.
[b] The first performance period under the LTIP scheme will be measured in April 2026. See 2023 LTIP below.

Overview of outcomes

Salary and benefits

Sachin Oza's and Stephen Williams' salaries increased by 5% from 1 January 2023, significantly below the 10.5% inflation experienced in the UK in the preceding 12 months to 31 December 2022. Both the Executive Directors' benefits related to remote working costs.

Annual Bonus

For 2023, the annual bonus was based on a scorecard of measures across three categories: risk and controls (10%), current financial health (45%) and future financial prosperity (45%). The overall mathematical outcome of the annual bonus scorecard was 42.6/100. The maximum bonus is 50% of salary, resulting in a bonus for the Executive Directors of 21.3% of salary. The annual bonus is paid 50% in cash, with 50% deferred into shares that are subject to a three-year restricted period. This deferral is an important way of increasing the executives' personal shareholdings.

Pension

During the year, Sachin Oza and Stephen Williams were eligible for employer pension contributions at a rate of 5% of salary.

2023 LTIP

Scheme interests awarded to Executive Director in 2023

The Committee considered and agreed a programme for the grant of LTIP awards in 2023 ensuring a material portion of Sachin and Stephen's remuneration is tied to longer-term performance under a plan designed to drive strong alignment to the execution of Reabold's strategy. In 2023, the Executive Directors were granted 150,000,000 ordinary shares each (equivalent to £270,000 based on the market price on the date of grant, 27 April 2023, for ordinary shares of 0.18p). The vesting criteria is based on Total Shareholder Return ("TSR") over a three-to-five-year period. For the awards to vest in full, the TSR of a share must be at or more than six times (6x) the market value of a share at the grant date using a 30-trading day average. The first measurement date shall be at the end of year three, the second measurement date at the end of year four and the final measurement date at the end of year five. If TSR is less than 2.5x market value, 0% of the award vests. If TSR is at 2.5x market value, 30% of the award vests and if TSR is at 4x market value, 60% of the award vests. Performance between TSR thresholds shall be calculated on a straight-line basis.

Executive directors service contracts

The service contracts of executive directors do not have a fixed term. Each executive director's service contract contains a 12-month notice period.

Director	Effective date	Notice period
Sachin Oza	19 October 2017	12 months
Stephen Williams	19 October 2017	12 months

Directors' shareholdings

The interests, in shares of the Company, of the Directors in office during 2023, including any interests of their connected persons, are set out in the table below.

	Ordinary shares held at January 1 2023	Ordinary shares held at December 31 2023	Shares (unvested and subject to performance conditions[a])
Executive Directors			
Sachin Oza	75,750,299	75,750,299	150,000,000
Stephen Williams	47,304,697	47,304,697	150,000,000
Non-executive Directors			
Jeremy Edelman[b]	173,545,454	173,545,454	
Michael Felton	25,240,599	25,240,599	
Marcos Mozetic	4,545,454	4,545,454	
Anthony Samaha	7,818,182	7,818,182	

[a] Relates to unvested long-term incentive awards (see above conditions)
[b] Includes 173,545,454 shares held by Saltwind Enterprises Ltd, a company connected with Jeremy Edelman.

Chair and non-executive directors' remuneration

	Fees (£)	
	2023	2022
Jeremy Edelman (Chair)	84,000	66,000
Michael Felton	47,000	38,000
Macros Mozetic	47,000	38,000
Anthony Samaha	47,000	20,500

External appointments

The Board supports Executive Directors taking up appointments outside the Company to broaden their knowledge and experience. Each executive director is permitted to retain any fee from their external appointments. Such external appointments are subject to agreement by the Chair and reported to the Board. Any external appointment must not conflict with a director's duties and commitments to Reabold. Details of appointments as non-executive directors of publicly listed companies during 2023 are shown below.

	Appointee company	Additional position held at appropriate company	Total fees (£)
Stephen Williams	Europa Oil & Gas (Holdings) plc[a]	Director	33,000

[a] As of 23 November 2023, Stephen stepped down from his role as non-executive director of Europa Oil & Gas (Holdings) plc

The Directors' Remuneration Report was approved by the Board and signed on its behalf by Chris Connolly, Company Secretary on 30 May 2024.

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of Reabold Resources PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 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 material accounting policy information.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's ability to continue as a going concern;
- Obtaining management's formal going concern assessment;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Considering the impact of climate change and the current socio-political environment on the value of the group's assets; and
- Reviewing the appropriateness of the disclosures in the financial statements related to going concern to endure consistent with our findings.

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

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

Key audit matters

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

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

Key Audit Matter	How our scope addressed this matter
Carrying value of exploration & evaluation (E&E) assets and oil & gas assets (group and parent company risk)	
The carrying value of exploration & evaluation and oil & gas assets in the Group accounts total £7,023k (2022: £6,815k). The parent company has a carrying value £6,766k (2022: £6,451k). The group and parent company's accounting policy in respect of this area is set out in the accounting policy notes in the accounts. The Group is involved in the extraction of oil and gas. Under IFRS 6, Exploration for and Evaluation of Mineral Resources, management must establish an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply it consistently. The risk is associated with the valuation, both initial recognition and impairment, of the assets.	Our procedures included, but were not limited to, the following: • Obtaining and challenging management's assessments as to whether there were indicators of impairment. • reviewing the accounting policy in place to ensure that the point at which exploration and evaluation assets are recognised is reasonable and in line with IFRS 6 requirements; • critically assessing a sample of transactions throughout the company, subsidiary and associated companies to ensure additions have been treated in accordance with the accounting policy; • Performing a 'stand back' exercise considering any contradictory internal or market available evidence throughout the year and post year end to conclude the possible impact on the impairment assessment; • making enquires of management of the potential impact of socio-economic and climate related factors on determining the carrying values of the assets; and • holding discussions with component auditors and reviewing their work performed on E&E assets to ensure appropriate and sufficient audit evidence had been obtained around the carrying value of oil & gas assets by associated undertaking. **Our observations** Based on the results of our procedures performed we consider that the value of exploration & evaluation and oil & gas assets are appropriate. We have not identified material misstatements in the disclosure of these assets in the financial statements.

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

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

Materiality

Overall materiality	Consolidated group; £647,000 Parent company; £550,000
How we determined it	This has been calculated with reference to total assets, of which it represents approximately 1.5% for the group company. The parent company was allocated slightly less in order to gain an effective materiality for the components.
Rationale for benchmark applied	Total assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders due to the investments, namely the subsidiaries and associated entities, being at an early stage of revenue generation. 1.5% has been chosen to reflect the level of understanding of the stakeholders of the group in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £517,000 for the group and £440,000 for the parent company, which represents 80% of overall materiality in both cases. This percentage was applied due to the experience we have in auditing the group and the parent company, our assessment of the group's and the parent company's control environment, and the volume of transactions.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £19,500 for the group and £16,500 for the parent company as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. This threshold represents 3% of financial materiality.

For each component in the scope of the Group audit, we allocated a materiality that was less than our overall Group materiality. The range of performance materiality allocated across the components was between £80,000 and £521,000.

