Reabold Annual Report and Financial Statements 2021

reabold
resources plc

Annual Report and Financial Statements

For the year ended 31 December 2021

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Highlights

Reporting Period

West Newton

During H2 2021, West Newton B-1Z and A-2 completion and testing operations commenced, evaluating the hydrocarbons in the conventional Kirkham Abbey Formation reservoir, which is key for the future development of the West Newton licence (PEDL183) and, in particular, for informing the optimal location for the drilling of the horizontal B-2 development well.

With both gas and liquid hydrocarbons recovered to surface, the test programme provided further evidence that there is a substantial hydrocarbon column and resource in place. The updated Most Likely Median Case of in-place hydrocarbons over PEDL183 was estimated to be 412.3 mmbbl of oil and 183.5 bcf of gas.

Corallian

A further investment of £1.0 million into Corallian Energy Limited ("Corallian") was made by way of a Convertible Loan to fund the submission of a draft Field Development Plan ("FDP") for the Victory gas field, which was submitted at the end of 2021. The Company sold 50% of its Convertible Loan for net proceeds of £0.5 million to a group of strategic investors.

Reabold acquired an additional 13.12% of Corallian shares from existing Corallian shareholders, in exchange for 468,994,086 new Reabold shares, resulting in the Company owning 49.99% of Corallian, thereby increasing its interest in the Victory gas discovery, wholly owned by Corallian.

Completion of Environmental Baseline Survey, which was a key element in the submission of the Environmental Statement ("ES") for Victory.

A CPR for the Victory project was completed, calculating a gross 2C recoverable resource of 179 bcf. The Victory development plan is relatively simple because, *inter alia*, it is adjacent to significant gas infrastructure. Corallian's 2C economic valuation (NPV10) of Victory, based on a historical average gas price of 50p/therm, is £193 million. Victory is an important resource and could contribute meaningfully to the UK's energy needs.

Reabold California

Reabold entered into a conditional equity exchange agreement with Daybreak Oil and Gas Inc. ("Daybreak"), a US over-the-counter ("OTC") traded oil and gas operator with assets in California, whereby Reabold will acquire up to 46.5% of Daybreak via the issuance of new Daybreak shares to Reabold, in exchange for Daybreak acquiring Reabold California LLC, Reabold's subsidiary which holds, *inter alia*, Reabold's licence interests in California.

Corporate and Other Activities

The 18 month extension of the Parta Exploration Licence in Romania, held 100% by Danube Petroleum Limited, in which Reabold has a 50.8% equity interest, for the current exploration phase until 3 December 2022.

Oversubscribed placing and subscription at a premium to the prevailing market price to raise gross proceeds of £7.5million, supported by key existing and new institutional investors.

Post reporting period

On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. Reabold California LLC, Reabold's subsidiary which holds, *inter alia*, Reabold's licence interests in California, has now become a wholly owned subsidiary of Daybreak, which, in exchange, has issued 160,964,489 new Daybreak shares to Gaelic Resources Limited, a wholly owned subsidiary of Reabold. Reabold now indirectly owns 42% of Daybreak's share capital, as enlarged by the completion of the transaction.

On 4 May 2022, Reabold announced that Corallian had received a non-binding, conditional offer from a credible party for the acquisition of its entire issued share capital (the "Potential Sale"). Corallian's board considers the Potential Sale to be sufficiently attractive to seek to conclude a sale process and is progressing negotiations with the potential purchaser.

As part of the Potential Sale process, Reabold announced that it had entered into a conditional sale and purchase agreement ("SPA") to acquire Corallian's working interest in all the non-Victory licences within the Corallian portfolio for a cash consideration of £250,000. The licences that will be acquired by Reabold are P2396, P2464, P2493, P2504 and P2605 (all at 100% working interest) and P2478 (36% working interest), which the Board believes have significant prospective potential.

RPS Group ("RPS") estimated that a horizontal optimised well drilled at West Newton could deliver an initial production rate of ca 35.6 mmcf/d of gas over the first month of production.

East Riding of Yorkshire Council Planning committee approved planning applications for drilling and production at Rathlin's West Newton A site as well as a time extension to allow for further drilling at the West Newton B site, paving the way for the next phase of activity at West Newton towards development.

Jeremy Edelman
Chairman

Chairman's Statement

The year ended 31 December 2021 and the subsequent post period-end has seen significant increases in energy prices driven by strong global economic growth and dramatic geopolitical events. Against this backdrop, the Company is positioned for a transformative period ahead for its investment portfolio, particularly in respect of the Victory and West Newton projects.

The submission of a draft FDP for Victory was a significant milestone for this gas field, in which the Company has an indirect 49.99% interest. Victory is in shallow water, close to pre-existing subsea infrastructure, allowing a cost-effective tie-back solution. It is fully appraised and requires no additional pre-development drilling. The updated independent CPR has ascribed recoverable 2C resources of 179bcf of dry gas to the field, which is situated in an area of significant infrastructure, meaning its development is expected to be straightforward, whilst providing a meaningful gas resource to the UK energy supply.

The strategic review of Corallian that commenced in Q4 2021 has resulted in a non-binding, conditional offer from a credible party for the acquisition of its entire issued share capital. At the time of writing, the potential sale has not yet reached completion however this is potentially a major milestone for the Company in demonstrating the execution of its strategy by way of monetising its investment.

The Company is well funded, following the placing in January 2021, whereby it raised £7.5 million in gross proceeds by way of an oversubscribed placing of 890,909,093 new ordinary shares in the capital of the Company ("Ordinary Shares") to new and existing institutional investors, and a total of 472,727,270 new Ordinary Shares being subscribed to certain Directors and institutional investors, at a price of 0.55 pence per new Ordinary Share, a 2.8% premium to the then prevailing share price.

We were delighted to secure this funding required to finance activity across our asset base, including further drilling and testing at West Newton, adding value across the wider PEDL183 licence, and providing available funding to move the Victory gas development towards FDP.

In October 2021, Reabold announced the signing of a conditional equity exchange agreement between Daybreak Oil and Gas Inc. ("Daybreak"), a US OTC traded oil and gas operator with assets in California (the "Equity Exchange Agreement"), which will result in Reabold becoming a major shareholder of Daybreak via the issuance of new Daybreak shares to Reabold, in exchange for Daybreak acquiring Reabold California LLC ("Reabold California").

As per the terms of the Equity Exchange Agreement, Reabold California will become a wholly-owned subsidiary of Daybreak, which, in exchange, will issue 160,964,489 Daybreak shares to Gaelic Resources Limited, a wholly-owned subsidiary of Reabold.

Post Reporting Period

Corallian

In May 2022, as described on page 2, we announced that Corallian had received a non-binding, conditional offer to acquire the Victory Project held by Corallian, by way of the acquisition of 100% of the issued capital of Corallian. As part of the sale process, Reabold announced that it had entered into a conditional SPA to acquire Corallian's working interest in all the non-Victory licences within the Corallian portfolio for a cash consideration of £250,000.

West Newton

On 17 January 2022, the Company announced initial results of analysis of the West Newton Extended Well Test ("EWT") programme carried out in the second half of 2021 by RPS and the results of analysis carried out on fluids produced to surface:

- Independent study by RPS indicates potential for initial production rates of 35.6 mmcf/d (5,900 boe/d") from an optimised horizontally drilled well situated in the gas zone, based on the data from the West Newton A-2 well.
- Study also indicates potential initial production rates of 1,000 bbls/d from a horizontally drilled well situated in the oil zone, based on well data from West Newton A-2.

On 17 March 2022, the Company announced that, at an East Riding of Yorkshire Council Planning committee, planning applications for drilling and production at Rathlin's West Newton A site as well as a time extension to allow for further exploratory drilling at the West Newton B site were approved. These approvals pave the way for the next phase of activity at West Newton as the partnership continues to move the project forward towards development.

Reabold California

On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. Reabold California LLC, Reabold's subsidiary which holds, *inter alia*, Reabold's licence interests in California, has now become a wholly owned subsidiary of Daybreak, which, in exchange, has issued 160,964,489 new Daybreak shares to Gaelic Resources Limited, a wholly owned subsidiary of Reabold. Reabold now owns 42% of Daybreak's share capital, as enlarged by the completion of the transaction.

Outlook

The Company's current financial position is strong and funding is in place for the key 2022 work programmes to drive what the Board expects to be a transformative value driving year ahead.

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

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

Jeremy Edelman
Chairman

26 May 2022

Strategic Report

Strategy and 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 and gas projects, Reabold aims to create value from each asset by investing in undervalued, low-risk opportunities with near-term activity and by identifying potential monetisation plans prior to investment.

Reabold's long-term strategy is to re-invest capital generated through monetisation of its investments into new projects in order to grow the Company and create value for its shareholders. 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 value realisation of a project is determined by monetising the asset (putting it into production or selling it). The value increase of an asset from the acquisition entry point to monetisation is achieved through successful appraisal and/or development drilling.

Reabold's non-operator model helps to keep costs low and allows the Company to manage a diversified portfolio.

Reabold has a specific strategy to fund other operators' appraisal wells where the Company has assessed such opportunities to be high quality, high return projects from previous drilling activity that has de-risked the asset. The projects targeted have relatively quick cycle times to monetisation as the projects are in areas with access to infrastructure and services.

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 thereby creating value for the Company's shareholders. Monetisation of investments is determined by, amongst other factors, the extent of successful activity in the project area and industry and capital market conditions. Pathways to monetisation include:

i) an asset sale or IPO; and/or

ii) putting the asset into production.

Reabold has a highly-experienced management team, which possesses the necessary background, knowledge and contacts to carry out the Company's strategy. The biographies of the Board are summarised on pages 20-21. Management believes that distress in the oil and gas industry over several years presents an opportune time to deploy capital in undervalued assets with huge potential.

Reabold portfolio and operational annual summary

Rathlin Energy (UK) Limited / PEDL183

2021 was an extremely important year for Reabold's involvement in the West Newton project, as well as the broader Zechstein play in the PEDL183 licence area. During the year, extensive testing was carried out at both the B-1Z and A-2 discovery wells, which is leading to a significant increase in our understanding of the Kirkham Abbey formation in the West Newton field. We continue to formulate optimised drilling and completion techniques for the future West Newton production wells, and thoughts are moving on to development planning.

Reabold holds a c. 56% economic interest in West Newton via its c. 59 % shareholding in Rathlin, which, in turn, has a 66.67% interest in PEDL183. In addition, Reabold has a 16.665% direct licence interest in PEDL183.

West Newton B-1Z testing:

On 20 March 2021, Reabold announced that Rathlin had received a draft of the permit variation from the Environmental Agency that was needed to accommodate completion, well clean-up and EWT operations. The first phase of the evaluation would commence in April 2021 and initially consist of a customised cased hole logging programme and vertical seismic profiling survey, before moving onto the main EWT operations. On 20 April 2021, Reabold announced that the first phase was complete and that the EWT phase would commence during May with an anticipated four week duration, and on 25 May 2021 it was announced that equipment had been mobilised to site. Reabold also announced on 20 April 2021 that thin section images obtained from core plugs taken from West Newton B-1Z showed porosity throughout the core including samples of between 12% and 15% porosity.

Testing operations at West Newton B-1Z

On 21 July 2021, Reabold announced that well testing operations had commenced on 7 June, with an initial focus on the lower portion of the Kirkham Abbey pay zone. Significant inflow of completion fluids into and subsequently out of the reservoir indicated a functioning permeability system, and liquids and gas were recovered to surface. Gas analyses exhibited a strong similarity to analyses obtained from the West Newton A site wells with samples showing approximately 90% methane and no native H_2S. An additional 19 metre pay zone in the upper Kirkham Abbey formation was identified for perforation and flow testing.

