reabold
resources plc

Annual Report and Financial Statements
For the year ended 31 December 2018

Registered number 3542727

REABOLD RESOURCES PLC
Financial statements for the year ended 31 December 2018

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Officers and professional advisers

Directors	Jeremy Edelman (Chairman) Sachin Oza Stephen Williams Marcos Mozetic Michael Felton Anthony Samaha
Secretary	Anthony Samaha
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Registered number	3542727
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Registrar	Neville Registrars Limited 18 Laurel Lane Halesowen West Midlands B63 3DA
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Reporting Period

- Raised £12.6m before costs, primarily from institutional investors to support the Company's strategy
- Completed acquisition of 100% of Gaelic Resources Limited ("Gaelic") which holds the rights to earn-in up to a 50% interest in near term, high-impact oil & gas leases in California, United States
- Further investment of £2.3m in Corallian Energy Limited ("Corallian") to increase Reabold's interest to 32.9%
- Investment of £1.9m in Danube Petroleum Limited ("Danube") for a 33.3% interest
- Investment of £3.0m in Rathlin Energy (UK) Limited ("Rathlin") for a 37.1% interest
- Commercially successful drilling and work over programme in California
- Two commercial oil discoveries on West Brentwood licence in California

Post Reporting Period

- Two commercial oil discoveries on Monroe Swell licence in California
- Oil discovery at Corallian's Colter project
- Danube to spud first well of two well Parta appraisal programme in Romania in June 2019
- Corallian awarded five new licences by the Oil and Gas Authority as part of the 31st Offshore Licensing Round in the UK
- Discovery at West Newton appraisal well operated by Rathlin, potentially the largest UK onshore gas field, and the largest hydrocarbon discovery onshore UK since 1973

The year ended 31 December 2018 has been a further transformational year for Reabold Resources Plc ("Reabold" or the "Company") as Sachin Oza and Stephen Williams, the Co-Chief Executive Officers, lead the Company and its subsidiaries (the "Group") in advancing its investment strategy in the exploration and production ("E&P") sector.

The reporting period has seen significant progression in the Company's investing policy to acquire direct and indirect interests in exploration and producing projects and assets in the natural resources sector. Whilst the Company has to date focused its investments in the UK, Europe and North America, consideration continues to be given to investment opportunities in other jurisdictions.

As an investor in upstream oil & gas projects, Reabold aims to create value from each project by investing in undervalued, low-risk, near-term upstream oil & gas projects and by identifying potential monetisation plans prior to investment. Reabold's long term strategy is to re-invest capital made through its investments into larger projects in order to grow the Company. Reabold aims to gain exposure to assets with limited downside and high potential upside, capitalising on the value created between the entry stage and exit point of its projects.

Corallian Energy

On 1 November 2017, the Company made its first investment under its focused investment strategy, entering share subscription agreements to acquire a total of 1,111,111 new Corallian shares at £1.35 per share, for a total investment of £1,500,000. Corallian is a private UK oil & gas appraisal and exploration company, which has a portfolio of UK oil & gas licences, including the Colter and Wick appraisal and exploration projects. The first £500,000 subscription in Corallian was completed on signing of a subscription agreement, with a further £1,000,000 subscription completed in May 2018.

On 12 February 2018, Reabold announced that Corallian was intending to raise additional capital in order to increase Corallian's exposure to the Colter prospect from 40% to 50%, to increase its exposure to the Wick prospect from 25% to 40%, and to further progress additional assets. The Company was pleased to have supported this fund raising, entering into two further subscription agreements with Corallian. The first agreement was an unconditional subscription for 333,333 new Corallian shares at £1.50 per share for an investment of £500,000, which was completed in February 2018. The second agreement gave Reabold the option to subscribe for an additional 333,333 new Corallian shares, at a price of £1.50 per share, for an investment of £500,000 at any point up to 6 April 2018, which was completed prior to the expiry date.

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

Completion of the above subscriptions resulted in Reabold investing a total of £2,800,000 for a 32.9% interest in Corallian as at 31 December 2018.

In December 2018, Corallian received final regulatory approvals for the drilling of the Wick and Colter wells, which were drilled as a back-to-back programme using the ENSCO-72 jack-up rig, commencing first with the drilling of the Wick well in December 2018. Following completion of the Wick well, the rig was mobilised from the Moray Firth to the English Channel to drill the Colter well, in February 2019.

In January 2019, the Company was disappointed to announce that Corallian, operator of the Wick well located in the UKCS Block 11/24b (Licence P2235), had informed the Company that the target Beatrice sands, whilst present in the well, were water bearing. The well had been drilled to a total depth of 1,000 metres. Whilst we were disappointed with the result of the Wick well, we considered Wick to be the highest risk prospect in our portfolio and not representative of the typical Reabold appraisal target.

In February 2019, the Company was pleased to report that Corallian encountered pay[1] within the Colter South fault block. The Colter well (98/11a-6) was drilled as a vertical well with the ENSCO-72 jack-up rig and reached a Total Depth of 1,870 metres MD (measured depth) in the Sherwood Sandstone.

[1] *A reservoir or portion of a reservoir that contains economically producible hydrocarbons*

The Company was pleased that the well confirmed a discovery in the Colter South Prospect for which Corallian had estimated a PMean recoverable volume of 15 million barrels of oil equivalent (mmboe) pre-drill.

Encouraged by the results at the Colter prospect, in February 2019, the Company secured an additional equity investment into Corallian, by way of an advanced subscription agreement, whereby Reabold invested £750,000, which will be priced at a 30% discount to the next Corallian fundraise. This investment would cover Corallian's expected costs in relation to the sidetrack to appraise the principal Colter oil discovery.

In March 2019, the sidetrack operation at the Colter well was completed. The purpose of the well had been to delineate the Colter structure accurately to complement the existing well and seismic data in the area. As previously announced, the anticipated controlling fault between the Colter and Colter South areas is further to the north than had been mapped on the 3D seismic.

We were delighted to make an oil discovery with the Colter well, and with the sidetrack effectively giving us two wells worth of data, the operator is now in a position to undertake the necessary work to determine the optimum forward plan. The data from these well results and existing data will be incorporated to determine the best forward plan.

On 5 June 2019, the Company announced that Corallian has been offered five new licences by the Oil and Gas Authority as part of the 31st Offshore Licensing Round, offering blocks in frontier areas of the UK Continental Shelf. Three of these new licences have been awarded with joint venture partners, while the other two have been offered on a 100% interest basis. The five licences comprise 22 blocks and part blocks, including one in the English Channel (49%. interest), two in the Inner Moray Firth (40%. interest each), one in the Viking Graben (100% interest) and one in the West of Shetland basin (100% interest).

Danube Petroleum

On 4 December 2017, the Company announced its second portfolio investment, , whereby it entered into an agreement with Danube, which was then a wholly owned subsidiary of ASX listed ADX Energy Ltd (ASX:ADX) ("ADX"), to invest a total of £1,500,000 for a 29% interest in Danube. Danube was a newly-formed UK private oil and gas company, which at the time held a 50% interest in the high impact Parta licence ("Parta"), onshore Romania, and a 100% interest in a low-risk appraisal campaign within Parta, comprising of two wells planned to test 49.9 billion cubic feet (bcf) prospective and contingent resources.

The first tranche of the Company's investment in Danube of 375,940 new Danube shares at £1.00 per share for an investment of £375,940 was completed in March 2018, with the second tranche of 1,127,819 new Danube shares at £1.00 per share for an investment of £1,127,819 being completed following submission of an Authorisation for Expenditure for the first appraisal well (the "First Parta Appraisal Well") on 17 September 2018.

In addition, Reabold held an option to acquire a further 375,940 shares in Danube, at a price of £1.00 per share, which could be exercised at the discretion of the Company within the six months following completion of the transaction. In November 2018, the Company exercised this option and invested a further £375,940 in Danube. Following the above subscriptions, Reabold had invested a total of £1,879,700 for a 33.3% interest in Danube.

In October 2018, the Company announced that Danube had entered into a Sale and Purchase Agreement (the "SPA") to purchase a 100% interest in the Iecea Marea Production Licence (the "IM Production Licence") from the Romanian oil & gas production company, Amromco Energy SRL ("Amromco"). Under the terms of the SPA, Danube paid Amromco an initial fee of €10,000, followed by a further €20,000 and a 5% royalty for production from future wells located within the IM Production Licence. The acquisition of the IM Production Licence enables the Parta Appraisal well to be drilled from an optimal location within the IM Production Licence area and enhances Danube's ability to organically develop other high-value gas production opportunities in the area.

On 11 December 2018, the Company announced that it had been in discussions with ADX regarding the timing of the ADX commitment to invest US$500,000, either directly or via a third party, into Danube at £1.00 per share. This is the price per share at which all Reabold investments have taken place to date into Danube. As a result of this process, in December 2018, Reabold and ADX entered into a subscription agreement (the "Subscription Agreement") to extend the deadline for this investment, and agreed the following funding commitments and options:

1) Under the terms of the Subscription Agreement, ADX committed to either invest directly or source investment from a third party for £375,940 on the same terms as Reabold's investments prior to 15 March 2019 (at £1.00 per share). In the event that ADX did not complete (or procure a third party to complete) the ADX Investment by 15 March 2019, ADX agreed to grant Reabold the right to subscribe to the shares at an issue price of £0.80 per new Danube share.
2) Reabold had the option to subscribe to a further 375,940 Danube shares at an issue price of £1.00 per share at any time prior to 15 March 2019.

In addition, pursuant to the Subscription Agreement, Reabold and ADX agreed to grant the following options to subscribe for shares in Danube in order to provide funding for the second Parta Appraisal Well ("Second Parta Well Funding"):

1) Reabold may subscribe for a further 1,627,604 Danube shares at an issue price of £1.20 per share by electing to do so within six weeks of receipt of well logging data from the final logging run on the First Parta Appraisal Well. The monies raised by Danube, should Reabold elect to subscribe for these shares, would be £1,953,125.
2) ADX may subscribe for a further 651,042 Danube shares at an issue price of £1.20 per share by electing to do so within six weeks of receipt of well logging data from the final logging run on the First Parta Appraisal Well. The monies raised by Danube, should ADX elect to subscribe for these shares, would be £781,250.
3) Reabold and ADX may exercise their respective options to acquire shares up to a value of £1,953,125 for Reabold and £781,250 for ADX at any time prior to the spudding of the First Parta Well at a subscription price of £1.00 per Danube share rather than £1.20 per Danube share.

The agreed funding options provided a framework to fund the drilling, testing and completion for production of the two planned Parta Appraisal wells. Assuming the above funding options are exercised, up to £4,910,225 (approximately US$6.2m) of funds would be provided to Danube by the parties.

On 19 March 2019, ADX provided an update on the Parta appraisal operations in Romania. Danube owns 100% of the Parta Exploration Permit, in which the IM Production Licence is located. The planned First Parta Appraisal Well is expected to spud in late-June 2019.

Danube selected IM-1 as the first drilling candidate for the appraisal programme (i.e. the First Parta Appraisal Well) as it sits within the IM Production Licence and Danube believes a successful well on the Production Licence can be put into production more readily. The IM-2 well is located within Parta Exploration Permit but outside of the IM Production Licence.

The spudding of IM-1 will be later than previously planned, primarily due to Danube's preference to drill IM-1 from within the IM Production Licence, which needed to be formally transferred from Amromco before the government authority could issue a drilling permit. Furthermore, despite the acquisition of the IM Production Licence completing in October 2018, the full data set utilised for prospect evaluation and planning for the IM Production Licence was not provided to ADX until 19 December 2018.

IM-1 is targeting multiple pay zones, including established appraisal potential from historical wells drilled in the 1980s one of which was tested but never produced. An independent report prepared by ERC Equipoise Pte Ltd ("ERCE") in mid-2018, assessed the contingent and prospective resource potential of IM-1 of 18.8 bcf on a P50 basis[2]. This excludes deeper exploration potential, which will be accessed by the IM-1 well. ERCE has assessed a contingent and prospective resource, excluding the exploration potential, of 49.9 bcf across IM-1 and IM-2 on a P50 basis.

The most likely cost estimate for the IM-1 well is currently US$3m, for which Danube is fully funded, including evaluation, logging and running casing. This cost estimate does not include well testing operations which are planned to be undertaken with a much smaller and lower cost work over unit. Included in the well cost estimate is a well head and production tubing, which has already been purchased.

[2] *A 50% probability that a stated volume will be equaled or exceeded.*

On 8 April 2019, Reabold was pleased to announce that a binding Heads of Agreement had been signed between Danube's wholly owned subsidiary, ADX Energy Panonia Srl, and an Australian private company, Parta Energy Pty Ltd, (the "Farminee") to fund a planned US$1.5m seismic programme on Danube's Parta Exploration Licence ("Parta Licence"), onshore Romania. Completion of this seismic programme will earn the Farminee a 50% interest in the Parta Licence (the "Farm-In").

Danube currently holds a 100% interest in the Parta Licence, following the withdrawal of previous partner Rohöl-Aufsuchungs Aktiengesellschaft ("RAG") on 31 March 2019 and, following completion of the Farm-In, Danube will again have a 50%. interest in the Parta Licence. The Farm-In excludes the Parta Appraisal Programme Area, in which Danube has a 100% interest, and expects to drill the IM-1 appraisal well in Q2 2019, as announced on 19 March 2019. The Farminee is a company formed to undertake exploration in Romania, with guaranteed financial support to undertake its Farm-In obligations. The agreement is conditional on finalisation of a joint operating agreement and the extension of the Licence for a further two years.