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of the audit report

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

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

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

30 May 2024

Group Income Statement

for the year ended 31 December

	Note	2023 £'000	2022 £'000
Continuing operations			
Revenue	5	–	560
Cost of sales	6	–	(834)
Gross loss		–	(274)
Net (loss) in financial assets measured at fair value through profit or loss	16	(2,661)	(1,851)
Other income		88	50
Share of losses of associates	15	(611)	(1,576)
Other expenses		–	(89)
Net gains on sale of businesses	3	–	4,997
Exploration expense	7	(1,596)	(74)
Administration expenses		(2,185)	(1,702)
Non-underlying items	26	(190)	(191)
Share based payments expense	23	(57)	(22)
Foreign exchange gains		–	635
Operating loss		(7,212)	(97)
Finance costs – unwinding of discount on decommissioning provisions		(15)	(16)
Finance income		33	68
(Loss) before tax for the year		(7,194)	(45)
Taxation	11	–	–
(Loss) for the year		(7,194)	(45)
Attributable to:			
Reabold shareholders		(7,194)	(45)
		(7,194)	(45)
Earnings per share			
(Loss) for the year attributable to Reabold shareholders			
Per ordinary share (pence)			
Basic	12	(0.08)	(0.0005)
Diluted	12	(0.08)	(0.0005)

Group Statement of Comprehensive Income

For the year ended 31 December

	Note	2023 £'000	2022 £'000
Loss for the year		(7,194)	(45)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		–	71
Exchange (gains) on translation of foreign operations reclassified to loss on sale of business		–	(80)
Other comprehensive income		–	(9)
Total comprehensive income		(7,194)	(54)
Attributable to			
Reabold Shareholders		(7,194)	(54)

Balance Sheet

as at 31 December

Registered Number: 3542727

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Non-current assets					
Exploration & evaluation assets	13	7,023	6,815	6,766	6,451
Investments in associates	15	26,083	22,272	26,083	22,272
Investments in subsidiaries	14	–	–	13	3,470
Other investments	16	27	3,484	15	15
		33,133	32,571	32,877	32,208
Current assets					
Prepayments		95	120	81	116
Trade and other receivables	17	126	181	393	629
Other investments	16	4,365	8,728	4,365	8,728
Restricted cash	18	25	25	25	25
Cash and cash equivalents	18	5,413	5,511	5,413	5,511
		10,024	14,565	10,277	15,009
Total assets		43,157	47,136	43,154	47,217
Current liabilities					
Trade and other payables	19	330	198	326	198
Accruals		271	111	271	111
		601	309	597	309
Non-Current liabilities					
Provision for decommissioning	20	382	367	382	367
		382	367	382	367
Total liabilities		983	676	979	676
Net assets		42,174	46,460	42,175	46,541
EQUITY					
Share capital	22	10,589	9,044	10,589	9,044
Share premium account		1,103	29,033	1,103	29,033
Capital redemption reserve		200	200	200	200
Treasury shares		(263)	–	(263)	–
Share based payment reserve	23	1,977	1,920	1,977	1,920
Retained earnings		28,568	6,263	28,569	6,344
Total Equity		42,174	46,460	42,175	46,541

The loss for the Company was £7.3 million for the year ended 31 December 2023 (2022: loss of £0.6 million). In accordance with the exemption granted under section 408 of the Companies Act 2006, a separate income statement for the Company has not been presented.

Approved by the Board on 30 May 2024

Sachin Oza
Co-Chief Executive Officer

Stephen Williams
Co-Chief Executive Officer

Statement of Changes in Equity

for the year ended 31 December

Group	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury Shares £'000	Share based payments reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022		9,044	29,033	200		1,898	9	6,308	46,492
Loss for the year		–	–	–	–	–	–	(45)	(45)
Other comprehensive income		–	–	–	–	–	(9)	–	(9)
Total comprehensive income		–	–	–	–	–	(9)	(45)	(54)
Share-based payments	23	–	–	–	–	22	–	–	22
At 31 December 2022		9,044	29,033	200	–	1,920	–	6,263	46,460
Loss for the year		–	–	–	–	–	–	(7,194)	(7,194)
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	–	–	(7,194)	(7,194)
Issue of ordinary share capital	22	1,545	1,524	–	–	–	–	–	3,069
Repurchase of ordinary share capital	22	–	–	–	(263)	–	–	–	(263)
Reduction of share premium account		–	(29,454)	–	–	–	–	29,454	–
Share-based payments	23	–	–	–	–	57	–	–	57
Share of equity-accounted entities' changes in equity		–	–	–	–	–	–	45	45
At 31 December 2023		10,589	1,103	200	(263)	1,977	–	28,568	42,174

Company	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Treasury Shares £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022		9,044	29,033	200	–	1,898	6,938	47,113
Loss for the year		–	–	–	–	–	(594)	(594)
Total comprehensive income		–	–	–	–	–	(594)	(594)
Share-based payments	23	–	–	–	–	22	–	22
At 31 December 2022		9,044	29,033	200	–	1,920	6,344	46,541
Loss for the year		–	–	–	–	–	(7,274)	(7,274)
Total comprehensive income		–	–	–	–	–	(7,274)	(7,274)
Issue of ordinary share capital	22	1,545	1,524	–	–		–	3,069
Repurchase of ordinary share capital	22	–	–	–	(263)	–	–	(263)
Reduction of share premium account		–	(29,454)	–	–	–	29,454	–
Share-based payments	23	–	–	–	–	57	–	57
Share of equity-accounted entities' changes in equity		–	–	–	–	–	45	45
At 31 December 2023		10,589	1,103	200	(263)	1,977	28,569	42,175

Statement of Changes in Equity

for the year ended 31 December

Share Capital

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

Share premium account

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

Capital redemption reserve

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

Treasury shares

Treasury shares represent Reabold shares repurchased and available for specific and limited purposes.

Share based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 23 for further details of these plans.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are reclassified to the income statement. Following the equity exchange with Daybreak in 2022, £80,000 was reclassified to the income statement. See Note 3 – Disposals.

Retained earnings

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

Cash Flow Statement

for the year ended 31 December

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Operating activities					
(Loss) for the period		(7,194)	(45)	(7,274)	(594)
Adjustments to reconcile loss for the period to net cash used in operating activities					
Depreciation	6	–	318	–	–
Exploration expenditure written off	7	1,400		–	
Impairment of investments	14	–	–	4,665	5,163
Impairment of receivables	17			391	–
Net loss (gain) on financial assets at fair value through profit or loss	16	2,661	1,851	(796)	(75)
Net gain on sale of businesses	3	–	(4,997)	–	(7,342)
Share of losses from associates	15	611	1,576	611	1,576
Net finance (income) costs		(18)	(52)	(18)	(72)
Share-based payments expense	23	57	22	57	22
Other non-cash movements		–	89	–	–
Unrealised currency translation (gains)		4	(616)	4	–
Net cash used in operating activities before working capital movements		(2,479)	(1,854)	(2,360)	(1,322)
(Increase) in inventories		–	(24)	–	–
Decrease (increase) in other current assets		32	(149)	36	(426)
Increase in other current liabilities		290	243	288	210
Net cash used in operating activities		(2,157)	(1,784)	(2,036)	(1,538)
Investing activities					
Expenditure on oil and gas assets		–	(8)	–	–
Expenditure on exploration & evaluation assets		(398)	(366)	(315)	(276)
Acquisitions		(2,468)	(343)	(2,467)	–
Investments in associates		–	–		–
Total cash capital expenditure		(2,866)	(717)	(2,782)	(276)
Proceeds from disposal of associate	3	5,159	3,175	5,159	3,175
Interest received		33	6	33	6
Movements in restricted cash		–	(33)	–	–
Net cash disposed from sale of business		–	(16)	–	–
Loans to subsidiaries		–	–	(205)	(479)
Net cash generated by investment activities		2,326	2,415	2,205	2,426
Financing activities					
Repurchase of shares	22	(263)	–	(263)	–
Net cash used in financing activities		(263)	–	(263)	–
Currency translation differences relating to cash and cash equivalents		(4)	(3)	(4)	1
(Decrease) Increase in cash and cash equivalents		(98)	628	(98)	888
Cash and cash equivalents at the beginning of the period	18	5,511	4,883	5,511	4,622
Cash and cash equivalents at the end of the period	18	5,413	5,511	5,413	5,511

Notes to the Financial Statements

For the year ended 31 December 2023

1. Significant accounting policies, judgements, estimates and assumptions

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

The consolidated financial statements of Reabold Resources PLC and its subsidiaries (collectively referred to as Reabold or the Group) for the year ended 31 December 2023 were approved and signed by the Co-Chief Executive Officers on 30 May 2024 having been duly authorised to do so by the Board of Directors. Reabold is a public limited company incorporated and domiciled in England and Wales with its registered office at 20 Primrose Street, London, EC2A 2EW. The principal activity of the Company and the Group is to invest in pre-cash flow upstream oil and gas projects to create value and generate returns. The Company's ordinary shares are traded on AIM. The Group's and Company's financial statements have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The significant accounting policies and accounting judgements, estimates and assumptions of the Group are set out below.