On 31 August 2021 Reabold announced a further update to the test programme at B-1Z. Testing of the well had yielded significant information to help understand the West Newton field, with both gas and liquid hydrocarbons recovered to surface, which is consistent with information gathered from the A site wells and further evidence that we have a substantial hydrocarbon column and resource in place. As expected, the reservoir demonstrated a dual permeability system, with natural fractures alongside a lower permeability matrix. Completion fluids were injected into the formation at a rate constrained by the pumps on site at 5.7 barrels per minute (8,208 barrels per day).

However, the Kirkham Abbey reservoir appeared to be sensitive to the drilling and completion fluids. We saw clear signs of reservoir damage in near wellbore areas. This was probably preventing more significant flow at that time. Testing to date had not yet returned all the completion fluids injected into the formation and a measurable flow of hydrocarbons had not yet been achieved.

The B-1Z well was therefore suspended with pressure gauges monitoring pressure build up in the well bore, with a view to further potential testing following the results at the A-2 well.

West Newton A-2 testing:

On 13 October 2021, following the conclusion of testing at the A-2 well, Reabold provided a further update in respect of the overall testing operations at West Newton.

The results of the EWT confirmed that the WNA-1, WNA-2 and WNB-1z wells are substantial hydrocarbon discoveries. Gas and light oil/condensate were recovered to surface from the WNA-2 and WNB-1z wells, although sustained flow rates were not achieved, and multiple samples were gathered for geochemical analysis.

The large suite of data accumulated during the EWTs including downhole logs, pressure data, geochemical and core analysis are being used to progress a reservoir modelling study to determine the optimum production design for the Kirkham Abbey reservoir.

A number of external studies, utilising the knowledge of specialist carbonate reservoir modelling consultants are being conducted, encompassing a wide range of potential reservoir stimulation treatments, the results of which could be applied to the West Newton series of wells, in order to achieve optimum flow rates.

The “Greater West Newton” area has been confirmed to contain material resources. The method by which to produce this known accumulation of hydrocarbons is still being assessed.

This data will be used to inform the drilling of the next well on the West Newton field, which will be designed to deliver an optimal flow rate from the Kirkham Abbey formation.

West Newton Site Planning:

On 22 January 2021, Rathlin received a Screening Opinion from the East Riding of Yorkshire Council in response to its screening request for the proposed West Newton A site extension. The proposed extension of the existing WNA wellsite and associated work programme would provide for testing, appraisal and production from the two existing wells (WNA-1 and WNA-2) and the potential for drilling, testing, appraisal and production from up to six new wells on the WNA site over a 25-year period. The East Riding of Yorkshire Council’s Screening Opinion considered that the proposed development would not require an environmental impact assessment. On 22 March 2021, Reabold announced that Rathlin was carrying out a public consultation regarding the development of the WNA site.

On 1 October 2021, Rathlin’s planning application for the West Newton A well site expansion was refused by a narrow margin by The East Riding of Yorkshire Council Planning Committee, despite it being recommended for approval by The East Riding of Yorkshire Council’s own planning officers. On 26 November, Rathlin noted an intention to submit a new application, taking into account the concerns associated with the earlier application.

On 17 March 2022, at an East Riding of Yorkshire Council Planning committee, planning applications for drilling and production at Rathlin’s West Newton A site as well as a time extension to allow for further exploratory drilling at the West Newton B site were approved. These approvals pave the way for the next phase of activity at West Newton as the partnership continues to move the project forward towards development.

West Newton CPR

On 10 May 2021, Reabold announced that Gaffney, Cline & Associates Limited, an international energy consultancy, had been appointed to prepare a Competent Person’s Report in respect of PEDL183, to be executed following the testing of the B-1Z and A-2 wells. Given the ambiguity associated with potential flow rates immediately following the testing operations, the execution of the CPR was put on hold whilst additional analysis was carried out.

Reabold California

Following an active five well drilling campaign in 2018-2019, the last two years focused on maintaining cash generative production throughout and beyond the oil price downturn.

Most importantly, the decision was taken to explore ways in which Reabold could participate in ongoing growth of its business in California, by accessing external capital to facilitate additional drilling, without calling on Reabold's own cash resources, which are currently focused on other areas of the Reabold portfolio.

This led to the agreement to merge Reabold California with Daybreak, a US OTC listed E&P business with producing assets in California. This creates a California focused upstream entity with a larger footprint, significant running room across both sets of licences, and the ability to use its listing to raise capital to achieve growth.

On 21 October 2021, Reabold announced the signing of a conditional equity exchange agreement with Daybreak which would result in Reabold becoming a major shareholder of Daybreak via the issuance of new Daybreak shares to Reabold, in exchange for Daybreak acquiring Reabold California, Reabold's subsidiary which holds, *inter alia,* Reabold's licence interests in California.

Per the conditions of the Equity Exchange Agreement, prior to completion of the transaction, Daybreak is required to raise a minimum of US$2.5 million via an equity raise; the proceeds of which will be used to grow production across Daybreak's enhanced portfolio. In addition, Daybreak will be required to complete a conversion of certain of its debt into equity. On 20 May 2022, at a Special Shareholder Meeting for Daybreak, shareholders voted to approve the Equity Exchange Agreement. On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. Reabold California LLC, Reabold's subsidiary which holds, *inter alia*, Reabold's licence interests in California, has now become a wholly owned subsidiary of Daybreak, which, in exchange, has issued 160,964,489 new Daybreak shares to Gaelic Resources Limited, a wholly owned subsidiary of Reabold. Reabold now owns 42% of Daybreak's share capital, as enlarged by the completion of the transaction.

Transaction Rationale:

- Creates a self-funded, OTC traded, Californian oil and gas operator, with a strong balance sheet, in which Reabold will have a major shareholding
- Daybreak will utilise its existing in-state management team and expertise to grow the portfolio through development of existing licences as well as considering strategic acquisition opportunities
  - Daybreak's management team have 12 years' experience operating in California
  - Daybreak is led by James F. Westmoreland
- With a clear focus in California, Daybreak can utilise significant market opportunities for consolidation in the state, creating further opportunities for synergistic growth
- As a result of the transaction, Reabold's interests in California will be exchanged for shares of an OTC traded entity, creating flexibility and funding opportunities going forward

Reserves:

The proved reserves attributable to the California business, net to Reabold, are shown below:

	Oil bbl	Gas mcf	Total oil and gas boe*
1P reserves as at 1 April 2021	606,860	36,790	612,992

* Total gas reserves at 1 April 2021 have been converted to barrels of oil equivalent using a factor of 6.0 mcf per boe for reporting purposes.

Proved reserves at 1 April 2021 shown here have been extracted from an independent report prepared by Petrotech Resources Company Inc. ("Petrotech") in accordance with the reserve definitions guidelines defined in the Society of Petroleum Engineers (SPE) Petroleum Resources Management System 2007.

Operational update and production:

Production (net to Reabold)	2021	2020
Crude Oil (boe)	23,518	31,035
Natural gas (boe)	1,029	2,855
Total hydrocarbons (boe)	24,457	33,890
Average realizations		
Total hydrocarbons ($/bbl)	65.4	38.4
Total hydrocarbons (net of royalties) ($/bbl)	52.3	30.7

Corallian Energy Limited

Reabold has a 49.99% equity holding in Corallian, a private UK oil and gas exploration and appraisal company, with an experienced in-house team to execute its programmes. In addition to the Victory project, Corallian's project portfolio, includes the West of Shetland (Laxford discovery and Scourie prospect in Licence P2605, and the Sandvoe prospect in Licence P2493), the Viking Graben (Unst and Quoys prospects in Licence P2464, and the Oulton discovery in Licence P2504), the Inner Moray Firth (Dunrobin and Golspie prospects in Licence P2478) and in the Central Graben (Curlew-A discovery in Licence P2396).

Victory Development Project

We believe Victory to be a straightforward, low-risk gas development which has been fully appraised and requires no additional pre-development drilling. Victory is located near to existing local infrastructure, with the development of Victory expected to be via a single-well sub-sea tieback. The licence was originally offered to Texaco in 1972 and it drilled a discovery well in 1977 that flowed at circa 9 mmcf/d from 200 feet (circa 60.6 metres) of net gas pay in Lower Cretaceous sandstones, proving reservoir commerciality.

On 25 June 2021 Reabold announced the completion of the environmental baseline survey (EBS) at Victory. Data acquisition for the Victory EBS was successfully completed on 23 June 2021, with the survey completed within the budget estimate and with zero health and safety incidents. Data acquired included side-scan sonar, multibeam echosounder, seabed sediment samples, and video and camera stills over the proposed project sites. This data was used to complete an Environmental Impact Assessment and ultimately an Environmental Statement for the Victory project.

On 20 October 2021. Reabold announced that a CPR had recently been completed by RPS, following the finalisation of both static and dynamic modelling, together with well / network optimisation studies for the development. RPS estimates a total Victory field 2C or best / mid case technically recoverable resource of 179 bcf dry gas. This estimate represents a 14% increase over the previous interim CPR completed by SLR Consulting in December 2020 of 157 bcf of technically recoverable gas.

On 23 December 2021, Corallian confirmed that it had submitted a draft FDP for the Victory gas field to the Oil and Gas Authority, now known as the North Sea Transition Authority.

Further investment in Corallian

Reabold continued to invest in Corallian in 2021 mainly to support progression of the Victory project. On 22 February 2021, Reabold announced that it had entered into a conditional convertible loan instrument (the "Instrument") with Corallian pursuant to which Reabold would advance £1 million to Corallian (the "Convertible Loan"). The completion of the transaction was announced on 24 February 2021.

Corallian intended to utilise the proceeds of the Convertible Loan to support workstreams related to the submission of a draft FDP for the Victory gas field, which Corallian had aimed to do before the end of 2021, and for general working capital purposes.

The Convertible Loan, including interest at a rate of 15% per annum (accruing daily), will convert into new ordinary shares in Corallian ("Corallian Shares") within 21 months from the date of the Instrument. If, during this period, Corallian is acquired, undertakes a material disposal of assets, an initial public offering or a reverse takeover, where the relevant valuation (each, a "Corporate Action") is greater than £3.20 per share, the Convertible Loan will convert at £3.20 per share. If the relevant valuation is below £3.20 per share, then the Convertible Loan will convert at a price equal to the relevant valuation. If no such Corporate Action has taken place within 21 months, the Convertible Loan will automatically convert at a price of £1.50 per share.

On 3 March 2021, Reabold announced that it had initiated the sale of a portion of the convertible loan notes in Corallian with a principal value of £500,000, to a group of strategic investors (the "Strategic Investors"), in exchange for cash proceeds of £500,000. Reabold will retain £500,000 principal value of the CLN.

The Strategic Investors had indicated their support of an initial public offering, reverse takeover or similar for Corallian, which is in line with Reabold's strategy of clearly identifying monetisation opportunities across its portfolio. The strategic investors also signalled their intention to support Reabold in facilitating further potential strategic value creation opportunities across the wider Reabold portfolio.

On 27 April 2021, Reabold announced a conditional offer to acquire up to an additional 13.12% of Corallian, at a ratio of 474 Reabold shares for 1 Corallian share, potentially increasing Reabold's shareholding in Corallian to a maximum of 49.99%.