The Farminee will fund the first US$1.5m of expenditure, for the acquisition of approximately 100 km^2 of 3D seismic to earn a 50% participating interest in the Parta Licence. ADX expects all Farm-In funding conditions to be met by the end of June 2019 and will commence planning the seismic programme during Q3 2019, with a view to seismic acquisition occurring during Q4 2019. ADX has previously acquired approximately 100km of 2D seismic and 50km^2 of 3D seismic, and has licenced (with landowners) an area of approximately 200km^2 for future 3D seismic acquisition within the Parta Licence. The Parta Licence activities are intended to provide low risk, high reward exploration follow up drilling locations for Danube, following on from the Parta Appraisal Programme.

This was a highly encouraging development for Danube and we are also encouraged to see additional interest in putting capital to work in Romania. With RAG making the decision to withdraw from all E&P activities, their 50% equity position has effectively been swapped into an enthusiastic new entrant that is putting an additional US$1.5m into the asset, to further develop the Parta Licence.

Whilst the focus in Romania has always been on the imminent appraisal programme, a key attraction of our Danube position has always been the additional prospectivity and running room within the Parta Licence area. This seismic programme is a key step towards further unlocking that potential and building an E&P business of scale in Romania, without any additional capital being required from Danube or Reabold.

On 9 May 2019, the Company was pleased to announce that it had agreed to subscribe for a further 375,940 ordinary shares in Danube at an issue price of £1.00 per share, increasing Reabold's interest in Danube from 33.3% to 37.5%. In addition, ADX, on behalf of Danube, has agreed to engage Reabold for a period of 12 months to provide Corporate Advisory Services to Danube for an annual fee of approximately £75,000.

On 30 May 2019, the Company was pleased to announce that Danube has received all the required permits from the relevant bodies and secured all the key services and materials required to enable the drilling of the IM-1 appraisal well. The construction of the well site and access road is expected to be completed within 6-8 weeks, following which, the IM-1 well will be drilled immediately.

It should be noted that all approvals and permits have already been secured for the Iecea Mica 2 well, the second planned well in the Parta appraisal programme.

Gaelic Resources

On 4 July 2018, the Company was pleased to announce the completion of the acquisition of 100% of the issued share capital of Gaelic for the issue of 420 million new ordinary shares in Reabold (the "Consideration Shares"), representing £2,625,000 at the closing price of 0.625p per share on AIM on 4 July 2018 (the "Gaelic Acquisition"). The Gaelic Acquisition provides Reabold with options to participate in multiple near-term, high-impact oil and gas leases in California, United States (the "Leases").

The acquisition of Gaelic was considered by management to be a perfect fit with the Reabold strategy, providing high-impact drilling opportunities in California, with considerably de-risked wells with low drilling costs and a fast path to monetisation. The Company has been delighted with the commercial success of the drilling programme to date, demonstrating the effectiveness of this strategy.

Gaelic's wholly owned subsidiary, Temporary Energy LLC ("Temporary"), holds the rights to earn-in to 50% of the Leases by drilling up to five wells by the end of 2019, pursuant to an agreement entered into with Sunset Exploration, Inc (the "Earn-in Agreement").

Successful wells have been put into production, providing cash flow for further drilling activity. The Leases are operated by Integrity Management Solutions ("Integrity" or the "Operator"), a California operating company that leads direct operational decisions pertaining to the Leases. The five-well drilling programme is expected to cost Reabold up to approximately US$7m.

An outline of Temporary's California projects is set out below:

(i) Monroe Swell Redevelopment:
- Redevelopment of four out of seven existing production wells with oil in place of 1mmbbl (million barrels)[3]
- Operator estimate of potential value to Reabold US$10m[3]

(ii) Monroe Swell Drilling:
- 3D defined, high-impact shallow prospects
- Operator estimates potential resource of more than 4mmbbl of oil[3]
- Two-well programme to earn-in to 50% of the asset, the first to be drilled before the end of 2018, the second by mid-2019
- Both wells were drilled by 1 April 2019, earning Reabold a 50% interest
- Operator estimate of potential value to Reabold US$100m[3]

(iii) West Brentwood:
- Oil field with significant historical production
- Up-dip portion of the field expected to be undrained; well defined by 3D seismic
- 1-2mmbbl of oil in place[3]
- Temporary has earned a 50% equity interest in the licence
- Operator estimate of potential value to Reabold of US$25m[3]

(iv) Grizzly Island:
- Gas prospects with 50-90 bcf recoverable[3]
- Defined by 70 square mile 3D seismic data
- Temporary has the right to earn into a 50% equity interest in the licence
- Operator estimate of potential value to Reabold: US$50-100m[3]

Monroe Swell Redevelopment

In August 2018, the Company was pleased to complete the four well workover programme consisting of the Doud A-1, A-2, A-3 and A-7 wells, with the wells brought into initial production, and Reabold earning a 50% working interest in the wells. The Doud wells had been partially shut in post the very heavy rains experienced in California, with a plan to return to higher production following the Burnett well programme which continues.

West Brentwood

As part of the Earn-in Agreement, Reabold funded the VG-3 well to earn a 50% equity interest in the West Brentwood licence. In August 2018, the drilling of VG-3 commenced targeting the up-dip portion of a previously produced field which has been identified on 3D seismic.

On 30 August 2018, the Company was delighted to announce that Integrity, the contract operator of the Company's California investments, had informed the Company of a commercial hydrocarbon discovery at the VG-3 well that would be completed as a producer. In September 2018, VG-3 was successfully tested and in November 2018 it was put into production.

Given the success of the VG-3 well, the decision was made to prioritise the drilling of a second well on the West Brentwood licence, in which the Company has earned a 50% interest, ahead of the drilling of a well on Grizzly Island.

[3] *As provided by Integrity Management Solutions, contract operator of the licences.*

On 3 January 2019, the Company was informed by Integrity of a successful drilling result at the VG-4 well, with significant oil and gas shows in the targeted formation. The well was put on production at a constrained rate due to the associated gas being produced with the oil and, on 29 April 2019, the Company announced that, work was underway to complete a tie into the nearby gas pipeline. This will allow the VG-4 well to produce oil at a higher rate, as well as allowing the sale of the gas produced from the well. Integrity awaits an Encroachment Permit from the California Division of Oil, Gas and Geothermal Resources required to complete the tie-in due to the proximity of the pipeline to a public road. VG-4 has been shut in whilst this final stage of the works is completed.

Success at VG-4 is a great result, both in terms of the substantial increase in cash flow that we can generate from West Brentwood, and in proving that we have significant running room within our California portfolio. We continue to be impressed by the performance at West Brentwood, and we are actively considering the potential for additional wells to further accelerate the already impressive cash flow.

Monroe Swell

Pursuant to the Earn-in Agreement with Sunset Exploration, Reabold will pay the full drilling and completion costs of two wells within the Monroe Swell licence areas in order to earn a 50% net working interest in these licences. Additional activity beyond the initial two wells will be funded by Reabold on a 50% working interest basis. Similar to West Brentwood, the wells on Monroe Swell targeted the up-dip parts of previously produced parts of the field which had been identified on 3D seismic.

On 11 March 2019, Reabold was pleased to announce that Integrity had informed the Company of a successful drilling result and oil discovery at the Burnett 2A well in California. Following the Burnett 2A drilling results, Reabold and Integrity made the decision to seek accelerated permitting for the Burnett 2B well. On 1 April 2019, Reabold announced that Integrity had informed the Company of a successful oil discovery at the Burnett 2B well.

Following the drilling and completion of the Burnett 2B and 2A wells, Temporary has completed its earn-in to the Monroe Swell licence area and has been assigned a 50% equity interest. Future activity at the Monroe Swell field will be undertaken at a 50% paying interest to Temporary.

Success with the Burnett 2A and 2B wells is highly encouraging. With low drilling and completion costs, short drilling times and substantial running room, Monroe Swell can deliver substantial production growth, coupled with highly attractive returns. Monroe Swell is expected to be a multi-well project which can unlock significant NPV[4] potential.

Grizzly Island

In view of the success of the West Brentwood and Monroe Swell programmes, the drilling in Grizzly Island is now planned for later this year.

Rathlin Energy

On 30 November 2018, the Company completed a subscription agreement with Rathlin, a wholly-owned subsidiary of Calgary-based Connaught Oil & Gas Limited ("Connaught"), to invest a total of £3,000,000 (the "investment") for an equity interest of 37.08% in Rathlin, which is the operator of the PEDL183 licence onshore UK. The investment was conditional on, *inter alia*, the completion of a farm out, by Rathlin, of PEDL183 to Union Jack Oil plc ("Union Jack") and Humber Oil & Gas Ltd ("Humber") (the "Farm Out") which resulted in Rathlin retaining a 66.67% equity interest in PEDL183. The licence contains the significant West Newton A-1 gas discovery, and the investment has been utilised, together with the Farm Out, to fund the drilling of an appraisal well on this discovery during Q1/Q2 2019.

[4] *Net present value*

Project Highlights:

- Q1 2019 drilling programme, designed to test two high-impact targets
- Gross Contingent Resource of 189bcfe (31.5mmboe) assigned to the West Newton A-1 gas discovery
- Gas appraisal target with an estimated 72% chance of success and gross NPV (10) of US$247m[5]
- Additional future upside from the testing of the reef flank Cadeby formation oil prospect, with gross Prospective Resource of 79.1mmboe
- Cadeby oil exploration target which has an estimated 24% chance of success and gross NPV (10) of US$850m[5]
- Planning permission for the appraisal well is in place and the target is drill ready
- Connaught Management estimates supported by a 2017 Competent Person's Report (CPR)

On 26 April 2019, Reabold was pleased to announce that drilling operations had commenced at the West Newton A-2 appraisal well, onshore UK. Drilling operations will first consist of one well drilling into the Kirkham Abbey Formation gas discovery, de-risking 189 bcfe (billion cubic feet equivalent) Contingent Resources, before then targeting the deeper Cadeby Formation oil exploration target which has gross Prospective Resources of 79.1mmboe.

In a success case, West Newton offers a fast pathway to monetisation through its proximity to existing gas pipelines and infrastructure in the local area. The West Newton A-2 appraisal well will be drilled to a total depth of approximately 2,061 metres below ground level and it was expected to take circa 40 days to complete drilling operations.

The Company believes that West Newton is extremely attractive, due to both its scale and its location, and the West Newton A-1 discovery suggests that Rathlin may have one of the largest onshore UK gas fields. Reabold is pleased to have provided the funding for the appraisal well that can potentially prove up its considerable value.

On 17 June 2019, the Company was pleased to announce that the West Newton A-2 appraisal well had been successful, which confirms Connaught's previous assessment that West Newton could potentially be the largest UK onshore gas field, and the largest hydrocarbon discovery onshore UK since 1973. Preliminary data suggests West Newton 2C Contingent Resources[5] is at least the pre-drill estimate of 189bcf, the equivalent of 31.5mmbbl of oil. The data from the A-2 appraisal well is subject to further testing, which is required to determine flow rates and inform the forward work programme. The extended well test operations are expected to commence during Q3 2019.

Rathlin currently has a 66.67% interest in PEDL183, with both Union Jack Oil plc and Humber Oil & Gas Limited holding 16.665% of the licence. Reabold currently has an approximate 24% economic interest in PEDL183, via its approximate 36% equity interest in Rathlin. Connaught currently holds an approximate 35% equity interest in Rathlin.

Placings

In March 2018, the Company was delighted to complete a significant fund raising of £7.75m (before expenses) through the issue of 1,291,750,000 new ordinary shares at a price of 0.6 pence per share, to support the Company's investment policy.

In September 2018, the Company was pleased to complete a further fund raising of £4.83m (before expenses), through the issue of 568,908,823 new ordinary shares at a price of 0.85 pence per share, to further support the Company's investment policy.

The Company was delighted by the support given by institutional investors to the placings, including welcoming significant new institutions to the share register.

[5] *Connaught Management estimate (Note: this estimate is based on the economic evaluations run by Deloitte LLP for the CPR, updated by Connaught to reflect the most recent price forecasts provided by Deloitte)*

Nominated Adviser and Board Changes

On 17 September 2018, Reabold was pleased to announce the appointment of Strand Hanson Limited as Nominated Adviser (Nomad) to the Company and Marcos Mozetic and Mike Felton as Non-Executive Directors.

Marcos Mozetic, an exploration geologist, brings over 41 years of international technical experience in the oil and gas industry to the Company. His most recent experience was in designing, implementing and leading Repsol S.A.'s exploration strategy between 2004 and 2016. During this period Repsol 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. The Board looks forward to reporting further in due course.

Mike Felton is an experienced fund manager in the City and brings over 29 years of financial expertise to the Company. Mike previously served as Head of UK Retail Equities at M&G Investments and was Manager of the M&G UK Select Fund, growing the fund's assets from £110m to circa £550m at its peak. Mike has also previously served as Joint Head of Equities at ISIS Asset Management and Manager of ISIS UK Prime Fund, as well as Chief Investment Officer at Lumin Wealth, a position he still retains part-time. Mr Felton sits on the International Tennis Federation's Investment Advisory Panel and is a Business Ambassador for Anthony Nolan, the UK's blood cancer charity and bone marrow register.

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

Jeremy Edelman
Chairman

26 June 2019

Much has been achieved in the reporting period, including:
- two rounds of fundraising attracting strong institutional support;
- investments in Corallian, Danube and Rathlin, funding exciting (and potentially transformational) drilling campaigns;
- the acquisition of 100% of Gaelic and commercial drilling success; and
- evaluating a number of further exciting potential transactions, consistent with our strategy.

These achievements are just the first part of executing our differentiated strategy, which is tailored to create shareholder value against an industry backdrop that has caused widespread share price underperformance in junior exploration and production companies since 2012.