Basis of preparation

The financial statements for the Group and Company have been prepared on a going concern basis and in accordance with IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective for the year ended 31 December 2023. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated. The consolidated financial statements have been prepared on a historical cost basis, except for the fair value remeasurement of certain financial instruments as set out in the accounting policies and are presented in £ sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

Going concern

The Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. At 31 December 2023, the group held cash and cash equivalents of £5.4 million and a further £4.4 million was received in January 2024 as part of the consideration for the sale of Corallian. The Group regularly monitors its cash, funding and liquidity position. Near term cash projections are revised and underlying assumptions reviewed. Longer-term projections are also updated regularly. Reabold has no borrowings, and its capital commitments can be funded from existing cash resources. In assessing the appropriateness of the going concern assumption, management have stress-tested Reabold's most recent financial projections to incorporate a range of potential future outcomes by considering Reabold's principal risks and cash preservation measures. The Group's financial forecasts demonstrate that the Group believes that it has sufficient financial resources to meet its obligations as they fall due indicating the Group will continue to operate as a going concern for at least 12 months from the date of approval of the financial statements. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Significant accounting policies: use of judgements, estimates and assumptions

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

Sources of estimation uncertainty

Determining the fair value of contingent consideration receivable

The contingent consideration relates to the disposal of Corallian which is a financial asset classified as measured at fair value through profit or loss. In 2023 the estimation of the contingent consideration receivable was not considered a significant source of estimation uncertainty as the remaining contingent consideration was received in full in January 2024 (see Note 16 for further information). In 2022, the fair value was determined using an estimate of discounted future cash flows that were expected to be received based on the contractual terms and was considered a level 3 valuation under the fair value hierarchy. The deferred consideration receivable was modelled using the maximum available external information. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. (See Note 16 for further information).

Decommissioning provision

Amounts used in recording a provision for decommissioning are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The discount rate applied to reflect the time value of money in the carrying amount of provisions requires estimation. The discount rate used in the calculation of provisions is the pre-tax rate that reflects current market assessments of the time value of money. Generally, the market assessments of the time value of money can be reflected in the risk-free rate. Reabold considers it appropriate to use UK gilt yield returns as the basis for the risk-free rate. The discount rate applied is reviewed regularly and adjusted following changes in market rates. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively. While the group uses its best estimates and judgement, actual results could differ from these estimates (see Note 20 for further information).

Use of judgements

Assessment as not an investment entity

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

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

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

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

Investments in Daybreak, Rathlin and Danube

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

Daybreak

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

Reabold does not have any directors on the Board of Daybreak, nor can it appoint any directors and it does not actively participate in the financial and operating policy decisions of Daybreak. All significant decisions are taken by the executive management team of Daybreak, which does not include any director, employee or contractor of Reabold. Reabold does not exchange technical information with Daybreak nor is there any interchange of managerial personnel. Reabold is a passive investor and does not have the ability to exercise significant influence over the operating and financial policies of Daybreak. Reabold's management considers, therefore, that the Group does not have significant influence over Daybreak, as defined by IFRS. As a consequence of this judgement, Reabold accounts for its interest in Daybreak as a financial asset measured at fair value within 'Other investments'. See Note 16 for further information.

Rathlin

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

Danube

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

Exploration and appraisal intangible assets

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

The carrying amount of capitalised costs are included in Note 13.

Basis of consolidation

The consolidated group financial statements consolidate the financial statements of Reabold Resources PLC and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

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

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

Interests in other entities

Business combinations and goodwill

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

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

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

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

Acquisitions, Asset Purchases and Disposals

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

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

Interests in joint arrangements

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

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

Interests in associates

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

Notes to the Financial Statements

For the year ended 31 December 2023

The equity method of accounting

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

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

Segmental reporting

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Co-Chief Executive Officers, Reabold's chief decision makers, in deciding how to allocate resources and in assessing performance. The accounting policies of the operating segments are the same as the Group's accounting policies described in this note. Reabold changed its segmental reporting during 2023, see 'Change in segmentation' below.

Foreign currency translation

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

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

Intangible assets - Oil and gas exploration and evaluation expenditure

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

Pre-licence costs

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

Licence and property acquisition costs

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

Exploration and evaluation costs

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

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

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

Property, plant and equipment – Oil and gas assets

Capitalisation

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

Depreciation

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2023

Investments

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

Financial assets

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

Financial assets measured at amortised cost

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets measured at fair value through profit or loss

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

Investments in equity instruments

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

Cash and cash equivalents

Cash and cash equivalents include cash at bank and short-term bank deposits that generally have a maturity of three months or less at the date of purchase.

Equity instruments

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

Financial liabilities

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

Financial liabilities measured at amortised cost

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

Fair value measurement

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

Provisions

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

Decommissioning

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

Employee benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. The accounting policy for share-based payments is described below.

Share-based payments

Equity-settled transactions

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

Notes to the Financial Statements

For the year ended 31 December 2023

Income taxes

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

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

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

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

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

Revenue from contracts with customers

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

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

Own equity instruments – treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. Treasury shares represent ordinary shares repurchased and available for specific and limited purposes. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is also recognised in equity.

Finance income

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

Earnings per share

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

Updates to significant accounting polices

New and amended standards and interpretations

There are no new or amended standards or interpretations adopted from 1 January 2023 onwards that have a significant impact on the financial information.

Standards issued but not yet effective

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

Other changes to significant accounting policies

Change in segmentation

During 2023, the Group's reportable segments changed consistent with a change in the way that resources are allocated and performance is assessed by the chief operating decision maker, who for Reabold is the Co-Chief Executive Officers, from that date. From 2023, the Group's reportable segments are onshore UK, offshore UK, and international. At 31 December 2022, the Group's reportable segments were UK/Europe and USA.

Onshore UK comprises the Group's investment in Rathlin and the Group's 16.67% direct interest in PEDL183, which was previously reported as part of the UK/Europe segment.

Offshore UK comprises the Group's interest in UK North Sea licences, which was previously reported as part of the UK/Europe segment.

International comprises the Group's investments in Danube Petroleum Ltd, Daybreak Oil & Gas Inc., and LNEnergy Ltd.

Comparative information for 2022 has been restated in Note 4 to reflect the changes in reportable segments.

2. Acquisitions and other significant transactions

LNEnergy

Between May and December 2023, Reabold acquired 26.1% of the ordinary share capital of LNEnergy for a cash consideration of £1.9 million and the issuance of 1,297,297,298 new ordinary shares, as non-cash consideration. The carrying amount of the investment in LNEnergy is reported within Investments in associates.