By increasing its position in Corallian, Reabold increased its economic interest in the 100% Corallian-owned Victory Gas Discovery, West of Shetland, in which Reabold management sees significant value.

On 10 May 2021, Reabold announced that the offer had been oversubscribed and all conditions precedent fulfilled. As such, Reabold acquired 989,439 Corallian shares, equivalent to 13.12% of Corallian, and issued 468,994,086 Reabold shares.

Corallian Strategic Review

On 20 October 2021, Reabold announced that Corallian had decided to conduct a formal review of the various strategic options available to maximise value for all of its shareholders. In May 2022, as noted in the Chairman's Statement, we announced that Corallian had received a non-binding, conditional offer to acquire the Victory Project held by Corallian, by way of the acquisition of 100% of the issued capital of Corallian. As part of the sale process, Reabold announced that it had entered into a conditional SPA to acquire Corallian's working interest in all the non-Victory licences within the Corallian portfolio for a cash consideration of £250,000.

Danube Petroleum Limited

Reabold has a 50.8% equity interest in Danube, with ASX listed ADX Energy Ltd ("ADX") holding the remaining 49.2%. Danube is active in Romania through its ownership of the Parta Licence. Danube has a 100% interest in the Parta licence as well as the Iecea Mare production licence which includes the IMIC-1 discovery drilled in 2019.

A planned 3D seismic work programme is designed to target appraisal opportunities within the Iecea Mare production licence as well as both exploration and appraisal targets in the large Parta exploration license. The Parta 3D seismic programme was deferred in September 2020 following the default by ASK listed Tamaska Oil & Gas Limited pursuant to a farm-in agreement to fund a 100 km2 3D seismic program.

On 21 June 2021 Reabold and ADX announced that the Romanian National Agency for Mineral Resources had approved an 18-month work programme extension of the current phase 1 (exploration phase) for the Parta exploration licence. The extension was granted without additional work programme obligations.

Funding

During the reporting period, Reabold carried out an equity capital raise in January 2021, raising gross proceeds of £7.5 million. Such fundraise was completed at a price of 0.55 pence per new Ordinary Share, representing a 2.8% premium to the mid-market closing price on 27 January 2021, being the last practicable closing price prior to the announcement of the fundraise.

The net proceeds of the fundraise were to be used, alongside existing cash resources, to provide incremental capital to fund the Company's share of:

i) additional appraisal and development activity at the Company's landmark West Newton project, potentially one of the largest oil and gas discoveries onshore UK, notably drilling and testing of the B-2 well;

ii) activity to assess and define the prospectivity of the wider PEDL183 licence, which includes West Newton, including a seismic programme and exploration work to identify additional future drilling opportunities;

iii) potential costs associated with the fully appraised Victory gas development, which was recently awarded to investee company, Corallian Energy, including an environmental assessment in order to move the development towards FDP; and

iv) additional contingency to provide capital flexibility across the Company's investment portfolio and working capital.

Section 172(1) statement

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

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

The Board of Directors is collectively responsible for the decisions made towards the long-term success of the Company and the way in which the strategic, operational and risk management decisions have been implemented throughout the business is detailed in our Strategy and business model on page 5 and throughout the Strategic Report.

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

During 2021, the only employees of the Company were three Executive Directors. In March 2022, the company hired its first employee, who is not a director. The Board recognises that Reabold employees, currently principally its executives, are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The Board ensures that:

- It has meaningful and regular dialogue with the workforce to capture key insights and to bring the employee voice into the boardroom.
- Annual pay and benefit reviews are carried out to determine whether all levels of employees are benefitting fairly and to retain and encourage skills vital for the business.
- Employees are informed of the results and important business decisions and are encouraged to feel engaged and to improve their potential.
- Working conditions are favourable.

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

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, governments, and joint-venture partners. We aim to have a positive and enduring impact on the communities in which we operate, through partnering with national and local suppliers, and through payments to governments in taxes and other fees. The Group values all of its suppliers and aims to build strong positive relationships through open communication and adherence to trade terms. The Group is committed to being a responsible entity and doing the right thing for its customers, suppliers and business partners. The Board upholds ethical business behaviour across all of the Company's activities and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible their wishes are duly considered.

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

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

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

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

Given the tragic events in Ukraine, the need to supply our own energy is more important than ever. As outlined by the Secretary of State for Business, Energy and Industrial Strategy, those calling for an immediate end to domestic oil and gas ignore the fact that this would simply make the UK more reliant on foreign imports - it would not, in fact, lead to greater decarbonisation globally. Producing more of our own energy will protect us into the future to ensure greater energy independence.

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

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

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

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

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, subject to any COVID-19 restrictions.

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

Culture

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

Principal decisions

We outline some of the principal decisions made by the Board over the year, and how directors have performed their duty under Section 172.

Additional investment in Corallian

The Board approved to acquire an additional 13.12% in Corallian. The decision was made with due regard to Reabold's financial framework and it was determined that this could add further value to shareholders.

Creation of Enhanced California E&P Company

The Board approved the equity exchange agreement with Daybreak resulting in Reabold becoming a major shareholder in Daybreak in exchange for Daybreak acquiring Reabold California. The decision was made to create a self-funded Californian operator that can utilise significant market opportunities for consolidation in the state, creating further opportunities for synergistic growth, offering potential upside for the Group and its shareholders.

Environmental, Social and Governance (ESG) Statement

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

While the pace of transition to a lower carbon economy is uncertain, oil and natural gas demand is expected to remain a key element of the energy mix for many years based on stated policies, commitments and announced pledges to reduce emissions. The challenge is to meet the world's energy needs sustainably, which requires managing and reducing harmful emissions. Reabold actively encourages and expects its investee companies / operators of its oil and gas interests to respond to this by continuously striving to minimise the potential environmental impact of operations by:

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

The operators have developed systems, controls and processes to integrate climate related considerations, in order to meet these objectives. Reabold complies with the applicable standards of the international oil industry, environmental laws and regulations. We recognise and support the basis of the Paris Agreement to strengthen the global response to the threat of climate change. Furthermore, extraction activities at sites in which Reabold is invested are significantly lower in carbon intensity than the industry average.

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

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

United Kingdom

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

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

Reabold is committed to being part of the overall reduction in carbon intensity in the UK. As part of this objective, in a significant environmental milestone for West Newton, we were very pleased with the West Newton development plan being given an AA rating by GaffneyCline in 2020 for carbon intensity, the best possible grade for low carbon emissions from potential upstream crude oil production. The study stated that the West Newton field has carbon intensities "significantly lower than the UK average and also compared to onshore analogues". Based on the study, GaffneyCline estimated that West Newton could produce the equivalent of just 5 grams of CO_2 per megajoule of energy created ("gCO_2eq./MJ"). The study did not include the review of any carbon offsetting measures, which could further limit West Newton's net carbon emissions. The study also highlighted that this number could be further reduced to just 3.5 gCO_2eq./MJ by applying, inter alia, gas to grid technologies. The study used specific West Newton reservoir and fluid parameters, notional development plans and analogous field development plans. The result of this study was benchmarked against other field analogues using the Global field database. Reabold intends that the development at West Newton will seek to utilise the best fit for purpose technologies, including gas to grid technologies, and tight leak-rate specifications to minimise any venting, flaring or fugitive emissions.

California, USA

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

Romania

Romania is in the midst of creating a more sustainable energy mix by transitioning away from coal fired generation and ageing nuclear plants towards renewable energy sources. However, during this transition period, the country needs indigenously sourced natural gas as a fuel to ensure the security of supply of energy. By developing and producing gas from the Parta site, Danube Petroleum Limited is able to contribute to the country's efforts to implement this energy strategy.

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

Key performance indicators (KPIs)

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

Changes to KPIs

We have removed the commercial production KPI as it does not reflect the current position of the company in the lifecycle of its strategy. Reabold in an investor in E&P projects and therefore growth in net assets and total Shareholder Return serve as more useful measures of our strategic performance. The retention of key management KPI has also been removed as this is seen as a business risk rather than a performance indicator. See principal risks and uncertainties on pages16-17.

The KPIs are:

KPI	Definition	Performance	Attainment
KPI 1	Grow value through material investments, project delivery and commercial discoveries	• Acquired an additional 13.12% equity interest in Corallian bringing Reabold's total equity interest in Corallian to 49.99% increasing Reabold's position in the low-risk, high potential Victory Gas Discovery • Draft FDP submitted by Corallian for the Victory gas field	Achieved
KPI 2	Being adequately resourced for all corporate and JV-related financial matters sufficient for advancement of investment strategy	• Oversubscribed placing and subscription at a premium to the market to raise £7.5m at 0.55p per share, supported by key existing and new institutional investors to support the Company's investment strategy. • Reabold continues to have a healthy cash position and is fully funded for all intended activities and commitments in 2022.	Achieved
KPI 3	Growth in total net assets over the prior year	• Net assets increased by £7.6 million from £38.9 million at the end of 2020 to £46.5 million at the end of 2021.	Achieved
KPI 4	Total shareholder return over a calendar year	• The share price was down by 0.48p in the 2021 calendar year. • The share price rebounded in Q1 2022, increasing by 97% as at 31 March 2022.	Not achieved
KPI 5	Compliance with legal and regulatory requirements	• The company successfully met all licence commitments relating to the company's asset portfolio during the year, maintained effective relationships at all levels with JV partners in compliance with Joint Operating Agreements (JOAs), operated within appropriate governance and HR policies, ensuring the Company had adequate in-house capability to manage its operations and third-party providers, and ensured all corporate legal obligations were met.	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.

Risks	Mitigation	Magnitude & likelihood
Strategic and Commercial risks		
Investment Returns: Stock market support may be eroded lowering investor appetite and obstructing fundraising if we fail to scale our business at pace, make poor investment choices or fail to sustain and develop a high-quality portfolio of assets.	• Management regularly communicates its strategy to shareholders • Focus is placed on building a diverse and resilient asset portfolio capable of offering prospectivity throughout the business cycle. The Group continually reviews its portfolio of assets to identify internal growth opportunities • The Company seeks to limit its financial dependence on any one single asset by holding a diversified portfolio and re-investing capital generated through monetisation of its investments into new projects in order to grow the Company and create value for its shareholders • The Group engages with a range of advisers and active competitor monitoring to provide a range of opportunities for screening • The Group also engages third-party assurance experts to review, challenge and, where appropriate, make recommendations to improve the processes for project management, cost control and governance of projects	Potential impact – High Likelihood – Medium
Prices and Markets: Decreases in oil and gas prices could have an adverse effect on revenue, margins, profitability and cash flows. If these reductions are significant or for a prolonged period, we may have to write down assets and investments and reassess the viability of certain projects, which may impact future cash flows, profit, capital expenditure, the ability to work within our financial frame and maintain our investment programme.	• Contingency is built into the evaluation, planning and budgeting process to allow for the downside movements in commodity prices. • The Reabold business model is to invest in undervalued oil and gas assets that would be able to deliver profitably under any reasonable oil/gas price assumptions, are at the lower end of the industry cost curve and will be competitive against other sources of hydrocarbons. • 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.	Potential impact – Medium Likelihood – Medium
Accessing and progressing hydrocarbons: Inability to access and progress hydrocarbon resources could adversely affect delivery of our strategy.	• The Group and its investee companies undertake extensive analysis of available technical information to determine work programmes. • Appraisal programmes are designed to de-risk the overall field development. Well and seismic data is continually reviewed to best allocate capital and make drilling decisions. • Downside risk can be reduced by entering into risk sharing arrangements.	Potential impact – High Likelihood – Medium
Liquidity, financial capacity and financial exposure: insufficient liquidity and funding capacity of the Group and its investee companies could adversely impact the implementation of the Group's strategy and restrict work programmes due to lack of capital.	• Management has a clear strategy for value realisation and creation as evidenced by the conditional offer for Corallian in May 2022. • The Group maintains a strong balance sheet by maximising cash to ensure sufficient liquidity within the business. The Group has no debt. • Cash forecasts are monitored including considering multiple scenarios. • The Company demonstrated it can raise incremental capital if needed as it successfully raised new equity in Q1 2021. • The Group continually monitors its capital allocation and will only pursue programs that are of appropriate size and risk relative to the Group's capital resources.	Potential impact – High Likelihood – Medium