Our strong focus on this sector during our many years in the asset management industry leaves us fully understanding the frustration felt by investors experiencing falling share prices despite sound underlying asset bases. At the core of the Reabold strategy is the conversion of quality assets into positive share price performance, and this mindset drives everything that we do.

This is a very exciting time in the upstream oil & gas industry; costs remain extremely low following the downturn, and with a healthy commodity price outlook, project returns (for high quality assets) are more robust than has been the case for quite some time. As such, this is the ideal time to put capital into the ground, and the lack of activity in conventional oil & gas over the last half a decade has resulted in an abundance of interesting projects in need of financing.

We are extremely excited by the return potential these opportunities provide Reabold investors and look forward to embarking on a further multi-well transformational drilling campaign over the next twelve months.

Business Model

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

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

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

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

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

In order to maximise the return profile, identifying the optimal time to exit a project is critical to Reabold's strategy. Doing so effectively will allow the company to scale and attract more capital over time. Monetisation of investments depends on the extent of any success and market conditions, which are principally:
i) an asset sale or IPO; and/or
ii) putting the asset into production.

Reabold has effectively two business streams:
i) monetisation of investments through asset sale or IPO within 18 to 24 months upon major valuation milestone of drilling success; and
ii) monetisation of investments by putting the asset into production.

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

Corallian

In February 2019, the Colter well (98/11a-6) was drilled as a vertical well with the ENSCO-72 jack-up rig, reaching a Total Depth of 1,870 metres MD in the Sherwood Sandstone. This well was an appraisal of the 98/11-3 well, drilled in 1986 by British Gas, within the Colter Prospect. The 98/11a-6 well unexpectedly remained on the southern side of the Colter Prospect bounding fault but encountered oil and gas shows over a 9.4 metres interval at the top of the Sherwood Sandstone reservoir. A petrophysical evaluation of the LWD data has calculated a net pay of 3 metres. Similar indications of oil and gas were encountered in the 98/11-1 well, drilled in 1983 by British Gas, within the Colter South fault terrace. Provisional analysis of the new data indicates that the two wells may share a common oil-water-contact having both intersected the down-dip margin of the Colter South prospect. Corallian's most recent assessment of the Colter South Prospect prior to drilling the 98/11a-6 well had estimated a mean recoverable volume of 15mmbbls. Further work will be required to refine this assessment with the new well data.

The joint venture subsequently side-tracked the 98/11a-6 well. The side-track was drilled directionally to a Sherwood Sandstone target within the Colter prospect on the northern side of the bounding fault. In March 2018, the sidetrack operation at the Colter well was completed. The purpose of the well had been to delineate the Colter structure accurately to complement the existing well and seismic data in the area. As previously announced, the anticipated controlling fault between the Colter and Colter South areas is further to the north than had been mapped on the 3D seismic.

Following completion of drilling, it has now been determined that the majority of the potential resource resides within the Colter South portion of the play. The more northerly location of the fault results in a larger areal extent than previously mapped at Colter South, which modelled a 15mmbbl Pmean[6] potential resource within the Colter South Prospect. Further work will now be undertaken to evaluate the resource size at Colter South, incorporating this new data. However, this also results in a smaller areal extent of the Colter feature north of the fault, which is unlikely to yield additional commercial volumes.

The data from these well results will be used to determine the forward plan to maximise the potential value associated with the Colter South Prospect. In addition, the side-track encountered oil and gas shows in the Jurassic Cornbrash-Lower Oxfordian interval, the producing reservoirs in the Kimmeridge oilfield, and this provides an interesting potential target on trend to the west within the onshore licences held by the Joint Venture.

We were delighted to make an oil discovery with the Colter well, and with the sidetrack effectively giving us two wells worth of data, the operator is now in a position to undertake the necessary work to determine the optimum forward plan. The data from these well results and existing data will be incorporated to determine the best forward plan. This offsets the disappointment around the lack of commerciality within the northern Colter fault terrace.

On 5 June 2019, the Company announced that Corallian has been offered five new licences, comprising 22 blocks and part blocks, including one in the English Channel (49% interest), two in the Inner Moray Firth (40% interest each), one in the Viking Graben (100% interest) and one in the West of Shetland basin (100% interest). The fact that Corallian has been awarded 22 new blocks and part blocks out of a total of just 144 by the Oil and Gas Authority as part of the 31st Offshore Licensing Round in the UK, demonstrates the significant capability and experience of its management team in identifying opportunities. In particular, the award of blocks around the Colter discovery is a highly important step for Corallian in realising further potential in the area and ultimately generating value for Reabold shareholders.

Danube

Reabold's investment in Danube offers the Company exposure to the low-risk, high-impact, Parta licence, onshore Romania, in line with Reabold's strategy, and a two-well appraisal campaign is scheduled for 2019. The objective of the campaign is to test 49.9 bcf of prospective and contingent resources, delineated by 3D seismic data, gross to Danube, which ADX estimates will generate US$128m of NPV to Danube.

[6] *The expected average value or risk-weighted average of all possible outcomes*

Parta particularly stood out as an opportunity due to the low drilling and operating costs and low risk nature of the appraisal drilling from a subsurface perspective. The economics are extremely attractive based on current gas prices and the licence is considered profitable at considerably lower gas prices.

As part of the planned work programme, the appraisal wells are also intended to be producer wells. Danube can use the abundance of nearby infrastructure to readily monetise gas, thereby creating cash flow for Danube and subsequently Reabold. This cash can then be used to target further upside on the licence on which prospective resources of 300bcf of gas and 45mmbbl of oil have been identified by the operator. As part of the appraisal campaign, two gas discoveries, one of which has previously flowed gas to surface, will be re-drilled.

On 19 March 2019, ADX provided an update on the Parta appraisal operations in Romania. Danube owns 100% of the Parta Exploration Permit, in which the IM Production Licence is located, which was acquired from Amromco in October 2018. The planned Parta appraisal programme consists of two wells, IM-1 and IM-2, with IM-1 expected to spud in late-June 2019.

Since mid-2018, Danube has been seeking to obtain all of the necessary permits and statutory approvals required to allow it to drill the two appraisal wells, which have now all been duly received. Danube has recently selected IM-1 as the first drilling candidate for the appraisal programme as it sits within the IM Production Licence and Danube believes it can be put into production in a relatively short timeframe. The IM-2 well is located within Parta Exploration Permit but outside of the IM Production Licence.

The spudding of IM-1 will be later than previously planned, primarily due to Danube's preference to drill IM-1 from within the Production Licence, which needed to be formally transferred from Amromco before the government authority could issue a drilling permit. Furthermore, despite the acquisition of the IM Production Licence completing in October 2018, the full data set utilised for prospect evaluation and planning for the IM Production Licence was not provided to ADX until 19 December 2018.

IM-1 is targeting multiple pay zones, including established appraisal potential from historical wells drilled in the 1980s that were tested but never produced. IM-1 also has exploration potential defined on recently acquired 3D seismic data. An independent report prepared by ERC Equipoise Pte Ltd ("ERCE") in mid-2018, assessed the contingent and prospective resource potential of IM-1 of 18.8bcf on a P50 basis. This excludes deeper exploration potential, which will be accessed by the IM-1 well. ERCE has assessed a contingent and prospective resource, excluding the exploration potential, of 49.9bcf across IM-1 and IM-2 on a P50 basis.

Due to expected overpressure starting at around 2,400 metres (the historical well blow out reservoir), 7" casing is programmed to be run to a depth of 2,350 metres TVD (true vertical depth). The well will then be drilled through the overpressure zone in a smaller 6 1/8" hole size and will reach TD (target depth) at around 2,500 meters.

The most likely cost estimate for the IM-1 well is currently US$3m, for which Danube is fully funded, including evaluation, logging and running casing. This cost estimate does not include well testing operations which are planned to be undertaken with a much smaller and lower cost work over unit. Included in the well cost estimate is a well head and production tubing, which has already been purchased.

On 8 April 2019, Reabold was pleased to announce that a binding Heads of Agreement had been signed between Danube's wholly owned subsidiary, ADX Energy Panonia Srl, and an Australian private company, Parta Energy Pty Ltd (the "Farminee") to fund a planned US$1.5m seismic programme on Danube's Parta Exploration Licence onshore Romania. Completion of the planned US$1.5m seismic programme will earn the Farminee a 50% interest in the Parta Exploration Licence (the "Farm-In"). Danube currently holds a 100% interest in the Licence, following the withdrawal of previous partner Rohöl-Aufsuchungs Aktiengesellschaft on 31 March 2019 and, following completion of the Farm-In, Danube will again have a 50% interest in the Parta Exploration Licence.

The Farm-In excludes the Parta Appraisal Programme Area, in which Danube has a 100% interest, and expects to drill the IM-1 appraisal well in Q2 2019, as announced on 19 March 2019. The Farminee is a company formed to undertake exploration in Romania, with guaranteed financial support to undertake its Farm-In obligations. The agreement is conditional on finalisation of a joint operating agreement and the extension of the Parta Exploration Licence for a further two years.

The Farminee will fund the first US$1.5 million of expenditure, for the acquisition of approximately 100 km^2 of 3D seismic to earn a 50% participating interest in the Parta Exploration Licence. ADX expects all Farm-In funding conditions to be met by the end of June 2019 and will commence planning the seismic programme during Q3 2019, with a view to seismic acquisition occurring during Q4 2019. ADX has previously acquired approximately 100km of 2D seismic and 50km^2 of 3D seismic, and has licenced (with landowners) an area of approximately 200km^2 for future 3D seismic acquisition within the Parta Exploration Licence.

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

On 30 May 2019, the Company announced that Danube has received all the required permits to enable the drilling of the IM-1 appraisal well, with the construction of the well site and access road expected to be completed within 6-8 weeks, following which, the IM-1 well will be drilled immediately.

The upper 2,350 metres of the IM-1 well will be a re-drill of the original discovery well and will evaluate multiple gas zones mapped on 3D seismic data including a gas zone which was flow tested. The well will then be deepened by a further 200 metres to evaluate a larger exploration target, which has been proven to contain hydrocarbons in other fields within the basin.

The IM-1 well is not only highly prospective, it also has the benefit of being close to infrastructure for gas, oil and electricity, thereby enabling the future potential for low cost, highly profitable commercialisation. With low well costs and approvals already secured for the second well in the appraisal campaign, we see significant value and running room in our Romanian investment and look forward to updating the market on further news in the coming months.

It should be noted that all approvals and permits have already been secured for the Iecea Mica 2 well, the second planned well in the Parta appraisal programme.

Gaelic

West Brentwood

On 30 August 2018, the Company was delighted to announce that Integrity, the contract operator of the Company's California investments, had informed the Company of a commercial hydrocarbon discovery at the Venturini-Ginochio #3 ("VG-3") well within the West Brentwood licence area. The well was safely drilled to the planned target depth of 4,600ft and was subsequently completed as a producing well.

The well was drilled in a location up-dip of a previously-producing well on the West Brentwood field, where logging equipment indicated the presence of good sands and significant oil and gas shows in the Second Massive target formation as well as additional strong gas shows in shallower horizons. Halliburton wireline logging confirmed the presence of approximately 60 feet of pay, in line with the Company's pre-drilling targets. Surface cutting samples were taken confirming the presence of hydrocarbons. Integrity then installed production casing and completed the well as a producer.

Given the success at VG-3, Reabold and Integrity began work on assessing the potential to add a second well at West Brentwood to enhance value further.

On 20 September 2018, the Company was delighted to announce that Integrity had informed the Company of a successful test at the VG-3 well, and was preparing facilities to accommodate production in excess of 200 barrels of oil per day and 60 million cubic feet of gas per day (gross). Post the first 36 hours of testing, Integrity had accumulated over 400 barrels of oil (gross) ready for sales.

On 2 November 2018, the Company announced that following the successful drilling and testing of the VG-3 well, which delivered an initial rate of 200 barrels of oil per day ("bopd") and 60 thousand standard cubic feet per day ("scf/d"), Integrity had put the well into production.

As a result of the success of the VG-3 well, the partners took the decision to prioritise the drilling of a second well on the West Brentwood licence as the second well in the California programme. This second well at West Brentwood was planned to be drilled by the end of 2018, with the aim of accelerating the cash flow generated from the licence. Accordingly, Reabold decided to defer the drilling of a well on Grizzly Island until 2019.

On 19 December 2018, the Company was pleased to announce that Integrity had commenced drilling operations at the VG-4 well within the West Brentwood Licence area, onshore California, in which Reabold owns a 50% equity interest.

On 3 January 2019, the Company was pleased to announce that Integrity had informed the Company of a successful drilling result at the VG-4 well. The well was drilled safely and within budget to a total depth of 4,700ft and had significant oil and gas shows in the targeted Second Massive formation. Halliburton wireline logging confirmed the presence of pay.

Success at VG-4 is a great result, both in terms of the substantial increase in cash flow that we can generate from West Brentwood, and in proving that we have significant running room within our California portfolio.

We continue to be impressed by the performance at West Brentwood, and we are actively considering the potential for additional wells to further accelerate the already impressive cash flow.

On 29 April 2019, the Company announced that at the West Brentwood field, in which Reabold has earned a 50% interest, work is underway to complete a tie into the nearby gas pipeline. This will allow the VG-4 well to produce oil at a higher rate, as well as allowing the sale of the gas produced from the well.

Monroe Swell

Temporary has an agreement with Sunset Exploration to pay the full drilling and completion costs of two wells within its Monroe Swell licence areas in order to earn a 50% net working interest in these licences. Additional activity beyond the initial two wells will be funded by Reabold on a 50% working interest basis.