Simwell Resources Limited

On 3 January 2023, Reabold acquired 100% of the issued share capital of Simwell Resources. Total cash consideration for the acquisition was £491,000, including transaction costs of £118,000. In addition to the cash consideration, 247,775,359 new Ordinary Shares were issued as non-cash consideration for the acquisition. The acquisition of Simwell Resources Limited did not constitute a business combination and therefore the acquisition was accounted for as an asset acquisition at cost.

Notes to the Financial Statements

For the year ended 31 December 2023

3. Disposals

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Gain on sale of businesses				
Disposal of Corallian	–	7,342	–	7,342
	–	7,342	–	7,342
Loss on sale of business				
Disposal of Reabold California	–	(2,345)	–	–
		(2,345)	–	–
Net gains on sale of businesses	–	4,997	–	7,342

There were no amounts recognised in the income statement in respect of disposals in 2023.

Corallian Energy Limited

The net gain in respect of the disposal of the Company's entire 49.99% interest in Corallian Energy Limited of £7.3 million was recognised in 2022. Reabold received proceeds from the disposal of £5.2 million in 2023 and £3.2 million in 2022. The contingent consideration relating to the disposal amounted to £4.4 million at 31 December 2023 and was received in January 2024. The amount of deferred consideration is reported within Other investments on the group balance sheet – see Note 16 for further information

Reabold California

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

4. Segmental analysis

The Directors consider the Group to have three segments, being onshore UK, offshore UK and International.

Onshore UK comprises the Group's investment in Rathlin and the Group's 16.67% direct interest in PEDL183, which was previously reported as part of the UK/Europe segment.

Offshore UK comprises the Group's interest in UK North Sea licences, which was previously reported as part of the UK/Europe segment.

International comprises the Group's investments in Danube Petroleum Ltd, Daybreak Oil & Gas Inc., and LNEnergy Ltd.

Other business and corporate comprises the Group's treasury functions and corporate activities.

Year ended 31 December 2023	UK onshore £'000	UK offshore £'000	International £'000	Other business & corporate £'000	Total £'000
Net (loss) gain in financial assets measured at fair value through profit or loss	–	796	(3,457)	–	(2,661)
Other income	–	40	–	48	88
Share of losses of associates	(506)	–	(105)	–	(611)
Exploration expense	(43)	(1,553)	–	–	(1,596)
Administration expenses	–	(7)	–	(2,178)	(2,185)
Non-underlying items	–	–	–	(190)	(190)
Share based payments expense	–	–	–	(57)	(57)
Profit (loss) on ordinary activities	(549)	(724)	(3,562)	(2,377)	(7,212)
Finance costs – unwinding of discount on decommissioning provisions	(15)	–	–	–	(15)
Finance income	–	–	–	33	33
Profit (loss) before tax for the year	(564)	(724)	(3,562)	(2,344)	(7,194)
Taxation	–	–	–	–	–
Profit (loss) for the year	(564)	(724)	(3,562)	(2,344)	(7,194)
Segment assets	23,959	4,651	8,957	5,590	43,157
Segment liabilities	(404)	(21)	–	(558)	(983)
Additions to non-current assets[a]	315	1,290	4,377	–	5,982

a Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.

Notes to the Financial Statements

For the year ended 31 December 2023

Year ended 31 December 2022	UK onshore £'000	UK offshore £'000	International £'000	Other business & corporate £'000	Consolidation adjustments and eliminations £'000	Total £'000
Revenue	–	–	560	–	–	560
Cost of sales[a]	–	–	(834)	–	–	(834)
Net (loss) gain in financial assets measured at fair value through profit or loss	–	75	(1,926)	–	–	(1,851)
Other income	–	–	–	61	(11)	50
Share of losses of associates	(738)	(762)	(76)	–	–	(1,576)
Other expenses	–	–	(89)	–	–	(89)
Net gain (loss) on sale of businesses	–	7,342	(2,345)	–	–	4,997
Exploration expense	–	(74)	–	–	–	(74)
General and administration expenses	–	(7)	(12)	(1,694)	11	(1,702)
Non-underlying items	–	–	–	(191)	–	(191)
Share based payments expense	–	–	–	(22)	–	(22)
Foreign exchange gains	–	–	–	635	–	635
Profit (loss) on ordinary activities	(738)	6,574	(4,722)	(1,211)	–	(97)
Finance costs	(14)	–	(2)	–	–	(16)
Finance income	–	63	–	5	–	68
(Loss) before tax for the year	(752)	6,637	(4,724)	(1,206)	–	(45)
Taxation	–	–	–	–	–	–
(Loss) for the year	(752)	6,637	(4,724)	(1,206)	–	(45)
Segment assets	24,080	9,160	8,138	5,758	–	47,136
Segment liabilities	(367)	(71)	–	(238)	–	(676)
Additions to non-current assets[b]	482	1,001	247	–	–	1,730

a Cost of sales includes depreciation of oil and gas assets of £318,000.
b Includes additions to property, plant and equipment; goodwill; intangible assets; investments in joint ventures; and investments in associates.
c Comparative information for 2022 has been restated to reflect the changes in reportable segments. For more information see Note 1– Change in segmentation.

5. Revenue

	2023 £'000	2022 £'000
Oil sales	–	552
Gas Sales	–	8
	–	560

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

6. Cost of Sales

	2023 £'000	2022 £'000
Production costs	–	404
Royalties	–	112
Depreciation of oil and gas assets	–	318
	–	834

7. Exploration expense

The following table represents amounts included within the Group income statement relating to activity associated with the exploration for and evaluation of oil and natural gas resources.

	2023 £'000	2022 £'000
Exploration expenditure written off[a]	1,400	–
Other exploration costs	196	74
Exploration expense for the year	1,596	74

a Exploration expenditure written off relates to the following North Sea Licences - part of the UK offshore segment: P2332 - £633,000, P2329 - £382,000, P2427 - £42,000, P2464 - £94,000, P2493 – £3,000, P2478 - £90,000, P2486 - £156,000. The write offs were as a result of licences either relinquished in the year or licences soon to be relinquished.

8. Auditor's Remuneration

	2023 £'000	2022 £'000
Total audit fees	82	83

No fees were paid to Mazars LLP for non-audit services in 2023 or 2022.

9. Remuneration of senior management and non-executive directors

Remuneration of directors

Group and Company	2023 £'000	2022 £'000
Total for all directors		
Emoluments	787	698
Amounts received under incentive schemes	–	–
Total	787	698

Emoluments

These amounts comprise fees paid to the Non-executive Chair and the Non-executive Directors and, for Executive Directors, salary and benefits earned during the relevant financial year, plus cash bonuses awarded for the year.

Further information

Full details of individual Directors' remuneration are given in the Directors' Remuneration Report on page 31.

Notes to the Financial Statements

For the year ended 31 December 2023

Remuneration of directors and senior management

Group and Company	2023 £'000	2022 £'000
Total for all senior management and non-executive directors		
Short-term employee benefits	926	781
Pension costs	32	29
Share-based payments	57	22
Total	1,015	832

Senior management comprises the Executive Directors, Finance Director and Chief Financial Officer. Anthony Samaha resigned as Finance Director on 30 June 2022, at which point he was appointed a Non-executive Director. Chris Connolly, the current CFO, joined the senior management team on 28 March 2022.

Short-term employee benefits

These amounts comprise fees and benefits paid to the Non-executive Chair and Non-executive Directors, as well as salary, benefits and cash bonuses for senior management.