Risks	Mitigation	Magnitude & likelihood
Joint arrangements: Varying levels of control over the standards, operations and compliance of our partners could result in legal liability and reputational damage.	• The Group continually engages with its operating partners and closely monitors the operation of its assets. • The Group completes thorough due diligence reviews before entering future partnerships to ensure that their strategic and operational objectives are aligned with those of the Group.	Potential impact – Medium Likelihood – Low
Climate change: A global transition to alternative energy sources could have an adverse impact on demand for oil and gas, commodity prices and/or the Group's access to and cost of capital.	• Management looks for opportunities to deliver low carbon intensity production into the UK market by using low carbon intensity facilities, including potential re-use of existing infrastructure. • The Group's "investment horizon" is considered to fall within time frames too short to be materially affected by the Paris Agreement 2°C scenario.	Potential impact – High Likelihood – Medium
Talent and capability: Inability to attract, develop and retain people with necessary skills and capabilities could negatively impact delivery of our strategy	• Recruitment and retention of key staff through providing competitive remuneration packages and stimulating and safe working environment. Balancing salary with longer term incentive plans.	Potential impact – High Likelihood – Low
Production risk: hydrocarbons are not able to be produced in the projected quantities by the operators/investee companies (as applicable) or cannot be produced economically.	• The Group and investee companies undertake extensive analysis of the available technical information towards improving the understanding of the reservoir.	Magnitude – High Likelihood – Medium
Geopolitical: Exposure to a range of political developments and consequent changes to the operating and regulatory environment (including the continued impact of COVID-19 and events relating to the Russia-Ukraine conflict) could cause business disruption.	• Management maintains regular communication with regulatory authorities. • The Company aligns its standards and objectives with government policies as closely as possible. • Reabold demonstrates a flexible approach to working from home whilst supporting appropriate working practices in London office spaces. • The Group does not consider it has a material adverse exposure to the geopolitical situation with respect to the sanctions imposed on Russia, although recognises the evolving situation is causing price volatility. The Group will continue to monitor its position to ensure it remains compliant with any sanctions in place.	Potential impact – Medium Likelihood – Medium
Compliance and control risks		
Regulation: planning, environmental, licensing and other permitting risks associated with the Group and its investee companies' operations particularly with exploration drilling operations.	• The Group and its investee companies have to date been successful in obtaining the required permits to operate. Such risks are mitigated through compliance with regulations, proactive engagement with regulators, communities and the expertise and experience of the management teams of the Group and investee companies.	Potential impact – High Likelihood – Medium

Financial review

Group Income Statement

The loss for the year ended 31 December 2021 was £2.6 million (2020: loss of £2.7 million).

Production on a working interest basis from our California assets was 24,457boe (2020: 33,890boe), delivering total revenues of £1.2 million (2020: £1.0 million). The lower production was primarily due to workover of wells and bringing enhanced storage infrastructure online. The realised sales price was 65.4 $/bbl (2020: 38.4$/bbl).

The gross loss for 2021 was £152,000 compared to a gross profit of £4,000 in 2020. Overall cost of sales of £1.3 million compared to £1.0 million for 2020. This comprised £0.7 million of production costs (2020: £0.5 million), royalties of £0.2 million (2020: £0.2 million) and £0.4 million of non-cash depletion charges (2020: £0.3 million).

Administrative expenses were broadly in line with prior year at £1.7 million (2020: £1.6 million)

Group Balance Sheet

The Group retained a strong balance sheet during the year allowing it to sustain its capital investment programme. An increase in exploration and evaluation assets from £7.6 million in 2020 to £9.1 million at 31 December 2021 reflected appraisal work at West Newton during the year.

Total investment in associates increased from £25.3 million at year end 2020 to £27.7 million at 31 December 2021. Additions were related to the increased investment in Corallian of £3.2 million offset by combined total losses from associates of £0.8 million.

The group does not have any significant liabilities.

Overall net assets have increased from £38.9 million at year end 2020 to £46.5 million at 31 December 2021.

Group cash flow statement

Cash used in operating activities for the year ended 31 December 2021 was £1.8 million, £0.7 million lower than in 2020 reflecting favourable working capital movements.

Net cash used in investing activities for the year ended 31 December 2021 decreased by £1.9 million compared with 2020. The decrease reflected lower capital expenditure on exploration and evaluation rights.

Net cash provided by financing activities for the year ended 31 December 2021 was £6.9 million (2020: £0 million). Financing cash flows in 2021 reflect the issuance of 1,363,636,363 new ordinary shares at 0.55 pence per share, for gross proceeds of £7.5 million (£6.9 million net of issuance costs). The proceeds were primarily used to fund additional appraisal activity at West Newton as well as to provide additional contingency across the Group's investment portfolio.

Liquidity

Cash balances increased from £1.1 million at 31 December 2020 to £4.9 million. The Group has no debt.

Commitments

There are no significant commitments contracted for in 2022. Reabold's share of authorised capital expenditure for West Newton in 2022 is £0.4 million.

Our people

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

As at 31 December 2021, the Company comprises 6 directors and no other employees, with the workforce by gender summarised below:

As at 31 December 2021	Male	Female	Female %
Executive Directors	3	-	-%
Non-Executive Directors	3	-	-%
Other employees	-	-	-%
All employees	**6**	**-**	**-%**

COVID-19 virus

At the time of writing, the world is still experiencing the effects of COVID-19. The pandemic has continued to disrupt work programmes in 2021, however, the Reabold business model is designed to be robust, and it has not fundamentally affected our strategy.

Outlook

The energy markets are being impacted by the military action in Ukraine, which is adding significant upside pressure to prices. As an investor in the E&P sector, Reabold is clearly exposed to the updside, however there remains, at this point in time, uncertainty. 2022 will be a pivotal year for Reabold and we look forward to delivering further phases of growth in 2022 and over the years ahead.

Sachin Oza and Stephen Williams
Co-Chief Executive Officers

26 May 2022

West Newton B Site

Board of Directors

Jeremy Edelman - **Non-Executive Chairman**

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

Sachin Oza - **Executive Director and Co-Chief Executive**

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

Stephen Williams - **Executive Director and Co-Chief Executive**

Stephen Williams has 17 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.

Board of Directors

Marcos Mozetic - **Non-Executive Director**

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

Mike Felton - **Non-Executive Director**

Mike Felton is an experienced fund manager in the City and brings over 30 years of financial expertise to the Company. Mike previously served as Head of UK Retail Equities at M&G Investments and was Manager of the M&G UK Select Fund, growing the fund's assets from £110m to 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 30 years' experience in accounting and corporate finance, including resources development. Anthony worked for over 10 years with international accounting firms, including Ernst & Young, principally in corporate finance, gaining significant experience in valuations, IPOs, independent expert reports, and mergers and acquisitions. He has extensive experience in the listing and management of AIM and TSX quoted companies, including fund raisings, project development and mergers and acquisitions. Anthony has been involved in acquisitions and resource projects in various regions of the world, including Australia, South Africa, West Africa, North America, Kazakhstan and the People's Republic of China. He holds Bachelor of Commerce and Bachelor of Economics degrees from the University of Western Australia, and is a Fellow of the Chartered Accountants Australia and New Zealand and an Associate of the Financial Services Institute of Australasia.

Directors' Report

For the year ended 31 December 2021

The Directors submit their report and the audited financial statements of the Group and Company for the year ended 31 December 2021.

Principal activities

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

Results and dividends

The results of the Group are shown on page 37. The Company has not declared any dividends during the year (2020: £nil). The Directors do not propose the payment of a final dividend.

Post balance sheet events

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

Financial Risk Management

The Group's financial risk management objectives and policies are discussed in note 29.

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 2021	At 1 January 2021
Jeremy Edelman *	173,545,454	169,000,000
Sachin Oza	36,551,821	16,637,058
Stephen Williams	29,643,953	12,222,111
Marcos Mozetic	4,545,454	–
Michael Felton	25,240,599	8,386,431
Anthony Samaha	7,818,182	1,000,000

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

The total options held by directors as at 31 December 2021 was 325,000,000. Sachin Oza and Stephen Williams each held 150,000,000 options and Anthony Samaha held 25,000,000 options. See note 25 for further details.

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 2023 which take account of the current cost and operational structure of the Group, as well as the current investment agreements and budgeted capital expenditure commitments.

The Group's production assets are characterised by relatively low operating costs and are budgeted to be cash generative at oil and gas prices significantly below the current forward rates.

The Directors have assessed in the cash flow forecasts the impacts of increased overhead and operating costs, lower oil and gas prices and increased capital expenditure costs.

These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least 12 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

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

Political and charitable contributions

The Company made no contributions to charitable or political bodies during the year (2020: £Nil).

Significant shareholders

As at 8 May 2022, the significant shareholders in the Company were:

Holder	No. of shares*	%
Premier Fund Managers Limited	911,009,907	10.20
Ruffer Investment Management	560,000,000	6.27
Chelverton Asset Management	461,576,116	5.17
Fidelity International Limited	421,413,644	4.72

Notes:

* taken from third party share register analysis as at 8 May 2022.

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 Company adopts the QCA Code which it believes to be the most appropriate recognised corporate governance code for the Company. The Company has adopted and operates a share dealing code for Directors and senior employees on substantially the same terms as the Model Code appended to the Listing Rules of the UK Listing Authority. Information in relation to the Corporate Governance of the Group is contained within the Corporate Governance Report.

Employment policies and remuneration

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

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

Environmental policies

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

Energy and carbon report

The Group is not required to report energy and emissions information under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, given its size. The Group will review providing voluntary disclosures in future reporting periods, where it continues to be below the reporting thresholds.

Board of Directors

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

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

Board committees

The Board has an Audit Committee and a Remuneration Committee.

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.

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 28 July 2021 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 May 2022

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

Corporate Governance Report

The Company adopts the QCA Code which it believes to be the most appropriate recognised corporate governance code for the Company.

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 interests in unlisted oil and gas companies or majority interests in unlisted oil and gas companies with non-operating positions on licences with low-cost drilling opportunities that can provide medium term production and hence cash flow.

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

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

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

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

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

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

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

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

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

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

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

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

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company. A description of how the Group considers key stakeholders in its decision-making is included in the section 172 statement on page 11.

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

The Board ensures that procedures are in place and such procedures are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. Key business challenges and risks are detailed in the Strategic Report on pages 16-17, including the impact and how these are mitigated.

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

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

As at the date of publication, the Board comprised of Jeremy Edelman as the Non-Executive Chairman, Marcos Mozetic 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 pages 20-21 of this Annual Report.

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

The Co-Chief Executive Officers are considered to be full time employees. Anthony Samaha, whilst an Executive Director is not a full time employee. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required.