On 4 March 2019, the Company was pleased to announce the access road at Monroe Swell had dried out after a prolonged period of severe weather conditions, and as a result drilling had commenced, with the Burnett 2A well spud on 2 March 2019. Similarly to VG-3, this will test a target up-dip of a previously-producing field which has been identified on 3D seismic and has been considerably de-risked by the recent workover campaign of four older wells at Monroe Swell.

On 11 March 2019, the Company was pleased to announce that Integrity had informed the company of a successful drilling result and oil discovery at the Burnett 2A well in California. The well was safely drilled and within budget, despite severe weather conditions, to a total depth of 922 metres, encountering the targeted Burnett and Lower Burnett sands. Significant oil and gas shows were seen within these formations and Halliburton wireline logging has confirmed the presence of pay estimated in excess of 60 metres, ahead of pre-drill expectations.

On 22 March 2019, Reabold announced the commencement of drilling operations at the Burnett 2B well within the Monroe Swell field. The drilling of Burnett 2B follows the successful Burnett 2A well drilled on the Monroe Swell field, as announced on 11 March 2019. Following the Burnett 2A drilling results, Reabold and Integrity, made the decision to seek accelerated permitting for the Burnett 2B well, which was successful. The drilling rig was retained at Monroe Swell and was utilised for the drilling of the 2B well.

On 1 April 2019, the Company was pleased to announce that Integrity had informed the Company of a successful drilling result and oil discovery at the Burnett 2B well in California, following on from the successful Burnett 2A well result. The well was drilled safely and within budget, despite continued severe weather conditions, to a total depth of 894 metres, encountering the targeted Burnett and Lower Burnett sands. Significant oil and gas shows were seen within these formations and Halliburton wireline logging has confirmed the presence of estimated pay of 90 metres, ahead of pre-drill expectations.

Following the drilling and completion of Burnett 2A and 2B, Reabold has completed its earn-in to the Monroe Swell licence area and has been assigned a 50% equity interest.

Success with the Burnett 2A and 2B wells is highly encouraging. With low drilling and completion costs, short drilling times and substantial running room, Monroe Swell can deliver substantial production growth coupled with highly attractive returns. Following our success at West Brentwood, we are delighted to have made a significant discovery at Monroe Swell, which we have always considered the core asset within the Company's US portfolio. Monroe Swell is expected to be a multi-well project which can unlock significant NPV potential.

On 29 April 2019, the Company was pleased to announce testing at the Burnett 2B well on the Monroe Swell field in California. This was the second of the two wells drilled at Monroe Swell, and announced as a discovery on 1 April 2019. On 20 May 2019, the Company announced that the perforating and swabbing operation at the Burnett 2B and Burnett 2A wells had been completed and commercial flow rates have been confirmed at both wells.

Reabold has now earned its 50% working interest in the licence and all future activity will be funded by Reabold at a 50% paying interest.

Both the Burnett 2A and 2B wells, have additional reservoir zones prognosed to be hydrocarbon bearing that have not yet been perforated and Reabold will evaluate the potential to target additional production from these zones at a later date, after gathering initial production data from these wells.

In addition, Reabold plans to drill further wells on this licence area, given this success, with the aim of growing production and cash flow.

We are very pleased that all four wells drilled in the California portfolio will soon be in permanent production. Flow rates at Burnett have been increasing throughout the testing period as the swabbing takes effect, and we look forward to seeing the sustainable flow rates once the pumping units are in place. In the meantime, we have produced and are selling meaningful volumes out of our existing wells, with the cash flow allowing us to continue to exploit Monroe Swell and West Brentwood to drive considerable, self-funded growth from these assets. With VG-4 soon to be on unconstrained flow, the two Burnett wells coming into production, and the restoration of full production at Doud A, we should see a sharp increase in production in the near term, with additional drilling to follow.

From 20 April 2019 to 8 May 2019, with VG-4 producing at the constrained rates, cumulative gross production across Reabold's California portfolio was 7,484boe gross (3,742boe net to Reabold). This excludes volumes produced through the testing programme at Burnett 2A and 2B.

Rathlin

On 26 April 2018, Reabold was pleased to announce that drilling operations had commenced at the West Newton A-2 appraisal well, onshore UK. Drilling operations have initially consisted of one well drilling into the Kirkham Abbey Formation gas discovery, de-risking 189 bcfe Contingent Resources, before then targeting the deeper Cadeby Formation oil exploration target which has gross Prospective Resources of 79.1mmboe.

Pre-drill estimates ascribe 72%[7] chance of success and a gross NPV of US$247m[8] for the Kirkham Abbey Formation discovery and a 24%[7] chance of success and a gross NPV of US$850m[8] for the Cadeby Formation prospect.

In a success case, West Newton offers a fast pathway to monetisation through its proximity to existing gas pipelines and infrastructure in the local area.

Rathlin is the operator and has a 66.67% equity interest in the UK onshore licence PEDL183, which contains the West Newton A-1 discovery, drilled by Rathlin in 2014.

[7] *Connaught management's estimates*
[8] *Connaught management's estimate (Note: this estimate is based on the economic evaluations run by Deloitte for the CPR, updated by Connaught to reflect the most recent price forecasts provided by Deloitte).*

In 2017, Deloitte LLP prepared a CPR for Connaught Oil & Gas Limited ("Connaught") (a 35% shareholder in Rathlin and operator of the West Newton A-2 well) incorporating both the data from the West Newton discovery well and subsequently acquired 3D seismic data over the field. The Deloitte CPR assigns Contingent Resource to the Kirkham Abbey gas formation and is the source of management volumetric assessments.

In our view, West Newton is extremely attractive, due to both its scale and its location and we are delighted to have been able to fund the appraisal well towards potentially proving up its considerable value.

On 17 June 2019, the Company was pleased to announce that the West Newton A-2 appraisal well had been successful, which confirms Connaught's previous assessment that West Newton could potentially be the largest UK onshore gas field, and the largest hydrocarbon discovery onshore UK since 1973. The results of the appraisal well have exceeded our expectations and have also shown a significant liquid hydrocarbon volume which has increased our excitement and the future value of the field materially. The deeper exploration target in the Cadeby formation encountered hydrocarbon shows with an oil saturated core.

The data from the A-2 appraisal well is subject to further testing, which is required the determine flow rates and inform the forward work programme. The extended well test operations are expected to commence during Q3 2019.

From its onshore location near Hull and with nearby infrastructure available, we anticipate that West Newton can provide material volumes of hydrocarbons for the UK's energy needs at low cost and in the near term.

Success in a project of this scale would undoubtedly be transformational for Reabold and its investors. Permitting is in place for an extended well test planned for Q3 2019. We look forward to the well test in the coming weeks and potentially generating early cash flow from the testing programme.

Key performance indicators

The key performance indicators ("KPIs") are:

2018	*Definition*	*Performance*	*Attainment*
KPI 1	Addition of a material new venture that meets the Company's corporate investment criteria	• Significant number of opportunities reviewed and evaluated. • Significant new investments in Rathlin and Gaelic.	Achieved
KPI 2	Commercial discovery in-line with investment strategy	• Multiple oil discoveries in California project. • Discovery in the Colter South Prospect. • Commencement of commercial production.	Achieved
KPI 3	Fund raisings and preservation in the Company's cash position	• In March 2018, a fund raising of £7.75m at 0.6 pence. • In September 2018, a fund raising of £4.83m at 0.85 pence. • Significant new institutional support.	Achieved
KPI 4	Growth in total net assets	• The total net assets at the end of 2017 and 2018 were £5.73m and £19.31m respectively.	Achieved
KPI 5	Growth in share price	• The closing share prices at the end of 2017 and 2018 were 0.80 pence and 0.74 pence respectively. • On 1 August 2018, the share price achieved a high of 0.95 pence.	Partially achieved
KPI 6	Environmental compliance	• There was environmental compliance by the Group and investee companies.	Achieved
KPI 7	Retention of key management and strengthening Board	• The key executives were retained and further incentivised. New independent directors broadening expertise of the Board.	Achieved

Principal Risks and Uncertainties

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

Risk	**Mitigation**	**Magnitude & Likelihood**
Strategic risks		
Political risk: changes in government policies in the jurisdictions in which Reabold's subsidiaries and investee companies operate, could have an adverse impact on the implementation of the Group's strategy.	The Group monitors political developments in the various jurisdictions in which it operates, in-conjunction with its partners and through industry associations.	Magnitude – High Likelihood – Medium
Operational risks		
Exploration risk: Reabold's subsidiaries and investee companies fail to locate and explore hydrocarbon bearing prospects that have the potential to deliver commercially.	Analysis of available technical information to determine work programme. Risk sharing arrangements entered into to reduce downside risk.	Magnitude – High Likelihood – High
Permitting Risk: planning, environmental, licensing and other permitting risks associated with Reabold's subsidiaries and investee companies' operations particularly with exploration drilling operations.	Reabold's subsidiaries and investee companies have to date been successful in obtaining the required permits to operate. Therefore, Reabold considers that such risks are partially mitigated through compliance with regulations, proactive engagement with regulators, communities and the expertise and experience of the management teams.	Magnitude – High Likelihood – Medium
Financial risks		
Liquidity Risk: insufficient liquidity and funding capacity of the Group and investee companies could adversely impact the implementation of the Group's strategy and restrict work programmes due to lack of capital.	The Board regularly reviews the Group's cash flow forecasts and the availability or adequacy of its current facilities to meet the Group's cash flow requirements. The Company actively monitors the liquidity position of its investee companies.	Magnitude – High Likelihood – Medium
Market Risk: uncertainty and volatility of commodity prices could adversely impact on expected future revenues, margins, cash flows and returns.	Contingency built into evaluation, planning and budgeting process to allow for the downside movements in commodity prices. The Group may consider it appropriate in the future to hedge a proportion of its production, particularly if the Group is reliant on the production to service debt.	Magnitude – Medium Likelihood – Medium

Financial Review

The Group loss for the 12 months ended 31 December 2018 was £1,949,000 (2017: loss of £1,152,000).

During the reporting period, the Group successfully commenced production from its California assets, generating revenues of £194,000 (2017: Nil) and gross profit of £111,000 (2017: Nil).

Total administration costs increased from £443,000 for the year ended 31 December 2017 to £939,000 for the year ended 31 December 2018, mainly driven by an increase in executive remuneration, legal fees, broker and investor relations fees, reflecting the significant increase in investment and market activities. The increase in the Group loss for the reporting period also reflected the increase in share based payments expense of £995,000 (2017: £559,000), reflecting the further performance based incentivisation of executives.

For the year ended 31 December 2018, the Group net cash outflow from operating activities prior to movements in working capital was £940,000 (2017: cash outflow of £449,000), reflecting the increase in administration expenses, as outlined above. The cash outflow from investing activities increased considerably from £494,000 for the year ending 31 December 2017 to £9,348,000 for the year ended 31 December 2018, reflecting the significant increase in investment activities during the reporting period, including the investments in Corallian, Danube and Rathlin, and the funding of activities in California.

The Group raised £11,909,000 (net of costs) during the reporting period (2017: £5,816,000). Cash and cash equivalents as at 31 December 2018 was £7,112,000 (2017: £5,307,000).

The Group total net assets and net current assets as at 31 December 2018 were £19,313,000 (2017: £5,732,000) and £7,073,000 (2017: £5,182,000) respectively.

Brexit

The Board continues to monitor the terms of the withdrawal of the United Kingdom from the European Union, which have not yet been finalised and accordingly the final impact of which on the Group is currently uncertain.

Outlook

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

Sachin Oza and Stephen Williams
Co-Chief Executive Officers

26 June 2019

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

Sachin Oza – Executive Director and Co-Chief Executive
Sachin Oza has 17 years' investment experience, including 14 years' covering the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G Investments for 13 years, where he covered the Utility, Transport, Mining and Oil & Gas sectors on a global basis. Sachin has also held investment analyst roles at Tokyo Mitsubishi Asset Management and JP Morgan Asset Management.

Stephen Williams – Executive Director and Co-Chief Executive
Stephen Williams has 15 years' experience in the energy sector. He joined Guinness Asset Management in April 2016, having previously worked as an investment analyst at M&G between 2010 and 2016, where he focussed on energy and resources. Prior to this, Stephen worked as an energy investment analyst for Simmons & Company International between 2005 and 2010 and from 2003 to 2005 he worked as an analyst at ExxonMobil.

Marcos Mozetic – Non-Executive Director
Marcos Mozetic, an exploration geologist, brings over 41 years of international technical experience in the oil and gas industry to the Company. His most recent experience was in designing, implementing and leading Repsol S.A's exploration strategy between 2004 and 2016. During this period, Repsol 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.

Mike Felton – Non-Executive Director
Mike Felton is an experienced fund manager in the City and brings over 29 years of financial expertise to the Company. Mike previously served as Head of UK Retail Equities at M&G Investments and was Manager of the M&G UK Select Fund, growing the fund's assets from £110m to circa £550m at its peak. Mike has also previously served as Joint Head of Equities at ISIS Asset Management and Manager of ISIS UK Prime Fund, as well as Chief Investment Officer at Lumin Wealth, a position he still retains part-time. Mr Felton sits on the International Tennis Federation's Investment Advisory Panel and is a Business Ambassador for Anthony Nolan, the UK's blood cancer charity and bone marrow register.

Anthony Samaha – Executive Director
Anthony Samaha is a Chartered Accountant who has over 20 years' experience in accounting and corporate finance, including resources development. Anthony worked for over 10 years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. He has extensive experience in the listing and management of AIM and TSX quoted companies, including fund raisings, project development and mergers and acquisitions. Anthony has been involved in acquisitions and resource projects in various regions of the world, including Australia, South Africa, West Africa, North America, Kazakhstan and the People's Republic of China. He holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia, and is an Associate of the Chartered Accountants Australia and New Zealand and an Associate of the Financial Services Institute of Australasia.