Pensions

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

Share-based payments

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

10. Employee costs and numbers

Group and Company	2023 £'000	2022 £'000
Remuneration	787	649
Social security costs	94	84
Pension costs	34	30
Share-based payments	57	22
	972	785

Employee costs do not include fees paid to Non-executive Directors.

Pension benefits are provided through defined contribution plans.

The average number of persons employed by the Group and Company during the year was 4 (2022:4), with 3 in senior management functions (2022:3) and 1 in technical functions (2022:1). All employees are based in the UK.

The employee costs noted above relate to those employees with contracts of employment in the name of Reabold Resources PLC. Of these costs, £90,000 are borne by other undertakings within the group (2022: £35,000).

11. Taxation

Tax charged in the income statement

	2023 £'000	2022 £'000
Current tax	–	–
Deferred tax	–	–
Tax charge in the income statement	–	–

Reconciliation of the total tax charge

	2023 £'000	2022 £'000
Accounting profit (loss) before taxation	(7,194)	(45)
Statutory rate of corporation tax in the UK of 19% (2022: 19%)	(1,367)	(9)
Share of operating loss of associates not taxable	116	299
Expenses not deductible for tax purposes	11	4
Overseas tax impacts	–	52
Gain on sale not taxable	–	(949)
Deferred tax asset not recognised	1,240	603
Tax charge reported in income statement	–	–

Unrecognised tax losses

The Group has total unused UK tax losses of £25.2 million (2022: £17.3 million) including pre trading capital expenses and capital losses of £9.8 million (2022: £9.4 million) for which no deferred tax asset has been recognised at the balance sheet date due to the uncertainty of recovery of these losses. The unused tax losses have no fixed expiry date.

Company

The Company has £23.8 million (2022: £16.9 million) of UK corporation tax losses including pre trading capital expenses and capital losses of £9.3 million (2022: £9.0 million) which are not recognised as deferred tax assets. The unused tax losses have no fixed expiry date.

Notes to the Financial Statements

For the year ended 31 December 2023

12. Earnings per share

Basic earnings per share are calculated by dividing the profit (loss) attributable to Reabold shareholders for the year by the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding excludes treasury shares. Diluted earnings per share are based on the same profit (loss) figures. The weighted average number of shares outstanding during the year is increased by dilutive shares related to share-based compensation plans. If the inclusion of potentially issuable shares could decrease diluted loss per share, the potentially issuable shares are excluded from the weighted average number of shares outstanding used to calculate diluted earnings per share.

	2023 £'000	2022 £'000
Profit (loss) for the year attributable to Reabold ordinary shareholders	(7,194)	(45)

	2023 Number 000	2022 Number 000
Basic weighted average number of ordinary shares	9,561,792	8,929,613
Potential dilutive effect of ordinary shares issuable under employee share-based payment plans	–	–
Weighted average number of ordinary shares outstanding used to calculate diluted earnings per share	9,561,792	8,929,613

	2023 Pence per share	2022 Pence per share
Basic earnings per share	(0.08)	(0.00)
Diluted earnings per share	(0.08)	(0.00)

The number of ordinary shares outstanding at 31 December 2023, excluding treasury shares was 10,272,573,468 (2022: 8,929,612,550. Between 31 December 2023 and 29 May 2024, the latest practicable date before the completion of these financial statements, there was a decrease of 78,159,978 of ordinary shares as a result of share buybacks. For additional information on share buy backs see Note 22.

13. Exploration and evaluation assets

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 January	6,815	9,123	6,451	5,968
Exchange adjustments	–	240	–	–
Acquisitions	1,210	343	–	–
Additions	398	572	315	483
Exploration expenditure written off	(1,400)	–	–	–
Disposals	–	(3,463)	–	–
At 31 December	7,023	6,815	6,766	6,451

Group

Acquisitions in 2023 relate to the acquisition of Simwell Resources – see Note 2. The 2022 acquisition represents the acquisition of North Sea licences from Corallian.

Exploration expenditure written off relates to the following North Sea Licences – part of the UK offshore segment: P2332 - £633,000, P2329 - £382,000, P2427 - £42,000, P2464 - £94,000, P2493 - £3,000, P2478 - £90,000, P2486 - £156,000. The write offs were as a result of licences either relinquished in the year or licences soon to be relinquished.

Additions at 31 December 2023 include £398,000 in the UK primarily relating to the PEDL 183 licence at West Newton (2022: £504,000 in the UK primarily relating to the PEDL 183 licence at West Newton and £68,000 in the US relating to the California assets).

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

Company

Additions at 31 December 2023 include £315,000 in the UK relating to the PEDL 183 licence at West Newton (2021: £483,000).

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

14. Investments in Subsidiaries

Company – Investment in Subsidiaries	Total £000
Cost	
At 1 January 2022	3,536
Additions	5,097
At 31 December 2022	8,633
Additions	1,208
At 31 December 2023	9,841
Amounts provided	
At 1 January 2022	–
Additions	5,163
At 31 December 2022	5,163
Additions	4,665
At 31 December 2023	9,828
Net book amount:	
31 December 2023	13
31 December 2022	3,470
31 December 2021	3,536

An impairment charge of £4.7 million was recognised in 2023 (2022: £5.2 million) following an impairment review, at an individual subsidiary level, and in line with the requirements of IAS 36 Impairment of Assets. Taking into account the decrease in the market value of Daybreak and licences relinquished in the year management concluded that an impairment was necessary in terms of a deterioration of fair value less costs to dispose. The impairment charge related to the Company's investment in Gaelic Resources Limited and Reabold Southern North Sea Limited. The recoverable amount of Gaelic Resources was deemed to be £13,000 based on the market value of Daybreak. The recoverable amount of Reabold Southern North Sea was deemed to be nil, as a result of its exploration assets being fully written off.

Notes to the Financial Statements

For the year ended 31 December 2023

Details of the Company's subsidiaries as at 31 December 2023 are shown below:

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

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

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

15. Investments in associates

The movement in investments in associates for the Group and Company including the amounts recognised in the income statement (losses from associates) and balance sheet (investment in associate at 31 December) are shown below. From 9 May 2023 until 10 December 2023, Reabold classified its investment in LNEnergy as a financial asset measured at fair value. On 11 December 2023, Reabold gained over 20% of the voting power in LNEnergy and gained the right to appoint a director to the board of LNEnergy. From 11 December 2023, Reabold accounts for its investment in LNEnergy as an associate because in management's judgement Reabold has significant influence over LNEnergy.

On 30 June 2022, Reabold classified its investment in Corallian as held for sale and equity accounting for Corallian ceased at this point, therefore the amounts recognised in the income statement as it relates to Corallian represent the first 6 months to 30 June 2022. The additions in Corallian in 2022 represent the conversion of loan notes into equity of Corallian. The disposal of Corallian completed on 1 November 2022. See Note 3 Disposals, for further information. For further information on the judgements in respect of investments in associates see Note 1 – Investment in Daybreak, Rathlin and Danube.

								£'000
				2023				2022
	Rathlin	Danube	LNEnergy	Total	Rathlin	Danube	Corallian	Total
Investment in associate at 1 January	17,604	4,668	–	22,272	18,342	4,744	4,630	27,716
Additions	–	–	4,377	4,377	–	–	636	636
Losses from associates	(506)	(77)	(28)	(611)	(738)	(76)	(762)	(1,576)
Changes in equity from associates	45	–	–	45				
Disposals	–	–	–	–	–	–	(4,504)	(4,504)
Investment in associate at 31 December	17,143	4,591	4,349	26,083	17,604	4,668	–	22,272

The following table provides summarised financial information for the Group's and Company's associates for 2023 and 2022. The information is presented on a 100% basis. The loss for the year relating to LNENergy represents the period from 11 December 2023, the date on which Reabold gained significant influence over LNEnergy.