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

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

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

Attendance at Board and Committee Meetings

In order to be efficient, the Board meets formally and informally both in person and by telephone. To date there have been at least bimonthly meetings of the Board, and the volume and frequency of such meetings is expected to continue at least at this rate. The Company had 11 Board meetings during the year and reports below on the number of Board and committee meetings attended by Directors.

	Board (out of total possible)	Audit Committee (out of total possible)	Remuneration Committee (out of total possible)
Jeremy Edelman	8/11	1/1	1/1
Sachin Oza	11/11	-	-
Stephen Williams	11/11	-	-
Anthony Samaha	10/11	-	-
Marcos Mozetic	8/11	-	1/1
Michael Felton	7/11	1/1	1/1

The Board has two committees as explained below.

Audit Committee

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

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

Remuneration Committee

The Remuneration Committee consists of Marcos Mozetic as Chairman, Jeremy Edelman, and Michael Felton. The Committee meets as and when required. 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.

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 complementary skills and experience of our Board are included on pages 20-21. If the Company identifies an area where additional skills are required, the Company will often contract an appropriately qualified third party to advise as required.

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

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

The Board during the reporting period consulted with its legal advisers and nominated adviser 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.

During the reporting period, the Board undertook a performance evaluation of the Executive Directors. The salaries were benchmarked to market and the committee considered the delivery of our strategic goals. Please see note 9 of the financial statements for details of Directors' remuneration. In February 2022, the Remuneration Committee also took the decision to extend the expiry dates of certain existing options held by the Executive Directors due to the significant constraints the COVID-19 pandemic has had on the Company's ability to successfully implement its medium-term strategy. Please see note 30 post balance sheet events for further details.

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

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

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

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

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

The Board consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to

AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016, and which is a major part of how the Company determines that ethical values and behaviours are recognised and respected.

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.

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

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

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

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

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

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. Page 11 of this Annual Report provides a section 172 statement which discusses how the Group considers the interests of shareholders and other relevant stakeholders in its decision making.

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

All shareholders are encouraged to attend the Company's Annual General Meeting and any general meetings held by the Company, subject to any COVID-19 restrictions. Where COVID-19 restrictions are imposed on such meetings, shareholders are provided the opportunity to submit questions to the Board in advance of the meeting, with responses to the questions made available on the Company's website following the conclusion of the meeting.

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.

Jeremy Edelman
Chairman

26 May 2022

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of Reabold Resources Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 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 UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining and reviewing the directors' going concern assessment;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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

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

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Carrying value of exploration & evaluation (E&E) assets and oil & gas assets (group and parent company risk)	
Group carrying value £9,123k (2020: £7,586k), and parent company carrying value £5,968k (2020: £4,556k). The group's accounting policy in respect of this area is set out in the accounting policy notes on page 48-49. The group is involved in the extraction of oil and gas and holds significant exploration & evaluation assets and oil & gas assets. Due to the significance of the carrying value of these assets and the judgements involved in assessing for capitalisation criteria and indicators of impairment, this is considered a key audit matter.	Our procedures included, but were not limited to, the following: • Reviewing the accounting policies of subsidiaries and associates and assessing whether the point at which exploration and evaluation assets are recognised is in accordance with the group's accounting policy and IFRS 6; • Obtaining and evaluating management's assessments as to whether there were indicators of impairment; • Assessing whether other indicators of impairment or under-performing sites may exist through reviewing board minutes, RNS Announcements and externally available information; • Obtaining supporting evidence of additions and recalculating the depreciation, in line with the Group's policy, of the assets held directly by the parent company and subsidiary. • Directing the work of component auditors in respect of their work on E&E and oil & gas assets through the issuance of instructions; • Holding discussions with component auditors and reviewing their work to ensure appropriate and sufficient audit evidence had been obtained around the carrying value of oil & gas assets held by associated undertakings; and • Evaluating management's assessment of the directly held exploration and evaluation assets and testing for impairment. **Our observations** On the basis of our audit procedures, we are satisfied that the judgements applied by management in their capitalisation criteria and impairment assessment of exploration & evaluation assets and oil & gas assets are reasonable.
Valuation of convertible loan notes (group and parent company risk)	
Group and parent company carrying value £555k (2020: £nil). The group's accounting policy in respect of this area is set out in the accounting policy notes on page 51-52. The convertible loan notes are held at fair value through profit or loss. Due to the significance of the judgement required in the assumptions needed to prepare the valuation of the convertible loan notes, in addition to the gross value acquired in the year being material, this is considered a key audit matter.	Our procedures included, but were not limited to, the following: • Obtaining the independent valuation carried out by management's valuation expert as at the year-end; • Engaging the Mazars internal expert valuation team to review and challenge the assumptions used in the valuation; and • Comparing the results of management's valuation expert to that of our own expert to assess whether the assumptions used were reasonable. **Our observations** On the basis of our audit procedures, we are satisfied that the judgements applied by management in their valuation of the convertible loan notes are reasonable.

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

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

Overall materiality	Group: £711,000 Parent Company: £694,300
How we determined it	This has been calculated with reference to total assets, of which it represents approximately 1.5% for the group and parent company..
Rationale for benchmark applied	Total assets have been identified as the principal benchmark within the financial statements as it is considered to be the focus of the shareholders due to the investments, namely the subsidiaries and associated entities, being at an early stage of revenue generation. 1.5% has been chosen to reflect the level of understanding of the stakeholders of the group in relation to the inherent uncertainties around accounting estimates and judgements.
Performance materiality	Group: £568,800 Parent Company: £555,500 Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. Performance materiality represents 80% of overall materiality for the group and the parent company. This percentage was applied due to the experience we have in auditing the group and the parent company, our assessment of the group's and the parent company's control environment, and the volume of transactions.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £21,300 (group) and £20,800 (parent company), as well as misstatements below these amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

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

- Reviewing 100% of the group's share of revenue in the year based on the contractual terms of the production sharing contract and each monthly third-party oil statement; and
- Reviewing the January 2022 oil statement and ensuring the group's share had been posted in the appropriate period.

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

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

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

Use of the audit report

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

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

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
United Kingdom

Date: 26 May 2022

Group Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	5	1,160	1,035
Cost of sales	6	(1,312)	(1,031)
Gross (loss)/profit		(152)	4
Other income		51	60
Net gain on financial assets measured at fair value through profit or loss	7	55	–
Impairment of property, plant & equipment	18	–	(239)
Administration expenses		(1,663)	(1,621)
Share based payments expense	25	(152)	–
Loss on ordinary activities		(1,861)	(1,796)
Share of losses of associates	14	(801)	(878)
Finance costs – unwinding of discount on decommissioning provisions	23	(14)	(7)
Finance income		1	13
Loss before tax for the period		(2,675)	(2,668)
Taxation	10	–	–
Loss for the financial year		(2,675)	(2,668)
Other comprehensive loss			
Foreign exchange gain/(loss) on translation of foreign subsidiaries		48	(39)
Other comprehensive loss		48	(39)
Total comprehensive loss for the financial year		(2,627)	(2,707)
Attributable to:			
Equity holders		(2,627)	(2,707)
		(2,627)	(2,707)
Loss per share			
Basic and fully diluted loss per share (pence)	11	(0.03)	(0.04)

All amounts relate to continuing operations.

The notes on pages 44 to 76 form part of these financial statements.

Group Statement of Financial Position

as at 31 December 2021

Company no. 3542727

	Notes	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	17	9,123	7,586
Property, plant & equipment	18	4,303	4,569
Investments in associates	14	27,716	25,335
Goodwill on acquisition	12	329	329
Other investments	13	570	15
		42,041	37,834
Current assets			
Inventory		20	34
Prepayments		79	85
Trade and other receivables	19	172	379
Restricted cash	20	211	208
Cash and cash equivalents		4,883	1,139
		5,365	1,845
Total assets		47,406	39,679
EQUITY			
Capital and reserves			
Share capital	24	9,044	7,211
Share premium account	26	29,033	20,819
Capital redemption reserve		200	200
Share based payment reserve		1,898	1,746
Foreign currency translation reserve		9	(39)
Retained earnings		6,308	8,983
Total shareholders' funds		46,492	38,920
LIABILITIES			
Current liabilities			
Trade and other payables	21	314	192
Accruals	21	83	65
		397	257
Non-Current liabilities			
Deferred tax liability	12	329	329
Provision for decommissioning	23	188	173
		517	502
Total equity and liabilities		47,406	39,679

Approved by the Board of Directors on 26 May 2022
Signed on behalf of the board of directors:

Anthony Samaha
Director

The notes on pages 44 to 76 form part of these financial statements.

Company Statement of Financial Position

as at 31 December 2021

Company no. 3542727

	Notes	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Exploration & evaluation assets	17	5,968	4,556
Investments in associates	14	27,716	25,335
Subsidiaries	15	3,536	1,933
Other investments	13	570	15
		37,790	31,839
Current assets			
Loan to subsidiary	16	4,790	6,292
Prepayments		79	84
Trade and other receivables	19	52	253
Restricted cash	20	25	25
Cash and cash equivalents		4,622	1,060
		9,568	7,714
Total assets		47,358	39,553
EQUITY			
Capital and reserves			
Share capital	24	9,044	7,211
Share premium account	26	29,033	20,819
Capital redemption reserve		200	200
Share based payment reserve		1,898	1,746
Retained earnings		6,938	9,368
Total shareholders' funds		47,113	39,344
LIABILITIES			
Current liabilities			
Trade and other payables	21	16	9
Accruals	21	83	65
		99	74
Non-Current liabilities			
Provision for decommissioning	23	146	135
		146	135
Total equity and liabilities		47,358	39,553

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 £2,430,000 (2020: loss £2,281,000).

Approved by the Board of Directors on 26 May 2022

Signed on behalf of the board of directors:

Anthony Samaha
Director

The notes on pages 44 to 76 form part of these financial statements.

Group Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss for the financial year		(2,675)	(2,668)
Adjustments:			
Net (gain) on financial assets at fair value through profit or loss	13	(55)	–
Depreciation	18	358	326
Impairment	18	–	239
Net finance costs/(income)		13	(6)
Other non-cash movements		–	100
Share based payments	25	152	–
Operating cash flows before movement in working capital		(2,206)	(2,009)
Decrease in receivables	19	207	478
Increase/(decrease) in payables and accruals	21	140	(776)
(Decrease) in provisions	22	–	(299)
Increase in provision for decommissioning	23	–	106
Decrease/(increase) in prepayments		6	(28)
Decrease/(increase) in inventory		14	(15)
Cash used in operating activities		(1,839)	(2,543)
Share of losses of associates	14	801	878
Net cash used in operating activities		(1,038)	(1,665)
Cash flows from investing activities			
Interest received		1	13
Investments in associates	14	(16)	(600)
Expenditure on oil and gas property	18	(40)	(398)
Expenditure on exploration & evaluation assets	17	(1,497)	(1,683)
Acquisition of exploration & evaluation rights		–	(1,448)
Purchase of other investments	13	(1,000)	–
Proceeds from sale of other investments	13	500	–
Additions to restricted cash		–	132
Net cash used in investing activities		(2,053)	(3,984)
Cash flows from financing activities			
Share placement net proceeds		6,881	–
Net cash generated from financing activities		6,881	–
Net increase/(decrease) in cash and cash equivalents		3,790	(5,649)
Net foreign exchange differences		(46)	71
Cash and cash equivalents at the beginning of the period		1,139	6,717
Cash and cash equivalents at the end of the period		4,883	1,139
Cash and cash equivalents comprises:			
Cash and cash equivalents		4,883	1,139
		4,883	1,139

The notes on pages 44 to 76 form part of these financial statements.