The Directors submit their report and the audited financial statements of the Company for the year ended 31 December 2018.

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

Results and dividends
The results of the Group are shown on page 37. No dividends were declared or paid in the year (2017: £nil). The Directors do not recommend the payment of a final dividend. The Directors are satisfied with the performance of the Company in the year.

Post balance sheet events
Details of post reporting date events are disclosed in Note 28 of the financial statements.

Financial Risk Management
The Group's activities expose it to foreign currency, credit and liquidity risks. The size of the Company means that it is unnecessary and impractical for the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. Refer to Note 27 of the financial statements, for further details.

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

Director	**At 31 December 2018**	At 1 January 2018
Jeremy Edelman *	**169,000,000**	169,000,000
Sachin Oza	**10,000,000**	10,000,000
Stephen Williams	**10,000,000**	10,000,000
Marcos Mozetic	**-**	-
Michael Felton	**2,808,676**	-
Anthony Samaha	**-**	-

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

The total options held by directors as at 31 December 2018 was 315,000,000. Sachin Oza and Stephen Williams each held 150,000,000 options and Anthony Samaha held 15,000,000 options. The options have a weighted average exercise price of 0.8 pence and a weighted average life of 3.0 years.

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

Going concern
The financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts for the period ending 30 June 2020 which take account of the current cost and operational structure of the Group and investment agreements.

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

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

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

Political and charitable contributions
The Company made no contributions to charitable or political bodies during the year (2017: £Nil).

Substantial shareholders
As at 25 June 2019, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

Holder	No. of shares	%
Miton Asset Management	357,254,901	9.35%
M&G Investment Management	352,941,176	9.23%
J Safra Sarasin	250,000,000	6.54%
JO Hambro Capital Management	245,000,000	6.41%
UBS Wealth Management (UK)	213,333,333	5.58%
Ruffer LLP	157,124,257	4.11%
Saltwind Enterprises Ltd & J Edelman	169,000,000	4.42%

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

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

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

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

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

Jeremy Edelman	(Non-Executive Chairman)
Sachin Oza	(Executive Director and Co-CEO)
Stephen Williams	(Executive Director and Co-CEO)
Anthony Samaha	(Executive Director)
Marcos Mozetic	(Non-Executive Director) (appointed 17 September 2018)
Michael Felton	(Non-Executive Director) (appointed 17 September 2018)

Board committees
The Board has implemented an Audit Committee and Remuneration Committee in the 2018 financial year.

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

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

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

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

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

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

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

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

Auditor
In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Mazars LLP was put to the Annual General Meeting held on 11 December 2018 and was approved. The auditor, Mazars LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. Mazars LLP has signified its willingness to continue in office as auditor.

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

By order of the Board, 26 June 2019

A Samaha
Registered Office:
20 Primrose Street
London
EC2A 2EW

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

The Directors of the Company have formally taken the decision to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") from 28 September 2018. The Board recognises the principles of the QCA Code, which focus on the creation of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which small to medium sized companies, such as Reabold, have been created. The Company sets out below its annual update on its compliance with the QCA Code.

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

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

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

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

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

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

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

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

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

The Company may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash resources for working capital. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Company does not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares.

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

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

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

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

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

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

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

The Board ensures that procedures are in place and such procedures are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Board reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment Balancing salary with longer term incentive plans
Regulatory adherence	Breach of rules	Censure or withdrawal of authorisation	Strong compliance regime instilled at all levels of the Company
Strategic	Damage to reputation	Inability to secure new capital or clients	Effective communications with shareholders coupled with consistent messaging to our customers
	Inadequate disaster recovery procedures	Loss of key operational and financial data	Robust compliance Secure off-site storage of data
Financial	Liquidity, market and credit risk	Inability to continue as going concern	Robust capital management policies and procedures
	Inappropriate controls and accounting policies	Reduction in asset values Incorrect reporting of assets	Appropriate authority and investment levels as set by treasury and investment policies

The Board has established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

Key business challenges and how they may be mitigated are detailed in the Strategic Report.

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

As at the date of publication, the Board comprised of Jeremy Edelman as the Non-Executive Chairman, Marcos Mozetic and Michael Felton as Non-Executive Directors and Sachin Oza and Stephen Williams, the Co-Chief Executive Directors, and Anthony Samaha as Executive Director. Biographical details of the current Directors are set out on page 20 of this Annual Report.

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

The Co-Chief Executive Officers are considered to be full time employees. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

The Board elects a Chairman to chair every meeting. The Board meets at least six times per annum. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not yet created a Nominations Committee.

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

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

Attendance at Board and Committee Meetings

In order to be efficient, the Board meets formally and informally both in person and by telephone. To date there have been at least bimonthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at least at this rate. The Company had 12 Board meetings during the year and reports below on the number of Board and committee meetings attended by Directors.

	Board	Audit Committee	Remuneration Committee
Jeremy Edelman	5	1	1
Sachin Oza	12	-	-
Stephen Williams	11	-	-
Anthony Samaha	11	-	-
Marcos Mozetic *	2	-	1
Michael Felton *	2	1	1

* Marcos Mozetic and Michael Felton were appointed directors of the Company on 17 September 2018.

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

The Board currently consists of six Directors. In addition to holding office as an Executive Director, Anthony Samaha also currently holds the office of Company Secretary. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industry sectors.

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

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. The Company Secretary supports the Chairman and Executives in addressing the training and development needs of Directors, and their membership of appropriate professional and industry associations. These professional associations have ongoing professional development requirements, which the Company supports.

The Board during the reporting period consulted with its legal advisors and nominated advisor on specific matters in respect of the application of QCA Code and the AIM Rules.

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

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

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

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

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

The Board performance evaluation is to be undertaken annually, and includes an assessment of achievement of KPIs by Executive Directors. Given the Company adopted its current strategic direction of focusing on investment in pre-cash flow upstream oil and gas projects under a new Executive team in the fourth quarter of 2017, the performance evaluation process in the reporting period is significantly evolved from previous years. Going forward the Remuneration Committee will undertake a review of the remuneration of Executive Directors at least annually and may consult with external consultants to assist in the evaluation and determination of appropriate compensation and incentivisation schemes to ensure the Company remains competitive in retaining management.

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

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

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

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

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

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

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

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

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

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

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

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

- overseeing the Group's financial reporting disclosure process; this includes the choice of appropriate accounting policies;
- monitoring the Group's internal financial controls and assess their adequacy;
- reviewing key estimates, judgements and assumptions applied by management in preparing published financial statements;
- annually assessing the auditor's independence and objectivity; and
- making recommendations in relation to the appointment, re-appointment and removal of the Company's external auditor.

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

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

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

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

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

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

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

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

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

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

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

Audit Committee Report

During the reporting period, the Audit Committee met once, following its establishment in September 2018, and confirmed:

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

Remuneration Committee Report

During the reporting period, the Remuneration Committee met once, following its establishment in September 2018, and confirmed:

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

Jeremy Edelman
Chairman

26 June 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2018 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Cash Flows, the Company Statement of Cash Flows, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 20.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and the Parent Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Group and the Parent Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and the Parent Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Group and the Parent Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

Key audit matters

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

Area of focus	How our audit addressed the area of focus
Accounting for investments	
The Group continued to acquire investments in oil & gas companies in the year, therefore is required to assess whether it meets the definition of an investment entity under IFRS 10, which would require all investments to be accounted for in accordance with IFRS 9. Management is required to apply significant level of judgement in determining whether the company qualifies as an investment entity. Therefore, there is a risk that the level of control or significant influence is not identified appropriately and as a result investments are not accounted for in line with applicable accounting standards in the consolidated financial statements.	Our procedures included but were not limited to the following: • obtaining management's assessment as to whether Reabold meets the definition of investment company. This was assessed by reference to IFRS 10, paragraph 27; and • obtaining and reviewing management's assessment of the control or significant influence exercised over each respective investment. We assessed the evaluation made to ensure that each investment is accounted for appropriately in the consolidated financial statements. On the basis of our audit procedures, we are satisfied that Reabold does not meet the definition of an investment entity under IFRS 10 and that all investments have been accounted for appropriately.

Area of focus	How our audit addressed the area of focus
Treatment of exploration and evaluation expenditure	
Reabold's subsidiaries and associated undertakings are involved in the extraction of oil and gas. Under IFRS 6, Exploration for and Evaluation of Mineral Resources, the Group must establish an accounting policy specifying which expenditures are recognised as exploration and evaluation assets and apply it consistently. There is a risk that the accounting policy is not applied consistently across all subsidiaries and associated undertakings, therefore we consider the treatment of exploration and evaluation expenditure as a key audit matter.	Our procedures included but were not limited to the following: • reviewing and assessing the accounting policy in place to ensure that the point at which exploration and evaluation assets are recognised is reasonable and relevant; • reviewing the exploration and evaluation accounting policies within the subsidiary and associated companies, to ensure they are consistent with the Group policy; and • reviewing a sample of items and corroborating to external information in relation to projects to ensure that the capitalisation of costs is in accordance with the Group policy. On the basis of our audit procedures, we are satisfied that the accounting policy in place for exploration and evaluation expenditure is reasonable and that it has been applied consistently throughout the Group.

Area of focus	How our audit addressed the area of focus
Share Based Payments	
During 2018, three of the directors of the company were issued with a total of 125 million share options in the company in return for the rendering of services. These share based payments are classified by the company as equity settled share based payments. The accounting for share based payments was a key audit matter because the expense recognised was material and incorporates a judgemental value option. The company valued the options using a Black-Scholes Model, whereby inputs such as volatility, dividend yield and risk free rate require significant level of judgement. The impact on the profit and loss for the year is a charge of £995,000.	Our procedures included but were not limited to the following: • compared the terms and conditions of the options issued during the year with the appropriate board minutes, RNS announcements and with the individual share option deeds with the directors; • obtained the company's valuation model and assessed the reasonableness of the inputs, including performing sensitivities on the key judgemental assumptions; and • evaluated the adequacy of the disclosures in the financial statements in relation to the share based payments. On the basis of our audit procedures, assumptions used in the valuation model and the calculation of the current year change is appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements. Based on our professional judgement the level of overall materiality we set for the financial statements is outlined below:

Overall materiality:	Group: £300,000 Parent Company: £226,000
Benchmark applied:	This has been calculated with reference to total assets, of which it represents approximately 2% and 1.2% for the Group and Parent Company respectively.
Basis for chosen benchmark:	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. 2% 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. A lower threshold was applied to the Parent Company to ensure the aggregate of materiality levels applied to all components was at a reasonable level, relative to the Group materiality.

On the basis of our risk assessments, together with our assessment of the Group’s overall control environment, our judgement was that performance materiality for the Group was £240,000 and for the Parent Company was £181,000. This is approximately 80% of overall materiality. We agreed with the Board of Directors that we would report to them misstatements identified during our audit of the Group above £9,000 and Parent Company above £6,500 as well as any misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons.

An overview of the scope of our audit

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the Parent Company, the structure of the Group and the Parent Company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.
We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our Group audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Parent Company and Group’s accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

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

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

Our Group audit scope included an audit of the Group and Parent 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 LLC 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.

At the Parent Company level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Highlights, Chairman’s Statement, Strategic Report, Directors’ Report or Corporate Governance 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 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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

Use of the audit report

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

Samantha Russell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 26 June 2019

REABOLD RESOURCES PLC

Group statement of comprehensive income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Revenue		**194**	-
Cost of sales	6	**(83)**	-
Gross profit		**111**	-
Net gain in financial assets measured at fair value through P&L	13	**6**	-
Other income		**11**	-
Exploration costs	17	**(55)**	-
Impairment	13	**-**	(150)
Administration expenses		**(939)**	(443)
Share based payments expense	24	**(995)**	(559)
Loss on ordinary activities	7	**(1,861)**	(1,152)
Share of losses of associates	14	**(165)**	-
Finance income		**10**	-
Loss before tax for the period		**(2,016)**	(1,152)
Taxation	10	**-**	-
Loss for the financial year		**(2,016)**	(1,152)
Other comprehensive income:		**-**	-
Foreign exchange gain on translation of foreign subsidiaries		**67**	-
Other comprehensive income		**67**	-
Total comprehensive loss for the financial year		**(1,949)**	(1,152)
Attributable to:			
Equity holders		**(1,949)**	(1,152)
		(1,949)	(1,152)
Loss per share			
Basic and fully diluted loss per share (pence)	11	**(0.07)**	(0.18)

All amounts relate to continuing operations.

The notes on pages 44 to 69 form part of these financial statements.

Group statement of financial position as at 31 December 2018

Company no. 3542727

	Notes	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	17	**3,131**	-
Property, plant & equipment	18	**1,539**	-
Investments in associates	14	**7,570**	-
Goodwill on acquisition	12	**329**	-
Investments in equity instruments	13	**-**	550
		12,569	550
Current assets			
Inventory		**32**	-
Prepayments		**33**	32
Trade and other receivables	19	**425**	30
Restricted cash	20	**176**	-
Cash and cash equivalents		**7,112**	5,307
		7,778	5,369
Total assets		**20,347**	5,919
EQUITY			
Capital and reserves			
Share capital	23	**3,935**	1,654
Share premium account		**25,301**	13,048
Capital redemption reserve		**200**	200
Share based payment reserve		**1,555**	559
Foreign currency translation reserve		**67**	-
Retained loss		**(11,745)**	(9,729)
Total shareholders' funds		**19,313**	5,732
LIABILITIES			
Current liabilities			
Trade and other payables	21	**442**	65
Provisions	22	**184**	101
Accruals	21	**79**	21
		705	187
Non-Current liabilities			
Deferred tax liability	12	**329**	-
		329	-
Total equity and liabilities		**20,347**	5,919

Approved by the Board of Directors on 26 June 2019
Signed on behalf of the board of directors:

Anthony Samaha
Director

The notes on pages 44 to 69 form part of these financial statements.