	2023 Rathlin	2023 Danube	2023 LNEnergy	2022 Rathlin	£'000 Gross amount 2022 Danube
Revenue	–	–	–	–	–
Profit (loss) for the year	(851)	(151)	(136)	(1,034)	(149)
Non-current assets	21,233	8,523	916	20,538	8,658
Current assets	2,400	306	312	4,232	340
Total assets	23,633	8,829	1,228	24,770	8,998
Current liabilities	205	106	531	580	112
Non-current liabilities	1,505	487	–	1,493	366
Total liabilities	1,710	593	531	2,073	478
Net assets	21,923	8,236	697	22,697	8,520
Group's share in equity	13,044	4,185	182	13,504	4,328
Goodwill attributable to Reabold's share of associate	4,253	406	4,167	4,253	406
Reabold's share of currency translation differences	–	–	–	–	(66)
Reabold's share of share-based payments	(154)	–	–	(154)	–
Group's carrying amount of investment	17,143	4,591	4,349	17,604	4,668

Transactions between the group and its associates are summarised below.

Sales to associates	2023 Sales	2023 Amount receivable at 31 December	2022 Sales	£'000 2022 Amount receivable at 31 December
Consultancy services	48	14	50	14

Purchases from associates	2023 Purchases	2023 Amount payable at 31 December	2022 Purchases	£'000 2022 Amount payable at 31 December
Exploration and evaluation assets	302	–	275	–

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

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

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

For information on capital commitments in relation to associates see Note 24.

Notes to the Financial Statements

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Reabold's share of impairment charges taken by associates in 2023 was nil (2022: £688,000) and forms part of share of losses of associates in the income statement. The 2022 amount related to writing down the 'non-Victory' assets to their recoverable amount in light of the disposal proceeds Corallian received from Reabold for the acquisition of the licences in 2022.

Details of the Company's associates as at 31 December 2023 are shown below:

Associates	%	Country of incorporation	Principal activities
Rathlin Energy (UK) Limited	59.5	England & Wales	Exploration and Evaluation
Danube Petroleum Limited	50.8	England & Wales	Exploration and Evaluation
LNEnergy Ltd	26.1	England & Wales	Exploration and Evaluation

16. Other investments

		2023		£'000 2022
	Current	Non-current	Current	Non-current
Contingent consideration	4,365	–	8,728	–
Investment in Connaught Oil and Gas Ltd	–	15	–	15
Investment in Daybreak	–	12	–	3,469
	4,365	27	8,728	3,484

The contingent consideration relates to amounts arising on the prior year disposal of Corallian which are financial assets classified as measured at fair value through profit or loss. Reabold received £5.2 million in 2023 taking the accumulated consideration received for the sale of Corallian at the end of 2023 to £8.3 million. The final tranche payment of £4.4 million was received in January 2024 following the NSTA's grant of development and production consent for the Victory gas field.

In 2023 the estimation of the contingent consideration receivable was not considered a significant source of estimation uncertainty as the remaining contingent consideration was received in full in January 2024. In 2022, the fair value was determined using an estimate of discounted future cash flows that were expected to be received based on the contractual terms and was considered a level 3 valuation under the fair value hierarchy. The deferred consideration receivable was modelled using the maximum available external information. The discount rate used is based on a risk-free rate adjusted for asset-specific risks.

The market value of Daybreak is based on level one of the fair value hierarchy, its market price.

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

	Change in fair value 2023 £'000	2022 £'000
Contingent consideration	796	57
Investment in Connaught Oil and Gas Ltd	–	–
Investment in Daybreak	(3,457)	(1,926)
Convertible loan notes	–	18
	(2,661)	(1,851)

17. Trade and other receivables

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Due within one year				
Amounts owed by group undertakings	–	–	292	479
Trade receivables	–	–	–	–
Amounts recoverable from JV partners	17	16		–
Amounts receivable from associates	14	15	14	15
VAT recoverable	95	102	87	87
Other receivables	–	48	–	48
	126	181	393	629

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

At the reporting date the amounts owed by group undertakings to the Company are disclosed net of an impairment of £391,000 (2022: Nil). These amounts have not been secured, have no maturity and bear no interest.

18. Cash and cash equivalents and Restricted cash

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash and cash equivalents	5,413	5,511	5,413	5,511
Restricted cash	25	25	25	25

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

The restricted cash is in respect of surety bonds in the amount of £25,000 (2022: £25,000) to cover restoration of the PEDL183 West Newton site.

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

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

	S&P rating	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Barclays Bank plc	A-1	5,413	5,511	5,413	5,511

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For the year ended 31 December 2023

19. Trade and other payables

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Current:				
Trade payables	298	164	294	164
Other payables	32	34	32	34
	330	198	326	198

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

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

20. Provision for decommissioning

	Group £'000	Company £'000
At 1 January 2023	367	367
Revisions during the year	–	–
Unwinding of discount	15	15
Deletions	–	–
At 31 December 2023	382	382
Classified as:		
Current	–	–
Non-current	382	382

The decommissioning provision at 31 December 2023 comprises the future costs of decommissioning the group's 16.67% interest in wells at West Newton. The costs are expected to be incurred in 2033. The liability has been discounted at a rate of 4% (2022: 4%) and the unwinding of discount has been classified as a finance cost. The estimation of costs, inflation and discount rates are considered to be judgemental although changes in single variables are not individually considered to have a significant impact. A 1.0 percentage point increase in the nominal discount rate applied, could decrease the group's provision balance by approximately £35,000 (2022: £37,000).

21. Financial instruments and financial risk factors

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

At 31 December 2023	Note	Group £'000 Measured at amortised cost	Group £'000 Measured at fair value through profit or loss	Group £'000 Total carrying amount	Company £'000 Measured at amortised cost	Company £'000 Measured at fair value through profit or loss	Company £'000 Total carrying amount
Financial assets							
Other investments	16	–	4,392	4,392	–	4,380	4,380
Trade and other receivables	17	126	–	126	393	–	393
Cash and cash equivalents	18	5,413	–	5,413	5,413	–	5,413
Restricted cash	18	25	–	25	25	–	25
Financial liabilities							
Trade and other payables	19	(330)	–	(330)	(326)	–	(326)
Accruals		(271)	–	(271)	(271)	–	(271)
		4,963	4,392	9,355	5,234	4,380	9,614

At 31 December 2022	Note	Group £'000 Measured at amortised cost	Group £'000 Measured at fair value through profit or loss	Group £'000 Total carrying amount	Company £'000 Measured at amortised cost	Company £'000 Measured at fair value through profit or loss	Company £'000 Total carrying amount
Financial assets							
Other investments	16	–	12,213	12,213	–	8,743	8,743
Trade and other receivables	17	181	–	181	629	–	629
Cash and cash equivalents	18	5,511	–	5,511	5,511	–	5,511
Restricted cash	18	25	–	25	25	–	25
Financial liabilities							
Trade and other payables	19	(198)	–	(198)	(198)	–	(198)
Accruals		(111)	–	(111)	(111)	–	(111)
		5,408	12,213	17,621	5,856	8,743	14,599

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

Financial risk factors

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

- Reabold has exposure to interest rate fluctuations on its cash deposits. This is managed in the short-term through selecting treasury deposit periods of one to three months. Cash credit risks are mitigated through placing funds with institutions carrying acceptable published credit ratings to minimise counterparty risk.
- Reabold has no history of non-payment of trade receivables. Where Reabold operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these third parties. The majority of partners in these ventures are established oil and gas companies. In the event of non-payment, operating agreements typically provide recourse through increased venture shares.