Company Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss for the financial year		(2,430)	(2,281)
Adjustments:			
Net (gain) on financial assets at fair value through profit or loss	13	(55)	–
Net finance costs		2	–
Other non-cash movements		–	100
Share based payments	25	152	–
Operating cash flows before movement in working capital		(2,331)	(2,181)
Decrease/(increase) in receivables	19	200	(21)
Increase/(decrease) in payables and accruals	21	25	(68)
Decrease in provisions	22	–	(299)
Decrease/(increase) in prepayments		5	(24)
Net cash used in operating activities		(2,101)	(2,593)
Share of losses of associates	14	801	878
Net cash used in operating activities		(1,300)	(1,715)
Cash flows from investing activities			
Interest received		1	–
Investments in associates	14	(16)	(600)
Loan to subsidiary		(92)	(263)
Expenditure on exploration & evaluation assets	17	(1,412)	(1,573)
Acquisition of exploration & evaluation rights		–	(1,448)
Purchase of other investments	13	(1,000)	–
Proceeds from sale of other investments	13	500	–
Additions to restricted cash		–	(25)
Net cash used in investing activities		(2,019)	(3,909)
Cash flows from financing activities			
Net proceeds from issue of shares		6,881	–
Net cash generated from financing activities		6,881	–
Net increase/(decrease) in cash and cash equivalents		3,562	(5,624)
Cash and cash equivalents at the beginning of the period		1,060	6,684
Cash and cash equivalents at the end of the period		4,622	1,060
Cash and cash equivalents comprises:			
Cash and cash equivalents		4,622	1,060
Overdraft and borrowings		–	–
		4,622	1,060

The notes on pages 44 to 76 form part of these financial statements.

Group Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payments reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2020	6,845	19,685	200	1,746	–	11,651	40,127
Loss for the year	–	–	–	–	–	(2,668)	(2,668)
Other comprehensive income	–	–	–	–	(39)	–	(39)
Total comprehensive income	–	–	–	–	(39)	(2,668)	(2,707)
Issue of share capital	366	1,134	–	–	–	–	1,500
At 31 December 2020	7,211	20,819	200	1,746	(39)	8,983	38,920
Loss for the year	–	–	–	–	–	(2,675)	(2,675)
Other comprehensive income	–	–	–	–	48	–	48
Total comprehensive income	–	–	–	–	48	(2,675)	(2,627)
Share-based payments	–	–	–	152	–	–	152
Issue of share capital, net of direct issue costs	1,833	8,214	–	–	–	–	10,047
At 31 December 2021	9,044	29,033	200	1,898	9	6,308	46,492

The notes on pages 44 to 76 form part of these financial statements.

Company Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share based payments reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2020	6,845	19,685	200	1,746	11,649	40,125
Loss for the year	–	–	–	–	(2,281)	(2,281)
Total comprehensive income	–	–	–	–	(2,281)	(2,281)
Issue of share capital	366	1,134	–	–	–	1,500
At 31 December 2020	7,211	20,819	200	1,746	9,368	39,344
Loss for the year	–	–	–	–	(2,430)	(2,430)
Total comprehensive income	–	–	–	–	(2,430)	(2,430)
Share-based payments	–	–	–	152	–	152
Issue of share capital, net of direct issue costs	1,833	8,214	–	–	–	10,047
At 31 December 2021	9,044	29,033	200	1,898	6,938	47,113

The notes on pages 44 to 76 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

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 22-24.

2. Basis of preparation

(a) Statement of compliance

These financial statements for the year ended 31 December 2021 have been prepared in accordance with UK-adopted International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB), and in accordance with the Companies Act 2006. UK-adopted IFRSs that are effective for the year ended 31 December 2021 have also been approved by the European Union. The financial statements were authorised for issue by the Board of Directors on 26 May 2022.

(b) Going concern

The consolidated financial statements have been prepared on the going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Strategic Report. The Group regularly monitors its cash, funding and liquidity position. Downside scenarios are considered. Reabold's investments to-date have been structured to reduce post-completion risk. The Directors have prepared cash flow forecasts for the period ending 30 June 2023, which take account of the cost and operational structure of the Group, investment agreements and share of estimated drilling and appraisal costs. Reabold has no borrowings, relatively low G&A costs and its capital commitments can be funded from existing cash resources. The principal risk to the Group's working capital position is drilling, testing and other appraisal cost overruns by the Group and its investee companies. The Group has sufficient current funding to meet planned drilling, testing and appraisal expenditures and a level of contingency. Taking account of these risks, the Directors have performed a "stress test" which show that the Group has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements even if income from revenue and divestments was zero. Accordingly, the financial statements have been prepared on a going concern basis.

The current economic and geopolitical environment, as well as the ongoing impact of COVID-19 were considered as part of the going concern assessment.

(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:

- Management have evaluated and made judgement that the Company is not an investment entity with reference to IFRS 10. An investment entity is an entity that:

  (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

  Management consider that the existence of Business Stream 2 (monetisation of investments by putting the asset into production) means that Reabold doesn't meet the criteria of IFRS 10 para 27 (b) and (c), and is accordingly not an investment entity.

- Note 14 – Investment in associates judgement regarding control versus significant influence. Management has assessed that the Company does not control Rathlin and Danube, despite holding an interest greater than 50% at the end of the reporting period, and accordingly has judged that Rathlin and Danube should not be consolidated.

- 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. There were no impairment charges recognised in the period to 31 December 2021. Details of carrying amounts are shown in Note 14.

- Note 17 – Exploration and evaluation ("E&E") 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.

- Note 17 – Impairment test of exploration and evaluation assets judgement. Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells on the balance sheet. It is not unusual to have such costs remaining suspended on the balance sheet for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

(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 17 – Impairment test of exploration and evaluation ("E&E") assets. The amounts for intangible E&E assets represent active E&E projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are indications of impairment in accordance with the Group's accounting policy. In assessing whether there should be a test of E&E assets for impairment, the Company will consider facts and circumstances including:

  o 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;

Notes to the Financial Statements

For the year ended 31 December 2021

- o substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- o 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;
- o sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

The carrying amount of E&E assets as at 31 December 2021 is £9,123,000.

- Note 18 – Impairment test of property, plant and equipment assets. Their carrying value is checked by reference to the net present value of future cash flows which requires key assumptions and estimates in relation to commodity prices that are based on forward curves for a number of years and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets, the quantum of commercial reserves and the associated production and cost profiles. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. The carrying amount of property, plant & equipment assets as at 31 December 2021 is £4,303,000.
- Note 23 – Provision for decommissioning. The Group estimates the decommissioning obligations for O&G wells and their associated production facilities and pipelines. In most circumstances, removal of the assets and remediation occurs many years into the future. Amounts recognised for decommissioning liabilities and related accretion expense require assumptions regarding the removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, inflation rate estimates and the estimate of the liability specific discount rates to determine the present value of these future cash flows. The carrying amount of the provision for decommissioning as at 31 December 2021 is £188,000.
- Note 13 – Other Investments. In some cases the fair values of certain financial instruments are valued using external models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the Group's convertible loan note. This instrument is valued using models with inputs that are built up from available pricing data (including volatility and risk-free rates). The use of alternative assumptions or valuation methodologies may result in different values for these investments.

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 2021. 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 and the Company's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group and the Company has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are incorporated into the Group's and Company's financial statements using the equity method of accounting. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's and the Company's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence ceases.

(d) Foreign currency translation

(i) Foreign operations

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

(ii) Transactions in foreign currency

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

(e) Revenue and other income

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

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

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

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

A contract asset is recognised when a performance obligation is satisfied (and revenue recognised), but the payment is conditional not only on the passage of time but usually relating to the fulfilment of other performance obligations in the

Notes to the Financial Statements

For the year ended 31 December 2021

contract. Contract assets are different from trade receivables, because trade receivables represent an unconditional right to receive payment. A contract liability is recognised when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied. The Group did not have any contract assets and contract liabilities as at 31 December 2021 or 31 December 2020.

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

(f) Cost of sales

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

(g) Inventories

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

(h) Taxation

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

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

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

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

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

(i) Oil and gas assets

(i) Licence acquisition costs

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

(ii) Exploration expenditure

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

(iii) Evaluation expenditure

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

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

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

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

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

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

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

(v) Development and production assets

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

(vi) Depreciation of producing assets

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

(vii) Disposals

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

(viii) Decommissioning

Provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. The discount rate reflects current market assessments of the time value of money and the risks specific to the decommissioning liability. A corresponding amount equivalent to the provision is also

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recognised as part of the cost of the related oil and gas property. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure is dealt with prospectively as an adjustment to the provision and the oil and gas property. The unwinding of the discount is included in finance cost.

(j) Goodwill

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

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

(k) Impairment

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

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

(l) Share based payments

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

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

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

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

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

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

(m) Financial instruments

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

IFRS 9 contains four principal classification categories for financial assets:

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

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

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

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

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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 realised 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	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.	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.

Classification	Initial measurement	Subsequent measurement	Changes in fair value
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	Reported in "Net gain (loss) on financial liabilities measured at FVTPL" on the consolidated statement of loss.

(n) Measurement of fair values

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 13 – Other investments

Note 25 – Share-based payment arrangements

Note 29 – Financial risk management and financial instruments

Unlisted Investments are therefore classified at Level 3 of the fair value hierarchy when initially recognised and subsequent to initial recognition.

(o) Capital and reserves

(i) Share capital

Equity instruments issued by the Company are recorded at the proceeds received.

(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.

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(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 advisers 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.

(p) Provisions

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

(q) Contingent liabilities

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

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

(r) Capital commitments

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

(s) Earnings per share

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

(t) Segment reporting

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

4. New and amended International Financial Reporting Standards

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the consolidated financial statements. There are no standards, amendments or interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Group.

5. Segment analysis

The Directors consider the Group to have two segments, being Business Stream 1 (which encompasses the UK/European based investments in Corallian, Danube, Rathlin and PEDL183) 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 2021	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue[1]	-	1,160	-	1,160
Cost of sales[2]	-	(1,312)	-	1,312
Gross profit	-	(152)	-	(152)
Other income	-	-	51	51
Net gain on financial assets measured at FVTPL	-	-	55	55
Impairment	-	-	-	-
Exploration expenses	-	-	-	-
General and administration expenses	-	(92)	(1,571)	(1,663)
Share based payments expense	-	-	(152)	(152)
(Loss)/profit on ordinary activities before taxation	-	(244)	(1,617)	(1,861)
Share of losses of associates[3]	(801)	-	-	(801)
Finance costs	(14)	-	-	(14)
Finance income	-	-	1	1
(Loss)/profit on ordinary activities before taxation	(815)	(244)	(1,616)	(2,675)
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(815)	(244)	(1,616)	(2,675)
Other comprehensive income	-	-	48	48
Total comprehensive (loss)/income for the period	(815)	(244)	(1,568)	(2,627)
Segment assets[4]	34,279	8,044	-	42,323
Unallocated corporate assets	-	-	5,083	5,083
Total assets	34,279	8,044	5,083	47,406
Segment liabilities	146	339	-	485
Unallocated corporate liabilities	-	-	429	429
Total liabilities	146	339	429	914

1 All revenue of Business Stream 2 is attributable to sales of oil and gas at a point of time from contracts with external customers, with 98% of sales to a single external customer.
2 Cost of sales of Business Stream 2 includes depreciation of oil and gas assets of £358,000.
3 All of the investment in associates in Business Stream 1 is accounted for by the equity method. The direct investment in PEDL183 is accounted for as a joint operation.
4 The net additions to non-current assets of Business Stream 1 was £4,363,000 and an increase in Business Stream 2 assets of £22,000.