Company statement of financial position as at 31 December 2018

Company no. 3542727

	Notes	2018	2017
		£'000	£'000
ASSETS			
Non-current assets			
Investments in associates	14	**7,570**	-
Subsidiaries	15	**1,933**	-
Investments in equity instruments	13	**-**	550
		9,503	550
Current assets			
Loan to subsidiary	16	**3,692**	-
Prepayments		**32**	32
Trade and other receivables	19	**145**	30
Cash and cash equivalents		**6,147**	5,307
		10,016	5,369
Total assets		**19,519**	5,919
EQUITY			
Capital and reserves			
Share capital	23	**3,935**	1,654
Share premium account		**25,301**	13,048
Capital redemption reserve		**200**	200
Share based payment reserve		**1,555**	559
Retained loss		**(11,755)**	(9,729)
Total shareholders' funds		**19,236**	5,732
LIABILITIES			
Current liabilities			
Trade and other payables	21	**71**	65
Provisions	22	**184**	101
Accruals	21	**28**	21
Total liabilities		**283**	187
Total equity and liabilities		**19,519**	5,919

Approved by the Board of Directors on 26 June 2019
Signed on behalf of the board of directors:

Anthony Samaha
Director

The notes on pages 44 to 69 form part of these financial statements.

REABOLD RESOURCES PLC

Group statement of cash flows for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Loss for the financial year		**(2,016)**	(1,152)
Adjustments:			
Net gain on financial assets at fair value through profit or loss	13	**(6)**	-
Capitalised E&E expenditure expensed to exploration costs	17	**55**	-
Depreciation	18	**32**	-
Impairment	13	**-**	150
Share based payments	24	**995**	559
Realised foreign exchange gain		**-**	(6)
Operating cash flows before movement in working capital		**(940)**	(449)
Decrease/(increase) in receivables	19	**(395)**	(29)
Increase/(decrease) in payables and accruals	21	**387**	54
Increase/(decrease) in provisions	22	**83**	101
Decrease/(increase) in prepayments		**-**	(33)
Decrease/(increase) in inventory		**(32)**	-
Cash used in operating activities		**(897)**	(355)
Share of losses of associates	14	**165**	-
Net cash used in operating activities		**(732)**	(355)
Cash flows from investing activities			
Acquisition of investments in associates	14	**(7,179)**	-
Acquisition of investment in equity instruments	13	**-**	(795)
Proceeds from divestment of equity instruments		**-**	301
Expenditure on oil & gas property	18	**(1,571)**	-
Expenditure on E & E assets		**(371)**	-
Cash acquired on acquisition of subsidiary		**120**	-
Additions to restricted cash		**(44)**	-
Loan to subsidiary pre-acquisition		**(303)**	-
Net cash used in investing activities		**(9,348)**	(494)
Cash flows from financing activities			
Share placement net proceeds		**11,909**	5,816
Net cash generated from financing activities		**11,909**	5,816
Net increase/(decrease) in cash and cash equivalents		**1,829**	4,967
Net foreign exchange differences		**(24)**	-
Cash and cash equivalents at the beginning of the period		**5,307**	340
Cash and cash equivalents at the end of the period		**7,112**	5,307
Cash and cash equivalents comprises:			
Cash and cash equivalents		**7,112**	5,307
Overdraft and borrowings		**-**	-
		7,112	5,307

The notes on pages 44 to 69 form part of these financial statements.

REABOLD RESOURCES PLC

Company statement of cash flows for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Loss for the financial year		**(2,026)**	(1,152)
Adjustments:			
Net gain on financial assets at fair value through profit or loss	13	**(6)**	-
Impairment	13	**-**	150
Share based payments	24	**995**	559
Gain on foreign exchange		**(41)**	(6)
Operating cash flows before movement in working capital		**(1,078)**	(449)
Decrease/(increase) in receivables	19	**(115)**	(29)
Increase/(decrease) in payables and accruals	21	**13**	54
Increase/(decrease) in provisions	22	**83**	101
Decrease/(increase) in prepayments		**-**	(32)
Net cash used in operating activities		**(1,097)**	(355)
Share of losses of associates	14	**165**	-
Net cash used in operating activities		**(932)**	(355)
Cash flows from investing activities			
Purchase of investments in associates	14	**(7,179)**	-
Purchase of equity instruments	13	**-**	(795)
Loan to subsidiary		**(2,958)**	-
Proceeds from divestment of available for sale investments		**-**	301
Net cash used in investing activities		**(10,137)**	(494)
Cash flows from financing activities			
Share placement net proceeds		**11,909**	5,816
Net cash generated from financing activities		**11,909**	5,816
Net increase/(decrease) in cash and cash equivalents		**840**	4,967
Cash and cash equivalents at the beginning of the period		**5,307**	340
Cash and cash equivalents at the end of the period		**6,147**	5,307
Cash and cash equivalents comprises:			
Cash and cash equivalents		**6,147**	5,307
Overdraft and borrowings		**-**	-
		6,147	5,307

The notes on pages 44 to 69 form part of these financial statements.

REABOLD RESOURCES PLC

Group statement of changes in equity for the year ended 31 December 2018

	Share capital	Share premium account	Capital redemption reserve	Share based payments reserve	Foreign currency translation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance as at 31 December 2016	**435**	**8,451**	**200**	**-**	**-**	**(8,577)**	**509**
Total comprehensive loss for the year	-	-	-	-	-	(1,152)	**(1,152)**
Changes in equity for 2017							
Issue of share capital	1,219	4,597	-	-	-	-	**5,816**
Share based payments	-	-	-	559	-	-	**559**
Balance as at 31 December 2017	**1,654**	**13,048**	**200**	**559**	**-**	**(9,729)**	**5,732**
Total comprehensive loss for the year	-	-	-	-	-	(2,016)	**(2,016)**
Changes in equity for 2018							
Issue of share capital	2,281	12,931	-	-	-	-	**15,212**
Transaction costs on issue of share capital	-	(677)	-	-	-	-	**(677)**
Share based payments	-	-	-	995	-	-	**995**
Other comprehensive income	-	-	-	-	67	-	**67**
Balance as at 31 December 2018	**3,935**	**25,302**	**200**	**1,554**	**67**	**(11,745)**	**19,313**

The notes on pages 44 to 69 form part of these financial statements.

REABOLD RESOURCES PLC

Company statement of changes in equity for the year ended 31 December 2018

	Share capital	**Share premium account**	**Capital redemption reserve**	**Share based payments reserve**	**Retained earnings**	**Total**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Balance as at 31 December 2016	**435**	**8,451**	**200**	**-**	**(8,577)**	**509**
Total comprehensive loss for the year	-	-	-	-	(1,152)	**(1,152)**
Changes in equity for 2017						
Issue of share capital	1,219	4,597	-	-	-	**5,816**
Share based payments	-	-	-	559	-	**559**
Balance as at 31 December 2017	**1,654**	**13,048**	**200**	**559**	**(9,729)**	**5,732**
Total comprehensive loss for the year	-	-	-	-	(2,026)	**(2,026)**
Changes in equity for 2017						
Issue of share capital	2,281	12,931	-	-	-	**15,212**
Transaction costs on issue of share capital	-	(677)	-	-	-	**(677)**
Share based payments	-	-	-	995	-	**995**
Balance as at 31 December 2018	**3,935**	**25,302**	**200**	**1,554**	**(11,755)**	**19,236**

The notes on pages 44 to 69 form part of these financial statements.

1. Reporting entity

Reabold Resources Plc is a public limited company registered in England and Wales under the Companies Act, with registered number 3542727, and limited by shares. The Company's registered office is at 20 Primrose Street, London EC2A 2EW. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The nature of the Group's operations and its principal activities are set out in the Directors' report on pages 22 to 24.

2. Basis of preparation

(a) Statement of compliance
The consolidated financial statements for the year ended 31 December 2018 have been prepared under International Financial Reporting Standards, as adopted for use by the European Union. The consolidated financial statements were authorised for issue by the Board of Directors on 26 June 2019.

(b) Going concern
The consolidated financial statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts for the period ending 30 June 2020 which take account of the current cost and operational structure of the Group and investment agreements. These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

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

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

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

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

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

- IFRS 10 – Management have evaluated and made judgement that the Company is not an investment entity with reference to IFRS 10.
- Note 14 – Investment in associates impairment judgement. Judgements are required in assessing whether there is any indication that an asset may be impaired at each reporting date. Management assess a range of external and internal indicators of impairment in exercising its judgment. External factors assessed include market value declines, negative changes in the economy, market prices, technology and applicable regulatory conditions and laws. Internal factors assessed include technical and economic performance below expectations.
- Note 17 – Exploration and evaluation accounting judgment. The Group policy is to capitalise all expenditure incurred during the appraisal phase until the determination process has been completed or until such point as commercial reserves have been established. Exploration and evaluation assets are expected to be recouped in future through successful development and exploitation of the area of interest.

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

- Note 13 – Fair value assessment of investments in equity instruments. A significant source of estimation uncertainty is the fair value of the Company's unlisted investments, which are Level 2 unlisted companies, with inputs other than quoted prices. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Key inputs into the estimation of fair value of the Company's investments was observable arm's length transactional prices in the shares of the investee companies. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

- Note 17 – Impairment test of E&E assets. The amounts for intangible E&E assets represent active E&E projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are indications of impairment in accordance with the Group's accounting policy. In assessing whether there should be a test of E&E assets for impairment, the Company will consider facts and circumstances including:
  - the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
  - substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
  - exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
  - sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

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

- Note 24 – Share based payment arrangements. The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of shares is determined by the share price, and the fair value of options is determined using the Black-Scholes model.

3. Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Reabold Resources Plc and its subsidiaries as at 31 December 2018. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where subsidiaries follow differing accounting policies from those of the Group, those accounting policies have been adjusted to align with those of the Group. Inter-company balances and transactions between Group companies are eliminated on consolidation, though foreign exchange differences arising on inter-company balances between subsidiaries with differing functional currencies are not offset.

(b) Business combinations

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

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

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

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

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

(e) Revenue
Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding sales taxes and trade discounts. Revenue is credited to the Statement of Comprehensive Income in the period it is deemed to be earned.

Revenue from the sale of oil and gas is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil and gas, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Differences between oil lifted and sold and the Group's share of production are not significant.

(f) Cost of sales
Production expenditure, crude treatment and processing expenditure, crude evacuation and lifting expenditure, depreciation, depletion and amortisation of oil and gas assets and crude handling expenditure are reported as costs of sales.

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

(h) Taxation
The tax charge represents the sum of current and deferred tax.

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

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

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

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

(i) Oil & gas assets

(j) Licence acquisition costs

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

(ii) Exploration expenditure

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

(iii) Evaluation expenditure

Evaluation expenditure is capitalised to the Statement of Financial Position. All expenditure incurred during the appraisal phase is capitalized until the determination process has been completed or until such point as commercial reserves have been established. Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a resource before moving into the Development phase. The criteria for carrying forward the costs are:

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

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

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

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

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

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

(v) Development and production assets

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

(vi) Depreciation of producing assets

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

(vii) Disposals

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

(viii) Decommissioning

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

(i) Share based payments

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

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

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

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

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

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

(j) Financial instruments

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

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and contains a new classification and measurement approach for financial assets. The classification determines how the financial assets are categorised and measured in the financial statements and therefore is the foundation for its accounting. IFRS 9 contains four principal classification categories for financial assets:

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

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

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

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

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

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

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

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

(k) Measurement of fair values

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

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

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

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

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

Note 13 – Investments available for sale
Note 24 – Share-based payment arrangements
Note 27 – Financial risk management and financial instruments

Unlisted Investments are therefore classified at level 2 of the fair value hierarchy when initially recognised.

(l) Capital and reserves

(i) Share capital

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

(ii) Share premium

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

(iii) Capital redemption reserve

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

(iv) Share based payments reserve

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

(v) Foreign currency translation reserve

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

(vi) Retained losses

Cumulative net gains and losses recognised in the financial statements.

(m) Provisions

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

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

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

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

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

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

4. Adoption of new and revised International Financial Reporting Standards

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2018

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

(i) IFRS 9 "Financial Instruments"

The IASB have released IFRS 9 following completion of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 and has been endorsed by the European Union.

Impact of transition to IFRS 9
Upon adoption of IFRS 9, the Company has not restated prior periods and therefore the comparative information for year ended 31 December 2017 is reported under IAS 39. The impact of the transition on both the Company and the Group is as follows:

	As at 31 December 2017			**As at 1 January 2018**			
	IAS 39 classification	IAS 39 measurement	IAS 39 Carrying amount (£'000)	IFRS 9 classification & measurement	IFRS 9 Carrying amount (£'000)	Impact on opening deficit	Impact on opening OCI
Other receivables	Other receivables	Amortized cost	30	Amortised cost	30	-	-
Equity instruments	Available for Sale	FVOCI	550	FVTPL	550	-	-
Accounts payable and accruals	Financial liabilities	Amortized cost	86	Amortised cost	86	-	-
Transition impact						-	-

Pursuant to IFRS 9, the Company elected to classify the investments in equity instruments as fair value through P&L, as these investments were acquired for the purpose of sale, in line with the Company's investment strategy in respect to Business Stream 1.

(ii) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs. These include how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. This standard has been endorsed by the European Union. There was no revenue reported in the Group or Company in the year ended 31 December 2017 and therefore this standard does not have a material impact on the Company's financial statements.

Standards, amendments and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

(i) IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions.