Notes to the Financial Statements

For the year ended 31 December 2023

- Reabold retains certain non-£ cash holdings and other financial instruments relating to its operations. The £ reporting currency value of these may fluctuate from time to time causing reported foreign exchange gains and losses. Reabold maintains a broad strategy of matching the currency of funds held on deposit with the expected expenditures in those currencies. Management believes that this mitigates most of any actual potential currency risk from financial instruments.

(a) Market Risk

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

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

(i) Foreign currency exchange risk

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

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Other investments	12	3,469		–
Cash and cash equivalents (US Dollar)	5	132	5	132

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

	Effect on profit before tax 2023 £'000	Effect on profit before tax 2022 £'000
Increase/decrease in foreign exchange rate		
10% strengthening of £ against US$	(2)	(360)
10% weakening of £ against US$	2	360

(ii) Interest rate risk

The Group's interest rate risk is minimal as the group has no debt. The Group is exposed to interest rate movements through its cash and cash equivalents. If interest rates were to have changed by one percentage point, assuming the cash balance at the balance sheet date was constant throughout the whole year, and all other variables were held constant, the Group's and Company's finance income for 2023 would have changed by approximately £54,000 (2022: £55,000).

(b) Credit Risk

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

(c) Liquidity Risk

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

The Group continues to maintain suitable levels of cash and cash equivalents, amounting to £5.4 million at 31 December 2023 (2021: £5.5 million), invested with highly rated banks and readily accessible at immediate and short notice. The Group and Company has no debt.

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

Group **Year ended 31 December 2023**	**Within 1 year** **£'000**	**Total** **£'000**
Trade and other payables	330	330
Accruals	271	271

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

Company **Year ended 31 December 2023**	**Within 1 year** **£'000**	**Total** **£'000**
Trade and other payables	326	326
Accruals	271	271

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

Capital Management

The primary objective of the Group's capital management is to maintain appropriate levels of funding to meet the commitments of its forward programme of exploration, development and investment expenditure, and to safeguard the entity's ability to continue as a going concern and create shareholder value. In considering the quantum of share buybacks, the board will take account of the cumulative level of, and outlook for surplus cash flow. At 31 December 2023, capital employed of the group amounted to £42.2 million (comprised of £42.2 million of equity shareholders' funds and £nil of borrowings), compared to £46.5 million at 31 December 2022 (comprised of £46.5 million of equity shareholders' funds and £nil of borrowings).

At 31 December 2023, capital employed of the Company amounted to £42.2 million (comprised of £42.2 million of equity shareholders' funds and £nil of borrowings), compared to £46.5 million at 31 December 2022 (comprised of £46.5 million of equity shareholders' funds and £nil of borrowings).

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22. Called-up Share Capital

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

Issued (Group and Company)	Shares thousand	2023 £'000	Shares thousand	2022 £'000
"A" deferred shares of 1.65p	6,916	114	6,916	114
Ordinary shares of 0.1 pence each				
At 1 January	8,929,613	8,930	8,929,613	8,930
Issue of new shares	1,545,072	1,545	–	–
At 31 December	10,474,685	10,475	8,929,613	8,930
Total	10,481,601	10,589	8,936,529	9,044

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

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

At the Company's Annual General Meeting (AGM) on June 29, 2023, the Board was authorised to allot ordinary shares in the Company, and to grant rights to subscribe for or to convert any security into ordinary shares in the Company, up to an aggregate nominal amount of £2.0 million (representing 2 billion ordinary shares of £0.001 each). This authority expires at the end of the AGM to be held in 2024, unless previously renewed, revoked or varied by the Company in a general meeting.

At the June 29, 2023, AGM, shareholders granted the Company the authority to repurchase up to 2.3 billion ordinary shares.

In the case of purchases of the ordinary shares, the minimum price, exclusive of expenses, which may be paid for an ordinary share is £0.001 and the maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of: (i) an amount equal to 10% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid in relation to ordinary shares on the London Stock Exchange. The authorities for market purchases of the ordinary shares will expire at the end of the AGM of the Company to be held in 2024. Ordinary shares purchased by the Company pursuant to these authorities will either be cancelled or held in treasury. Treasury shares are shares in the Company which are owned by the Company itself.

During 2023 the Company repurchased 202 million Ordinary Shares for a total consideration of £263,000 including transaction costs of £2,000. All shares purchased were retained in treasury. A further 78 million Ordinary Shares were repurchased between the end of the reporting period and 29 May 2024, the latest practicable date before the completion of these financial statements, for a total cost of £75,000. The number of shares in issue is reduced when shares are repurchased. These treasury shares are not taken into consideration in relation to the payment of dividends and voting at shareholder meetings.

248 million new Ordinary Shares were issued in 2023 as part of the consideration for the acquisition of Simwell Resources. 1,297 million new Ordinary Shares were issued in 2023 as part of the investment into LNEnergy.

Treasury Shares

	2023 Shares thousand	2023 Nominal value £'000	2022 Shares thousand	2022 Nominal value £'000
At 1 January	–	–	–	–
Purchases held in treasury	202,112	202		
At 31 December	202,112	202	–	–

Treasury shares represent Reabold shares repurchased and available for specific and limited purposes.

23. Share-Based Payments

The Company operates two share-based employee compensation plans: the Reabold Resources plc Long Term Incentive Plan (the "LTIP") and the Reabold Resources plc Deferred Annual Bonus Plan. Both plans were adopted by the Board in April 2023. All previous share option plans in the Company expired on 19 March 2023. The objective of these plans is to develop the interest of Directors and key employees in the growth and development of the Group by providing them with the opportunity to acquire an interest in the Company. Information on these plans for directors is shown in the Directors Remuneration Report on pages 31 to 33.

LTIP

In April 2023, 390,000,000 share options were granted to members of the Group's executive team and senior management.

The vesting criteria of the options is based on Total Shareholder Return ("TSR") over a three-to-five-year period. For the awards to vest in full, the TSR of a share must be at or more than six times (6x) the market value of a share at the grant date using a 30-trading day average. The first measurement date shall be at the end of year three, the second measurement date at the end of year four and the final measurement date at the end of year five. If TSR is less than 2.5x market value, 0% of the award vests. If TSR is at 2.5x market value, 30% of the award vests and if TSR is at 4x market value, 60% of the award vests. Performance between TSR thresholds shall be calculated on a straight-line basis. The awards are structured as nil-cost options and are not exercisable at 31 December 2023.

LTIP awards	2023 Number	2022 Number
Outstanding as at 1 January	–	–
Granted during the year	390,000,000	–
Outstanding as at 31 December	390,000,000	–
Exercisable as at 31 December	–	–

The Company calculates the value of share-based compensation using a Monte Carlo model, taking into account the terms and conditions upon which the options were granted, to estimate the fair value of share options at the date of grant. There are no cash settlement alternatives. The fair value of the LTIP options granted during 2023 was estimated on the date of grant using the following inputs and assumptions:

Dividend yield	0.0%
Volatility	68%
Risk-free rate (3 years)	3.82%
Risk-free rate (4 years)	3.73%
Risk-free rate (5 years)	3.67%
Share price	£0.0018
Exercise price	Nil

Notes to the Financial Statements

For the year ended 31 December 2023

The fair value of the options at grant date was £0.00109. The estimated fair value of options is amortised to expense over the options' vesting period. The LTIP options can be exercised up to 5 years after the 5-year vesting period and therefore, the contractual term of each option granted is 10 years.