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31 December 2020	Business Stream 1 UK/Europe £'000	Business Stream 2 USA £'000	Corporate £'000	Total £'000
Revenue[5]	-	1,035	-	1,035
Cost of sales[6]	-	(1,031)	-	(1,031)
Gross profit	-	4	-	4
Net gain in financial assets measured at FVTPL	-	-	-	-
Other income	-	-	60	60
Impairment	-	(239)	-	(239)
Exploration expenses	-	-	-	-
General and administration expenses	-	(66)	(1,555)	(1,621)
(Loss)/profit on ordinary activities before taxation	-	(301)	(1,495)	(1,796)
Share of losses of associates[7]	(878)	-	-	(878)
Finance costs	(7)	-	-	(7)
Finance income	-	-	13	13
(Loss)/profit on ordinary activities before taxation	(885)	(301)	(1,482)	(2,668)
Taxation on profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(885)	(301)	(1,482)	(2,668)
Other comprehensive income	-	-	(39)	(39)
Total comprehensive (loss)/income for the period	(885)	(301)	(1,521)	(2,707)
Segment assets[8]	29,916	8,022	-	37,938
Unallocated corporate assets	-	-	1,741	1,741
Total assets	29,916	8,022	1,741	39,679
Segment liabilities	135	221	-	356
Unallocated corporate liabilities	-	-	403	403
Total liabilities	135	221	403	759

5 All revenue of Business Stream 2 is attributable to sales of oil and gas at a point of time from contracts with external customers, with 97% of sales to a single external customer.
6 Cost of sales of Business Stream 2 includes depreciation of oil and gas assets of £326,000.
7 All of the investment in associates in Business Stream 1 is accounted for by the equity method. The direct investment in PEDL183 is accounted for as a joint operation.
8 The net additions to non-current assets of Business Stream 1 was £4,303,000 and a reduction in Business Stream 2 assets of £900,000.

6. Cost of sales

	2021 £'000	2020 £'000
Production costs	722	498
Royalties	232	207
Depreciation of oil and gas assets	358	326
	1,312	1,031

7. Loss on ordinary activities before taxation

	Note	2021 £'000	2020 £'000
The loss on ordinary activities before taxation has been arrived at after charging/(crediting):			
Auditor's remuneration – audit of Company		75	64
Foreign exchange (gain)/loss		(47)	228
Net (gain) in financial assets measured at FVTPL	13	(55)	–
(Release of) provision for VAT non-claimable	22	–	(244)
Share based payments	25	152	–
Directors' employment costs (excluding share based payments)	8	876	749

8. Directors' employment costs

Directors' employment costs were:

	2021 £'000	2020 £'000
Wages, salaries and Non-Executive Director fees	765	654
Social security costs	88	73
Other pension costs	23	22
Share based incentives	152	–
	1,028	749

During the year there were three Executive Directors (who are considered employees of the Group) and three Non-Executive Directors (2020: three Executive Directors and three Non-Executive Directors). The staff costs during the year include the accrual of Director fees in the amount of £nil (2020: £nil) which were not paid during the reporting period.

Notes to the Financial Statements

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9. Directors' remuneration

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

Directors	Salary & fees £'000	Bonus £'000	Share based Payments £'000	Pension contribution £'000	2021 Total £'000	2020 Total £'000
Sachin Oza	231	50	66	11	358	231
Stephen Williams	231	50	66	11	358	231
Anthony Samaha	73	–	20	–	93	84
Jeremy Edelman	60	–	–	–	60	60
Marcos Mozetic	35	–	–	–	35	35
Mike Felton	35	–	–	–	35	35
Total[1]	665	100	152	23	940	676

[1] Due to rounding, the totals may not agree exactly with the sum of their component parts

An accrual of £nil (2020: £nil) 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 2021, there were two Director receiving defined contribution pension schemes benefits (2020: two).

The total options held by Directors as at 31 December 2021 was 325,000,000 (2020: 315,000,000). Sachin Oza and Stephen Williams each held 150,000,000 (2020: 150,000,000 each) options and Anthony Samaha held 25,000,000 (2020: 15,000,000) options. The options have a weighted average exercise price of 0.08p (2020: 0.08p) and a weighted average life of 0.6 years (2020: 1.0 years).

10. Taxation

	2021 £'000	2020 £'000
Loss before tax	(2,675)	(2,668)
Loss multiplied by standard rate of corporation tax in the UK	(508)	(507)
Effects of:		
Share of operating loss of associates not taxable	152	167
Expenses not deductible for tax purposes	51	32
Deferred tax asset not recognised	305	308
Total tax for the year	–	–

No deferred tax assets have been recognised in the year (2020: nil).

The corporation tax rate throughout 2021 and 2020 was 19%.

From 1 April 2023, the corporation tax main rate for non-ring fenced profits will be increased to 25% applying to profits over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19% Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

The Company has unused tax losses of £6.7 million (2020: £5.3 million) and capital losses of £2.5 million (2020: £2.5 million). The deferred tax asset for these losses, amounting to £1.8 million (2020: £1.5 million) has not been recognised as the timing of profits is uncertain. The corporation tax rate applied in the deferred tax asset is 19%. Future tax rates increases and decreases will have the effect of increasing and decreasing respectively the deferred tax asset for the applicable unused losses.

11. Loss per share

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

	2021 £'000	2020 £'000
Loss for the year	(2,675)	(2,668)
Loss for the purpose of basic earnings per share	(2,675)	(2,668)

Number of shares:	Shares thousand	Shares thousand
Weighted average number of ordinary shares in issue during the year	8,599,375	6,850,919

Loss per share:

Basic and diluted loss per share (pence)	(0.03)	(0.04)

As the Group is reporting a loss in each period in accordance with IAS 33, the share options are not considered dilutive because the exercise of the share options would have the effect of reducing the loss per share. There was an increase of 1,832,630,449 ordinary shares in the year (see Note 24) as a result of a placing, subscription and acquisition for shares.

12. Goodwill on acquisition and deferred tax liability

Goodwill on acquisition	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	329	329	–	–
Additions	–	–	–	–
Impairment	–	–	–	–
At 31 December	329	329	–	–

Deferred tax liability	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	329	329	–	–
Additions	–	–	–	–
Reductions	–	–	–	–
At 31 December	329	329	–	–

The goodwill on acquisition of £329,000 was recognised on the completion of the acquisition of 100% of the issued share capital of Gaelic Resources Ltd and its wholly owned subsidiary Reabold California LLC (formerly Temporary Energy LLC) on 4 July 2018. The goodwill of £329,000 arose due to the requirement to recognise deferred tax for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination. Hence, goodwill arose as a technical effect of recognising the deferred tax liability of £329,000. Goodwill is allocated to cash-generating units (CGUs) in aggregate at the segment level. Goodwill has been allocated to the USA segment and CGU.

The Group has tested the goodwill arising on acquisition and assessed no impairment is required as at 31 December 2021 (2020 £nil). The value in use for the USA CGU is based on the cash flows expected to be generated by the projected production profiles up to the expected dates of cessation of production of each field, based on estimates of reserves. The estimated date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of development of the infrastructure necessary to recover the hydrocarbons, production costs and the selling price of the hydrocarbons produced. For the 2021 and 2020 reporting period, the recoverable amount was determined based on the reserves reports compiled by Petrotech Resources Company Inc. The pre-tax discount rate used in the review is 10% (2020: 10%).

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13. Other investments

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-listed equity investments	15	15	15	15
Convertible loan notes	555	–	555	–
At 31 December	570	15	570	15

Non-listed equity investments

Non-listed equity investments represent a non-controlling investment in the equity shares of Connaught Oil & Gas Ltd. The directors believe that there has been no material change in the fair value of the shares during the reporting period.

Convertible loan notes

On 24 February 2021, the Company completed the subscription for a £1 million convertible loan instrument (the "Convertible Loan") with Corallian. The Convertible Loan, including interest at a rate of 15% per annum (accruing daily), will convert into new ordinary shares in Corallian ("Corallian Shares") within 21 months from the date of entering into the instrument. If, during this period, Corallian is acquired, undertakes a material disposal of assets, an initial public offering or a reverse takeover, where the relevant valuation (each, a "Corporate Action") is greater than £3.20 per share, the Convertible Loan will convert at £3.20 per share. If the relevant valuation is below £3.20 per share, then the Convertible Loan will convert at a price equal to the relevant valuation. If no such Corporate Action has taken place within 21 months, the Convertible Loan will automatically convert at a price of £1.50 per Corallian share. On 3 March 2021, the Company announced the sale of a portion of the Convertible Loan in Corallian with a principal value of £500,000, to a group of strategic investors, in exchange for net cash proceeds of £500,000. On recognition, the Convertible Loan was classified as a financial asset at fair value through profit or loss ("FVTPL"). The fair value of the Convertible loan was estimated at acquisition and at balance sheet date, with a gain of £55,000 recognised in the income statement.

The fair value of the convertible loan note has been estimated using a binomial model and is considered a level 3 valuation under the fair value hierarchy. The valuation requires management to make certain assumptions about the model inputs, including volatility and discount rates. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

The key inputs and assumptions into the binomial model included the following:

	Risk free rate	Monthly share price volatility	Share price	Risk discount rate
At 31 December 2021	0.12%	22.02%	£3.00	18.5% p.a.

The use of alternative assumptions or valuation methodologies may result in significantly different values for the convertible loan notes. If an undiscounted methodology was used, the net gain recognised would have been £445,000 higher.

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-21	Holding 31-Dec-20
Corallian Energy Limited	England & Wales	Blackstable House, Longridge, Sheepscombe Stroud, Gloucestershire GL6 7QX	Oil and gas	Ordinary	49.99%	36.9%
Danube Petroleum Limited	England & Wales	3 Waterfront Business Park, Brierley Hill, West Midlands DY5 1LX	Oil and gas	Ordinary	50.8%	50.8%
Rathlin Energy (UK) Limited	England & Wales	11-12 St James' Square, London SW1Y 4LB	Oil and gas	Ordinary	59.5%	59.5%

Whilst Reabold holds an equity stake in Rathlin of 59.5%, it is considered to only have significant influence and not control over Rathlin. Pursuant to the existing Rathlin Shareholders' Agreement, Reabold has the right to appoint only one director to the Board of Rathlin, which comprises 5 directors. Reabold's 59.5% interest in Rathlin is as a result of Rathlin's funding requirements and Reabold's desire to increase its economic interest in the West Newton Project, rather than an objective by Reabold to seek control over Rathlin.

Similarly, whilst Reabold holds an equity stake in Danube of 50.8%, it is considered to only have significant influence and not control over Danube. Pursuant to the existing Danube Shareholders' Agreement, Reabold has the right to appoint only one director to the Board of Danube, which comprises 3 directors. Reabold's 50.8% interest in Danube is as a result of Danube's funding requirements and Reabold's desire to increase its economic interest in Danube's projects in Romania, rather than an objective by Reabold to seek control over Danube.