As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements relating to the accounting of:
- effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature concerning the legal obligation related to withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments to IFRS 2 are not yet effective for the Company.

(ii) IFRS 16 "Leases"

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

5. Segment analysis

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

31 December 2018	Business Stream 1 Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue	-	194	-	194
Cost of sales	-	(83)	-	(83)
Gross profit	**-**	**111**	**-**	**111**
Net gain in financial assets measured at FVTPL	6	-	-	6
Other income	-	-	11	11
Impairment	-	-	-	-
Exploration expenses	-	(55)	-	(55)
General and administration expenses	-	(23)	(1,911)	(1,934)
(Loss)/profit on ordinary activities before taxation	**6**	**33**	**(1,900)**	**(1,861)**
Share of losses of associates	(165)	-	-	(165)
Finance income	-	-	10	10
(Loss)/profit on ordinary activities before taxation	**(159)**	**33**	**(1,890)**	**(2,016)**
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities before taxation	**(159)**	**33**	**(1,890)**	**(2,016)**
Other comprehensive income	-	-	67	67
Total comprehensive income for the period	**(159)**	**33**	**(1,823)**	**(1,949)**
Segment assets	7,570	6,476	-	14,046
Unallocated corporate assets	-	-	6,301	6,301
Total assets	**7,570**	**6,476**	**6,301**	**20,347**
Segment liabilities	-	751	-	751
Unallocated corporate liabilities	-	-	283	283
Total liabilities	**-**	**751**	**283**	**1,034**

31 December 2017	Business Stream 1 Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
Net gain in financial assets measured at FVTPL	-	-	-	-
Other income	-	-	-	-
Impairment	-	-	**(150)**	**(150)**
Exploration expenses	-	-	-	-
General and administration expenses	-	-	**(1,002)**	**(1,002)**
(Loss)/profit on ordinary activities before taxation	**-**	**-**	**(1,152)**	**(1,152)**
Share of losses of associates	-	-	-	-
Finance income	-	-	-	-
(Loss)/profit on ordinary activities before taxation	**-**	**-**	**(1,152)**	**(1,152)**
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities before taxation	**-**	**-**	**(1,152)**	**(1,152)**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(1,152)**	**(1,152)**
Segment assets	500	-	-	500
Unallocated corporate assets	-	-	5,419	5,419
Total assets	**500**	**-**	**5,419**	**5,919**
Segment liabilities	-	-	-	-
Unallocated corporate liabilities	-	-	187	187
Total liabilities	**-**	**-**	**187**	**187**

6. Cost of sales

	2018 £'000	2017 £'000
Production costs	**39**	-
Royalties	**12**	-
Depreciation of oil & gas assets	**32**	-
	83	-

7. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation has been arrived at after charging/(crediting):	Note	2018 £'000	2017 £'000
Auditor's remuneration – audit of Company		**27**	15
Auditor's remuneration – other taxation services		**10**	6
Exploration costs		**55**	-
Foreign exchange gain		**(42)**	(6)
Net gain in financial assets measured at FVTPL	**13**	**(6)**	-
Impairment loss on available for sale investment	**13**	**-**	150
Provision for VAT non-claimable	**22**	**83**	101
Share based payments	**24**	**995**	599
Staff costs – Directors	**8**	**400**	121

8. Staff costs

Staff employment costs were:

	2018 £'000	2017 £'000
Wages and salaries	**354**	111
Social security costs	**40**	10
Other pension costs	**6**	-
	400	121

During the year there were no employees (2017: nil) employed by the Company excluding the Directors. The staff costs during the year include the accrual of director fees in the amount of £4,000 (2017: £6,000) which were not paid during the reporting period.

9. Directors' remuneration

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

Directors	Salary & fees £'000	Share based Payments £'000	Pension contribution £'000	2018 Total £'000	2017 Total £'000
Sachin Oza	138	485	3	**626**	278
Stephen Williams	138	485	3	**626**	278
Anthony Samaha	38	25	-	**63**	90
Jeremy Edelman	24	-	-	**24**	24
Marcos Mozetic	8	-	-	**8**	-
Mike Felton	8	-	-	**8**	-
	354	995	6	**1,355**	670

An accrual of £4,000 for director fees which were unpaid during the reporting period has been made.

The directors are the key management personnel of the Company.

As at 31 December 2018, no Director was accruing benefits under a money purchase scheme (2017: none).

The total options held by directors as at 31 December 2018 was 315,000,000. Sachin Oza and Stephen Williams each held 150,000,000 options and Anthony Samaha held 15,000,000 options. The options have a weighted average exercise price of 0.8p and a weighted average life of 3.0 years.

10. Taxation

	2018	**2017**
	£'000	£'000
Loss before tax	**(2,016)**	(1,152)
Loss multiplied by standard rate of corporation tax in the UK	**(383)**	(221)
Effects of:		
Share of operating loss of associates not taxable	**31**	-
Income and gains not taxable	**(13)**	-
Expenses not deductible for tax purposes	**198**	165
Deferred tax asset not recognised	**167**	56
Total tax for the year	**-**	-

No deferred tax assets have been recognised in the year (2017: nil).

The corporation tax rate was 20.0% from 1 April 2014 to 1 April 2017 and 19.0% from 1 April 2017. Thus the corporation tax rate for the year ended 31 December 2018 is 19.0% (2017: 19.25%).

The Company has unused tax losses of £3.1 million and capital losses of £2.5 million. The deferred tax asset for these losses, amounting to £952,000 (2017: £808,000) has not been recognised as the timing of profits is uncertain.

11. Loss per share

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

	2018	**2017**
	£'000	£'000
Loss for the year	**(1,949)**	(1,152)
Loss for the purpose of basic earnings per share	**(1,949)**	(1,152)
	Number	Number
Number of shares:		
Weighted average number of ordinary shares in issue during the year	**2,949,812,420**	655,361,644
Loss per share:		
Basic and diluted loss per share (pence)	**(0.07)**	(0.18)

As the Group is reporting a loss in each period in accordance with IAS33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share.

Post balance date, as per note 28, the Company issued 1,980,000 new ordinary shares of 0.1 pence each in the Company as consideration for an investment. This resulted in a non-material increase in the issued share capital of the Company.

12. Business combinations

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

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

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

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

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

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

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

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

Consideration paid:	
Allocated share consideration	**1,933**

Costs related to the acquisition of Gaelic in the amount of £74,091 were recognised as an expense in the reporting period.

Gaelic's consolidated revenue and profit for the period since acquisition date to 31 December 2018 was £193,527 and £10,137 respectively.

Had the acquisition occurred on 1 January 2018, the Group's consolidated revenue and profit for the year would not be materially different to that which has been reported.

The Group has tested the goodwill arising on acquisition and assessed no impairment is required as at 31 December 2018. For the 2018 reporting period, the recoverable amount was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on management's estimate of production covering a five year period, based on current production levels and historical comparable well production profiles, management's estimate of long term price and net operating cash flows, and a pre-tax discount rate of 10%.

13. Investments in equity instruments

	2018	2017
	£'000	£'000
At 1 January	**550**	200
Addition at cost	**-**	795
Divestment	**-**	(295)
Net fair value adjustment	**56**	-
Transfer to investments in associates	**(556)**	-
Impairment	**(50)**	(150)
At 31 December	**-**	550

(a) Corallian

On 1 November 2017, the Company announced that it had entered into two share subscription agreements with Corallian to subscribe for 1,111,111 ordinary shares in the issued share capital of Corallian at £1.35 per share, representing 35.4% of the then to be enlarged share capital of Corallian for an aggregate subscription price of £1,500,000, as follows:

i) Reabold had entered into an unconditional share subscription agreement to subscribe for 370,370 ordinary shares in the issued share capital of Corallian at £1.35 per share ("Round 4") for an aggregate subscription amount of £500,000 which amount was payable immediately against transfer to Reabold of the Round 4 Shares. The Round 4 Shares represented 11.8% of the then to be enlarged share capital of Corallian.

ii) Reabold had entered into a conditional share subscription agreement to subscribe for 740,741 ordinary shares in the issued share capital of Corallian at £1.35 per share ("Round 4A") for an aggregate subscription amount of £1,000,000, representing 23.6% of the then to be enlarged share capital of Corallian and which subscription was conditional upon the joint venture partners in licence P1918 in respect of the Colter appraisal project approving an authorisation for expenditure for the drilling of the Colter well prior to 30 April 2018, failing which Reabold's obligation to subscribe for the Round 4A Shares would terminate. On issue of the Round 4A Shares to Reabold, and for so long as Reabold holds more than 30% of the issued share capital of Corallian, Reabold has the right to appoint a director to the board of directors of Corallian.

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

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

(b) Mogul

In June 2015, the Company acquired a 1.2% interest in Mogul Ventures Corp ("Mogul") a private company focused on natural resources in Mongolia, principally tin, at a cost of £200,000. In the year ended 31 December 2017, the value of the Company's holding in Mogul was impaired by £150,000 to a carrying value of £50,000. It is noted that, in the opinion of the Directors, the fair value of the Company's investment in Mogul is challenging to reliably measure given the relatively early stage of development of the entity, and the limited availability of financial and technical information. In view of Reabold's interest in Mogul being a surplus, non-material asset, as at 1 January 2018, the Company's interest in Mogul was written down to nil (2017: £50,000), resulting in a revaluation decrease through P&L of £50,000 during the reporting period.

(c) Tonsley

On 19 April 2017, the Company announced that it had entered into an agreement to buy an initial interest in the advanced San Jose Lithium-Tin Project in Spain ("the San Jose Project") for a consideration of AUD$0.5 million (approx. £0.3 million). The San Jose Project is a Joint Venture between Plymouth Minerals Limited's ("Plymouth" ASX:PLH) subsidiary, Tonsley Mining Pty Limited ("Tonsley") and Sacyr, S.A, the IBEX 35 Spanish listed multinational infrastructures and services company. This investment was in line with Reabold's strategy to identify strategic mineral opportunities with the potential to add significant shareholder value.

On 19 April 2017, the Company announced that it had entered into an agreement to acquire an initial interest of approximately 2.0% in Tonsley Mining Pty Limited ("Tonsley") for a consideration of AUD$0.5 million (approx. £0.3 million). Tonsley owns rights to earn up to 75% of the San Jose lithium project in Spain. Tonsley has the right to earn a 75% interest in the San Jose Project by spending EUR1.5 million for a first stage 50%, then €2.5 million for the additional 25%. After an agreed amount of time between the Parties or in the event no interest is earned by Tonsley (or its subsidiary) in the San Jose Project, there was an agreed contractual mechanism (by way of options) for the AUD$0.5 million funds to be returned to the Company. On 17 July 2017, the Company announced that it had delivered to Plymouth a Notice of Exercise of Put Option in respect of Reabold's interest in Tonsley, whereby Reabold would transfer back to Plymouth its shares in Tonsley in consideration of receipt of AUD$0.5 million (approx. £0.3 million), payable on 18 July 2017. Whilst the Tonsley investment represented an interesting opportunity for Reabold, it was decided that this would not form a long term asset for Reabold and therefore that Reabold should exercise its put option and redeploy the money on other investments.

14. Investments in associates

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

Associate	Country of registration	Registered address	Nature of business	Class of shares	Holding 31-Dec-18	Holding 31-Dec-17
Corallian Energy Limited	England & Wales	Blackstable House, Longridge, Sheepscombe Stroud, Gloucestershire GL6 7QX	Oil & gas	Ordinary	32.9%	15.4%
Danube Petroleum Limited	England & Wales	3 Waterfront Business Park, Brierley Hill, West Midlands DY5 1LX	Oil & gas	Ordinary	33.3%	-
Rathlin Energy (UK) Limited	England & Wales	11-12 St James' Square, London SW1Y 4LB	Oil & gas	Ordinary	37.1%	-

All of the Company's associates are unlisted. A breakdown of investments in associates as at 31 December 2018 and 2017 and the respective changes during the year then ended are summarised as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
At 1 January	-	-	-	-
Transfer from investments in equity instruments	556	-	556	-
Additions	7,179	-	7,179	-
Share of loss of associates	(165)	-	(165)	-
At 31 December	**7,570**	-	**7,570**	-

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

	31-Oct-18 Corallian £'000	31-Dec-18 Danube £'000	31-Dec-18 Rathlin £'000
Current assets	3,642	1,640	5,077
Non-current assets	2,666	4,211	3,709
Total assets	6,308	5,851	8,786
Current liabilities	(74)	(7)	(1,416)
Net assets	6,234	5,844	7,370
Revenue	48	-	-
Total comprehensive loss for period	(423)	(199)	(1,340)
Total comprehensive loss for period of being associate	(354)	(168)	(88)
Reabold's share of loss	(104)	(28)	(33)

(a) Corallian

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

On 3 April 2018, the Company completed the Round 5A agreement, which gave Reabold the option to subscribe for an additional 333,333 new Corallian shares at a price of £1.50 per share for an investment of £500,000 at any point up to 6 April 2018.

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

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

As at 31 December 2018, the Company's interest in Corallian was 32.9%, with a carrying value of £2,855,555.

During the period ended 31 December 2018, the Company's share of Corallian's total comprehensive loss amounted to £104,000.

(b) Danube

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

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

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

As at 31 December 2018, Reabold held a 33.3% interest in Danube, with a carrying value of £1,879,700. Following this investment, Reabold holds a 33.3% interest in the issued capital of Danube.

During the period ended 31 December 2018, the Company's share of Danube's total comprehensive loss amounted to £28,000.

(c) Rathlin

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

During the period ended 31 December 2018, the Company's share of Rathlin's total comprehensive loss amounted to £33,000.