The Company recognised total expenses relating to equity-settled share-based payment transactions during the year of £57,000 (2022: £22,000). The balance on the share-based payments reserve at 31 December 2023 is £2.0 million (2022: £1.9 million).

Deferred Annual Bonus Plan (DABP)

Under the Company's remuneration policy, any annual bonus earned is paid 50% in cash, with 50% deferred into restricted share units subject to a three-year restricted period. No shares were granted under the DABP in 2023. Awards applicable to the 2023 bonus outcomes, will be granted as soon as reasonably practicable following the publication of this report provided that no award shall be granted at any time when such grant would be contrary to any dealing restriction.

Expired share option plans

Prior to the introduction of the LTIP and the DABP, the Company operated share option plans for directors. All of these options expired in March 2023. The following table shows the movements in expired share option plans during the year and the corresponding weighted average exercise price (WAEP).

	2023 Number	2023 WAEP pence	2022 Number	2022 WAEP pence
Outstanding as at 1 January	125,000,000	0.89	325,000,000	0.78
Granted during the year	–	–	–	–
Expired during the year	(125,000,000)	0.89	(200,000,000)	0.71
Exercised during the year	–	–	–	–
Outstanding as at 31 December	–	–	125,000,000	0.89
Exercisable at 31 December	–	–	125,000,000	0.89

24. Capital Commitments

Authorised future capital expenditure by group companies for which contracts had been signed at 31 December 2023 amounted to £nil (2022: £nil). However, the group does have obligations to carry out defined work programmes on its licences, under the terms of the award of rights to these licences. The Company is not obliged to meet other joint venture partner shares of these programmes.

PEDL 183

The Joint operation between Rathlin, Reabold and Union Jack have a commitment to drill and test a new Kirkham Abbey deviated or horizontal appraisal well by June 2024. The joint venture has also committed to recomplete or sidetrack and test one of the WNA-1, WNA-2 or WNB-1Z wells in that same timeframe. The Company estimates it's 16.67% share of costs for these commitments to be c.£2.2 million. Rathlin, the operator of PEDL183, is working with the NSTA to defer these commitments to allow the time necessary for Rathlin to obtain sufficient funding for its share of the commitments.

UK North Sea

Reabold estimates its share of firm exploration and appraisal work commitments on its North Sea portfolio to be c.£50,000 over the course of 2024.

25. Related Party Transactions and Transactions with Directors

Transactions between the Group and its associates is disclosed in Note 15. There are no related party transactions, or transactions with Directors that require disclosure except for the remuneration items disclosed in the Directors Remuneration Report and Note 9 above. The disclosures in Note 9 include the compensation of key management personnel. The Company's related parties consist of its subsidiaries and the transactions and amounts due to/due from them are disclosed in the accompanying notes to the Company financial statements.

26. Non-underlying items

Non-underlying items are charges or credits included in the financial statements that Reabold has decided to disclose separately because it considers such disclosure to be meaningful and relevant to investors. They are items that management considers not to be part of underlying business operations and are disclosed in order to enable investors to understand better and evaluate the Group's financial performance. In 2023, Reabold incurred £190,000 (2022: £191,000) in legal and professional fees in relation to the successful defence from a second attempt, from a group of beneficial shareholders, to remove the entire Board of Directors of Reabold and replace them with four new directors. All resolutions proposed by the requisitioning shareholders were rejected at a general meeting held in January 2024 (2022: rejected at a general meeting held in November 2022).

27. Events after the reporting period

Requisitioned General Meeting

On 10 January 2024, Reabold announced that all the proposed resolutions put to shareholders at a general meeting by a group of beneficial shareholders, including removing the entire Board of Directors and replacing it with four new directors, were not passed.

Treasury Shares

78 million ordinary shares were repurchased between the end of the reporting period and 29 May 2024, the latest practicable date before the completion of these financial statements, for a total cost of £75,000. The number of shares in issue is reduced when shares are repurchased. These treasury shares are not taken into consideration in relation to the payment of dividends and voting at shareholder meetings.

Final tranche of contingent consideration from Shell received

On 19 January 2024, Reabold received the final tranche of the contingent payment from Shell for the sale of the entire issued share capital of Corallian Energy Limited, as announced on 1 November 2022, following receipt of Development and Production Consent for the Victory gas field from the North Sea Transition Authority on 17 January 2024. Reabold received £4.4 million for the final tranche, which follows the £8.3 million already received by the Company.

Loan to LNEnergy

On 26 March 2024, Reabold provided LNEnergy with a £0.5 million interest-bearing loan facility. LNEnergy had drawn down the full facility as at the date of publication of this report. The interest-bearing loan with LNEnergy has interest charged at the Bank of England's base rate plus 0.75% and has a maturity date of 25 September 2024. The loan includes a clause that allows Reabold to convert the loan into ordinary shares of LNEnergy at maturity.

Heads of Agreement Signed between Gunvor and LNEnergy

On 2 May 2024, Reabold announced the execution of a non-binding Heads of Agreement ("HoA") between Gunvor and LNEnergy Limited for the purchase of LNG by Gunvor from LNEnergy from the Colle Santo gas field, located onshore Italy. LNEnergy has the exclusive right to acquire a 90% interest in Colle Santo and Reabold owns a 26.1% equity interest in LNEnergy.

Notes to the Financial Statements

For the year ended 31 December 2023

The HoA provides the terms on which Gunvor will purchase LNG from LNEnergy at its planned small-scale LNG production facility at the Colle Santo gas field. Gunvor will purchase approximately 44,000 tonnes of LNG per annum. The point of sale will be the truck loading flange at the small-scale LNG plant, and the LNG will then be delivered by truck in Italy. The price for the LNG will be aligned with the Italian PSV price. The contract term will be for an indefinite period with a minimum term of five years.

The HoA also provides for a potential prepayment by Gunvor for a portion of the first five years of deliveries, with such amounts subject to prepayment being a total of approximately 66,000 tonnes of LNG, or 999,000 MWh. The average forward Italian PSV gas price for the years 2025-2030 is currently approximately €30 / MWh. The prepayment is conditional on agreeing definitive transaction documentation and LNEnergy obtaining the required permits to construct and operate the LNG production facility.

On the basis of the HoA, LNEnergy and Gunvor intend to negotiate a fully-termed LNG sale and purchase agreement over the next six months. During such time, LNEnergy will exclusively discuss the sale and purchase of LNG from Colle Santo with Gunvor.

Company Broker

On 9 May 2024, Reabold announced that Cavendish Capital Markets Limited will act as the Company's sole broker with immediate effect.

West Newton awarded AA rating for Carbon Intensity

On 24 May 2024, Reabold announced the positive conclusions of a Carbon Intensity Study on the West Newton gas development, located within PEDL183 onshore UK in East Yorkshire, undertaken by GaffneyCline. Please see the ESG section – United Kingdom, on page 15 and 16 for more information.

Glossary

AGM
Annual General Meeting

bcf
Billion standard cubic feet

boe
Barrels of oil equivalent

boe/d
Barrels of oil equivalent per day

CPR
Competent Persons Report

ESG
Environmental, Social and Governance

gCO2e/MJ
Grams of carbon dioxide equivalent per megajoule of energy

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

KPIs
Key performance indicators

LNG
Liquified natural gas

LTIP
Long-term Incentive Plan

Megajoule
A unit of energy equivalent to one million joules

mmboe
Million barrels of oil equivalent

mmcf/d
Million cubic feet per day

MW
Megawatt

MWh
Megawatt hours

UKCS
United Kingdom Continental Shelf

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