15. Subsidiaries

The table below presents the Company's subsidiaries:

Associate	Country of Registration	Registered Office	Nature of business	Holding 31-Dec-18	Holding 31-Dec-17
Reabold Resourcing Limited	England & Wales	20 Primrose Street, London EC2A 2EW	Holding company	100%	-
Gaelic Resources Limited	Isle of Man	14 Albert Street, Douglas, Isle of Man, IM1 2QA	Holding company	100%	-
Temporary Energy LLC (1)	U.S.A.	5701 Lonetree Blvd, Rocklin CA 95765	Oil & gas	100%	-

(1) 100% held by Gaelic Resources Limited

The Company's investment in subsidiaries is as follows:

	Note	2018 £'000	2017 £'000
At 1 January		**-**	-
Additions	**12**	**1,933**	-
Impairment		**-**	-
At 31 December		**1,933**	-

16. Loan to subsidiaries

	Company 2018 £'000	Company 2017 £'000
Loan to Temporary Energy LLC	**3,692**	-
Total	**3,692**	-

The loan to the subsidiary is interest free and has no fixed repayment date, and is denominated in USD. Repayment of the loan is subject to the Directors' assessment of the Group's requirements and availability of appropriate liquid resources.

The amount of the loan to the subsidiary as at 31 December 2018 was US$4,714,125 (approximately £3,691,851).

17. Exploration and evaluation assets

The movement on the E&E assets account was as follows:

	Note	2018 £'000	2017 £'000
At 1 January		**-**	-
Acquisitions through business combinations	12	**2,725**	-
Additions		**1,888**	-
Reclassified to oil & gas assets within property, plant & equipment	18	**(1,571)**	-
Written off to exploration costs		**(55)**	-
Foreign exchange differences		**144**	-
At 31 December		**3,131**	-

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

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

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

In view of the commercial evaluation and development success by Temporary during the reporting period and subsequent to balance date, the economic analysis supports no impairment charge.

18. Property, plant and equipment

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

Oil & gas assets	**2018** £'000	**2017** £'000
Costs:		
At 1 January	**-**	-
Additions	**1,571**	-
At 31 December	**1,571**	-
Accumulated depreciation:		
At 1 January	**-**	-
Charge	**(32)**	-
At 31 December	**(32)**	-
Net book value at 31 December	**1,539**	-

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

In view of the commercial evaluation and development success by Temporary during the reporting period and subsequent to balance date, the economic analysis supports no impairment charge.

19. Trade and other receivables

	Group 2018 £'000	**Group 2017** £'000	**Company 2018** £'000	**Company 2017** £'000
Trade receivables	222	-		-
Amounts owed by Group undertakings	-	-	32	-
VAT receivable	113	30	113	30
Accrued revenue receivable	90	-	-	-
Total	**425**	30	**145**	30

As outlined in Note 22, the Company has made a provision for the recoverability of the VAT receivable in the amount of £112,947.

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

20. Restricted cash

	Group 2018 £'000	**Group 2017** £'000	**Company 2018** £'000	**Company 2017** £'000
Restricted cash	176	-	-	-
Total	**176**	-	**-**	-

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

21. Trade and other payables

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade and other payables	442	65	71	65
Accruals	79	21	28	21
Total	**521**	86	**99**	86

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

22. Provisions

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
At 1 January	101	-	101	-
Utilised in the year	-	-	-	-
Additions - Provision for VAT	83	101	83	101
At 31 December	**184**	101	**184**	101

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

23. Share capital

	Number of ordinary shares	**Nominal Value £**	**Total Value £'000**
Issued at 31 December 2016	**320,915,896**	**£0.001**	**321**
On 18 April 2017, placing for cash at 0.5p per share	73,500,000	£0.001	73
On 25 September 2017, placing for cash at 0.5p per share	792,000,000	£0.001	792
On 25 September 2017, debt for shares at 0.5p per share	2,000,000	£0.001	2
On 13 October 2017, placing for cash at 0.5p per share	352,000,000	£0.001	352
Issued at 31 December 2017	**1,540,415,896**	**£0.001**	**1,540**
On 13 March 2018, placing for cash at 0.6p per share	1,291,750,000	£0.001	1,292
On 4 July 2018, acquisition for shares at 0.625p per share	420,000,000	£0.001	420
On 5 September 2018, placing for cash at 0.85p per share	568,908,823	£0.001	569
Issued at 31 December 2018	**3,821,074,719**	**£0.001**	**3,821**

"A" Deferred shares
The Company has in existence at 31 December 2018 and at 31 December 2017, 6,915,896 "A" deferred shares of 1.65p. These deferred shares do not carry voting rights.

Total ordinary and "A" Deferred shares
The issued share capital as at 31 December 2018 is as follows:

	Number of ordinary shares	Nominal Value £	Total Value £'000
Ordinary shares	3,821,074,719	£0.0010	3,821
"A" Deferred shares	6,915,896	£0.0165	114
Issued at 31 December 2018			**3,935**

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

The holders of "A" Deferred shares do not have any right to receive written notice of or attend, speak or vote at any general meeting of the Company, or to any dividend declared by the Company. They may however be redeemed by the Company at any time at its option for one penny for all the "A" Deferred shares without obtaining sanction of such holders.

Share Options
During the year 125 million options were granted (2017: 190 million).

Exercise Price	Grant Date	Vesting Date	Expiry Date	Options in Issue 31 December 2018	Options in Issue 31 December 2017
0.50p	19 October 2017	19 October 2017	19 October 2021	**70,000,000**	70,000,000
0.75p	19 October 2017	19 October 2018	19 October 2021	**60,000,000**	60,000,000
1.00p	19 October 2017	19 April 2019	19 October 2021	**60,000,000**	60,000,000
0.60p	14 March 2018	19 March 2018	19 March 2022	**45,000,000**	-
0.90p	14 March 2018	14 March 2019	19 March 2022	**40,000,000**	-
1.20p	14 March 2018	14 September 2019	19 March 2022	**40,000,000**	-
				315,000,000	190,000,000

At 31st December 2018 there were 315 million share options outstanding (2017: 190 million).

24. Share based payments

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

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

Option Holder	At 1 January 2017 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 December 2017 No.	Exercise Price Pence	Vesting Date	Expiry Date
Sachin Oza	-	30,000,000	-	30,000,000	0.50p	19/10/2017	19/10/2021
Sachin Oza	-	30,000,000	-	30,000,000	0.75p	19/10/2018	19/10/2021
Sachin Oza	-	30,000,000	-	30,000,000	1.00p	19/04/2019	19/10/2021
Stephen Williams	-	30,000,000	-	30,000,000	0.50p	19/10/2017	19/10/2021
Stephen Williams	-	30,000,000	-	30,000,000	0.75p	19/10/2018	19/10/2021
Stephen Williams	-	30,000,000	-	30,000,000	1.00p	19/04/2019	19/10/2021
Anthony Samaha	-	10,000,000	-	10,000,000	0.50p	19/10/2017	19/10/2021
	-	**190,000,000**	**-**	**190,000,000**			

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

	2018 Weighted average exercise price	2018 Number of options	2017 Weighted average exercise price	2017 Number of options
Outstanding at 1 January	0.74	190,000,000	-	-
Granted during the year	0.89	125,000,000	0.74	190,000,000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.80	315,000,000	0.74	190,000,000
Exercisable at 31 December	0.61	175,000,000	0.74	70,000,000

The options outstanding at 31 December 2018 have a weighted average contractual life of 3.0 years (2017: 3.8 years).

The closing share price range during the year ended 31 December 2018 was 0.57p to 0.95p (2017: 0.32p to 0.98p).

The options issued during 2018 were all granted on 14 March 2018 and vest in tranches on 19 March 2018, 12 months from grant and 18 months from grant. The options issued during 2017 were all granted on 19 October 2017 and vest in tranches upon grant, 12 months from grant and 18 months from grant. Should the option holder leave the Board prior to the vesting of their options, such options will be forfeited.

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

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

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

The Company recognised total expenses relating to equity-settled share-based payment transactions during the year of £995,397 (2017: £559,117).

25. Related party transactions

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

(a) During the year ended 31 December 2018, the Company incurred fees to Santannos Limited, a company associated with Anthony Samaha, for provision of accounting and administrative services in the amount of £9,000 (2017: £3,000). As at 31 December 2018, there was nil amount included in accounts payable in respect of these fees (2017: nil).

(b) During the year ended 31 December 2018, the Company provided consulting services to Corallian in the amount of £2,000 (2017: nil). As at 31 December 2018, there was £1,200 included in accounts receivable in respect of these fees (2017: nil).

(c) During the year ended 31 December 2018, the Company provided consulting services to Danube in the amount of £9,000 (2017: nil). As at 31 December 2018, there was £3,600 included in accounts receivable in respect of these fees (2017: nil).

(d) During the year ended 31 December 2018, the Company provided management services to Temporary in the amount of £23,275 (2017: nil). As at 31 December 2018, there was £23,275 included in accounts receivable in respect of these fees (2017: nil).

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

26. Commitments

In October 2018, the Group executed an Authorised for Expenditure in respect to the VG-4 well in the West Brentwood licence in the amount of US$1.5 million (£1.17 million), of which US$0.34 million (£0.26 million) had been expended up to 31 December 2018, with the balance of the commitment as at 31 December 2018 of US$1.16 million (£0.91 million).

27. Financial risk management and financial instruments

Overview
The Group has exposure to the following risks from its issue of financial instruments:
- credit risk
- liquidity risk
- market risk

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

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

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

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

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

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

	Group 2018	**Group 2017**	**Company 2018**	**Company 2017**
	£'000	£'000	£'000	£'000
Cash and bank balances	**7,112**	5,307	**6,147**	5,307
Trade and other receivables	**425**	30	**145**	30
Restricted cash	**176**	-	**-**	-
Loan to subsidiary	**-**	-	**3,692**	-

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

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

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

Non-derivative financial liabilities	**Notes**	**Group Carrying amount £'000**	**Group Contractual cash flows £'000**	**Group 6 months or less £'000**
31 December 2018				
Trade and other payables	21	442	442	442
Accruals	21	79	79	79
		521	521	521
31 December 2017				
Trade and other payables	21	65	65	65
Accruals	21	21	21	21
		86	86	86

Non-derivative financial liabilities	**Notes**	**Company Carrying amount £'000**	**Company Contractual cash flows £'000**	**Company 6 months or less £'000**
31 December 2018				
Trade and other payables	21	71	71	71
Accruals	21	28	28	28
		99	99	99
31 December 2017				
Trade and other payables	21	65	65	65
Accruals	21	21	21	21
		86	86	86

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

(c) Market risk

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

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

Foreign currency risk

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

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

As at 31 December 2018, the exposure of the Group to foreign exchange rates is summarised as follows:

Exposure to USD	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Cash and bank balances	**966**	-	**-**	-
Restricted cash	**176**	-	**-**	-
Trade and other receivables	**304**	-	**23**	-
Loan to subsidiary	**-**	-	**3,692**	-
Trade and other payables	**(394)**	-	**-**	-
Accruals	**(51)**	-	**-**	-
	1,000	-	**3,715**	-

As at 31 December 2018, if Sterling had gained or lost 10% against the USD, the impact on comprehensive loss would have been as follows:

Impact on comprehensive loss	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
+10% GBP/USD	**(100)**	-	(372)	-
-10% GBP/USD	**100**	-	372	-

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

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

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

The share capital, including share premium, and reserves totalling £19,313,000 (2017: £5,732,000) provides the majority of the working capital required by the Group. Management reviews the capital structure and makes adjustment to it in the light of changes in economic conditions.

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

Categories of financial instruments

	IFRS 9 classification & measurement	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Financial assets:					
Cash and cash equivalents	Amortised cost	**7,112**	5,307	**6,147**	5,307
Restricted cash	Amortised cost	**176**	-	**-**	-
Receivables	Amortised cost	**425**	30	**145**	30
Investment in equity instruments	FVTPL	**-**	550	**-**	550
Loan to subsidiary	Amortised cost	-	-	**3,692**	-
Total financial assets		**7,713**	5,887	**9,984**	5,887
Financial liabilities:					
Other financial liabilities	Amortised cost	**442**	65	**71**	65
Total financial liabilities		**442**	65	**71**	65

28. Post balance sheet events

(a) On 8 February 2019, the Company announced the issue of 1,980,000 new ordinary shares of 0.1 pence each in the Company to an institutional investor (the "Investor") pursuant to the transfer of 350,000 common shares in Connaught Oil & Gas Ltd. ("Connaught"), a private oil and gas company incorporated and registered in the Province of Alberta, Canada, from the Investor to Reabold (the "Transfer"). Connaught's primary asset is its 35.04% equity holding in Rathlin Energy (UK) Ltd ("Rathlin"), operator of Licence PEDL 183 (onshore UK). The existing issued share capital of Connaught consists of 66,520,480 common shares. Reabold currently has an approximately 36%. equity interest in Rathlin and, following the Transfer, has a 0.52%. interest in Connaught.

(b) On 25 February 2019, the Company announced that it had secured an additional equity investment into Corallian, by way of an Advanced Subscription Agreement, whereby Reabold will invest £750,000, priced at a 30% discount to the next Corallian fundraise. This investment would cover Corallian's expected costs in relation to the side-track to appraise the principle Colter oil discovery.

(c) On 9 May 2019, the Company announced that it had agreed to subscribe for a further 375,940 ordinary shares in Danube at an issue price of £1.00 per share, increasing Reabold's interest in Danube from 33.3% to 37.5%. In addition, ADX, on behalf of Danube, has agreed to engage Reabold for a period of 12 months to provide Corporate Advisory Services to Danube for an annual fee of approximately £75,000.

29. Parent company profit and loss

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company total comprehensive loss for the year was £2,026,000 (2017: loss £1,152,000).

30. Ultimate controlling party

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