All of the Company's associates are unlisted. A breakdown of investments in associates as at 31 December 2021 and 2020 and the respective changes during the year then ended are summarised as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	25,335	25,613	25,335	25,613
Additions	3,182	600	3,182	600
Share of loss of associates	(801)	(878)	(801)	(878)
At 31 December	27,716	25,335	27,716	25,335

Notes to the Financial Statements

For the year ended 31 December 2021

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

	31-Dec-21 Rathlin £'000	31-Dec-21 Corallian £'000	31-Dec-21 Danube £'000
Current assets	6,142	639	586
Non-current assets	19,800	2,687	8,256
Total assets	25,942	3,326	8,842
Current liabilities	939	1,025	14
Non-current liabilities	1,324	–	289
Total liabilities	2,263	1,025	303
Net assets	23,679	2,301	8,539
Revenue	–	–	–
Total comprehensive loss for period	(976)	(280)	(178)
Reabold's share of loss	(580)	(130)	(91)

	31-Dec-20 Rathlin £'000	31-Dec-20* Corallian £'000	31-Dec-20 Danube £'000
Current assets	12,856	976	1,074
Non-current assets	14,514	1,662	8,095
Total assets	27,370	2,638	9,169
Current liabilities	2,021	57	177
Non-current liabilities	1,269	–	–
Total liabilities	3,290	57	177
Net assets	24,080	2,581	8,992
Revenue	–	–	–
Total comprehensive loss for period	(1,021)	(481)	(200)
Reabold's share of loss	(607)	(169)	(101)

* Corallian had a financial period of 1November 2019 to 31 December 2020

(a) Rathlin

As at 31 December 2021, Reabold had invested a total of £20,000,000 (2020: £20,000,000) for a 59.5% (2020: 59.5%) interest in Rathlin.

During the period ended 31 December 2021, the Company's share of Rathlin's total loss amounted to £580,000 (2020: loss of £607,000).

(b) Corallian

On 10 May 2021, the Company increased its investment in Corallian by £3,182,000 with the Company acquiring 989,439 shares in Corallian for the consideration of the issue of 468,994,086 new Ordinary Shares of 0.1p each, at a deemed price of 0.675 pence each, increasing the Company's interest in Corallian from 36.9% to 49.99%.

On 1 December 2020, Reabold announced that it had exercised 272,727 warrants over shares in Corallian, at a subscription price of £2.20 per share, equating to an investment of approximately £600,000. Following the exercise of these warrants, Reabold held 2,780,049 Corallian shares, representing approximately 36.9% of Corallian's then issued share capital.

As at 31 December 2021, the Company had invested a total of £7,492,000 (2020: £4,310,000) for a 49.99% (2020: 36.87%) interest.

During the period ended 31 December 2021, the Company's share of Corallian's total loss amounted to £130,000 (2020: loss of £169,000).

(c) Danube

As at 31 December 2021, Reabold had invested a total of £5,020,000 (2020: £5,020,000) for a 50.8% (2020: 50.8%) interest in Danube.

During the period ended 31 December 2021, the Company's share of Danube's total loss amounted to £91,000 (2020: loss of £101,000).

15. Subsidiaries

The table below presents the Company's subsidiaries:

Associate	Country of Registration	Registered Office	Nature of business	Holding 31-Dec-21	Holding 31-Dec-20
Reabold Resourcing Limited	England & Wales	20 Primrose Street, London EC2A 2EW	Dormant holding company	100%	100%
Gaelic Resources Limited	Isle of Man	14 Albert Street, Douglas, Isle of Man, IM1 2QA	Holding company	100%	100%
Reabold California LLC (formerly Temporary Energy LLC)(1)	U.S.A.	5701 Lonetree Blvd, Rocklin CA 95765	Oil and gas	100%	100%

(1) 100% held by Gaelic Resources Limited

The Company's investment in subsidiaries is as follows:

	2021 £'000	2020 £'000
At 1 January	1,933	1,933
Additions[1]	1,603	–
At 31 December	3,536	1,933

1 During the year £1.6m ($2.2m) of the loan to Reabold California (see Note 16 below) was assigned to Gaelic Resources and subsequently capitalised.

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For the year ended 31 December 2021

16. Loan to subsidiary

	Company 2021 £'000	Company 2020 £'000
Loan to Reabold California LLC	4,790	6,292
Total	4,790	6,292

The loan to the subsidiary has been provided by way of a Loan Note Instrument and is subject to interest rates at the short term monthly (compounded annually) Applicable Federal Rates published by the Internal Revenue Service of the United States federal government. The loan has no fixed repayment date and is denominated in USD. Subject to the subsidiary being solvent, the loan is repayable by giving the subsidiary not less than one month's written notice. The accrued interest on the loan as at 31 December 2021 was US$243,000 (2020: US$231,000), equivalent to £180,000 (2020: £169,000)

The amount of the loan to the subsidiary as at 31 December 2021 was US$6,456,000 (2020: US$8,587,000), equivalent to £4,790,000 (2020: £6,029,000).

17. Exploration and evaluation assets

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

	Note	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January		7,586	3,507	4,556	–
Acquisition of contractual earn-in rights		–	2,848	–	2,848
Additions		1,497	1,818	1,412	1,708
Reclassified to oil and gas assets within property, plant & equipment	18	–	(468)	–	–
Foreign exchange differences		40	(119)	–	–
At 31 December		9,123	7,586	5,968	4,556

The 2021 additions include £1,412,000 in the UK relating to the PEDL183 licence at West Newton and £85,000 in the US relating to the California assets.

In 2020, Reabold acquired a direct interest of 16.665% in the PEDL183 licence at West Newton for initial consideration of £2,800,000 plus capitalised acquisition costs of £48,000. Additions in 2020 include £110,000 in respect of evaluation expenditure by Reabold California on the California projects and £1,708,000 in respect of evaluation expenditure by Reabold on PEDL183 West Newton.

In 2020, the reclassification to oil and gas asset within property, plant & equipment was in respect of the capitalised carrying value of expenditure by Reabold California on the California assets which was brought into production on a commercial basis, being the VG-6 well in West Brentwood.

For further information on significant judgements made in relation to oil and natural gas accounting see Use of estimates and judgements in Note 2 and Oil and gas assets in Note 3.

18. Property, plant and equipment

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

Oil and gas assets	2021 £'000	2020 £'000
Costs:		
At 1 January	5,502	4,815
Reclassified from exploration and evaluation assets	–	468
Additions	40	374
Foreign exchange differences	71	(155)
At 31 December	5,613	5,502
Accumulated depreciation and impairment:		
At 1 January	(933)	(415)
Charge	(358)	(326)
Impairments	–	(239)
Foreign exchange differences	(19)	47
At 31 December	(1,310)	(933)
Net book value at 31 December	4,303	4,569

Additions in 2021 and 2020 are in respect of the expenditure by Reabold California on the California assets The reclassification from exploration and evaluation in 2020 is also related to assets in California that were brought into production on a commercial basis.

There were no impairment losses in 2021.

The 2020 impairment loss of £239,000 relates to losses incurred on wells in California (£78,000 in respect of Doud A-1, £86,000 in respect of Doud A-2 and £75,000 in respect of Doud A-7). Impairment losses were incurred as these wells were not operating at sufficiently economically viable levels and were impaired in full, with a recoverable amount of nil which represents the value in use.

19. Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade receivables	119	111	–	–
Other receivable	–	15	–	–
Amounts receivable from associates	12	15	12	15
VAT receivable	41	238	40	238
Total	172	379	52	253

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

Notes to the Financial Statements

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20. Restricted cash

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Restricted cash	211	208	25	25
Total	211	208	25	25

The restricted cash is in respect of surety bonds in the amount of US$250,000 (£186,000) (2020: US$250,000 (£183,000)) to cover oil and gas drilling activities in California, as required by regulatory authorities and £25,000 (2020: £25,000) to cover restoration of the PEDL183 West Newton site.

21. Trade and other payables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Trade and other payables	314	192	16	9
Accruals	83	65	83	65
Total	397	257	99	74

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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	–	299	–	299
Released provision for VAT non-claimable	–	(244)	–	(244)
Utilised provision for VAT	–	(55)	–	(55)
At 31 December	–	–	–	–

The Company had been advised by HMRC in prior reporting periods that, following a review of its activities, HMRC had assessed that the Company's investment activities was not a supply for consideration and as a result the Company could not claim any Input Tax related to its investment activities. During the year ended 31 December 2020, the Company received confirmation from HMRC that, after further considerations of the Company's activities, it is engaged in VAT-able activities and the Input VAT could be recovered. This resulted in HMRC releasing refunds in respect of claims for previously blocked Input VAT. During the year ended 31 December 2020, £299,000 of provisions were released. The balance of provisions in respect of irrecoverable Input VAT as at 31 December 2021 was £nil (2020: £nil).

23. Provision for decommissioning

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	173	67	135	–
Exchange adjustments	1	–	–	–
Utilised in the year	–	(36)	–	–
Finance cost	14	7	11	–
Additions - Provision for decommissioning	–	135	–	135
At 31 December	188	173	146	135

The Group has recognised a provision for decommissioning in respect to its 50% interest in licences in California, and its 16.665% interest in PEDL183, representing the present value of the Group's estimated share of costs to plug and remediate wells on these licences as the end of their estimated productive lives, in accordance with applicable regulations.

In respect to California, the provision covers the estimated costs of 10 wells, estimated to be decommissioned between approximately 2031 and 2070, dependent on the future production profiles of the wells and government legislation. It is noted that one well was decommissioned in 2020. The provision has been estimated applying an assumed inflation rate of 2% and discounted to present value at 10% The provision recognised represents 50% of the net present value of the estimated total future cost as Reabold California's 50% partner, Sunset Exploration Inc., is obligated to bear 5% of the cost.

In respect to PEDL183, the provision covers the estimated abandonment and site reclamation costs of the WNA-1, WNA-2 and WNB1Z wells, estimated to be required in 2033. The provision has been estimated applying an assumed inflation rate of 2%. and discounted to present value at 10%. The provision recognised represents 16.665% of the net present value of the estimated total future cost, given Reabold's responsibility for its interest in PEDL183 of 16.665%.

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

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

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

24. Share capital

Allotted, issued and fully paid	Number of ordinary shares	Nominal Value £	Total Value £'000
Issued at 31 December 2019	6,730,630,476	£0.001	6,731
On 1 June 2020, consideration for services at 0.612p per share	16,351,625	£0.001	16
On 30 July 2020, acquisition for shares at 0.4p per share	350,000,000	£0.001	350
Issued at 31 December 2020	7,096,982,101	£0.001	7,097
On 28 January 2021, placing and subscription for cash at 0.55p per share	1,363,636,363	£0.001	1,364
On 14 May 2021, acquisition for shares at 0.675p per share	468,994,086	£0.001	469
Issued at 31 December 2021	8,929,612,550	£0.001	8,930

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"A" Deferred shares

The Company has in existence at 31 December 2021 and at 31 December 2020, 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 2021 and 31 December 2020, is as follows:

Allotted, issued and fully paid	Number of ordinary shares	Nominal Value £	Total Value £'000
Ordinary shares	7,096,982,101	£0.0010	7,097
"A" Deferred shares	6,915,896	£0.0165	114
Issued at 31 December 2020			7,211
Ordinary shares	8,929,612,550	£0.0010	8,930
"A" Deferred shares	6,915,896	£0.0165	114
Issued at 31 December 2021			9,044

The holders of ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares. No shares 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 10,000,000 options (2020: nil) were granted to Anthony Samaha, the Company's Finance Director, exercisable at 1.0p, on or before 19 October 2022, vesting on 31 December 2021. The exercise price represented a premium of 72% to the Company's closing share price of 0.58p on the date prior to grant of 25 February 2021.

Exercise Price	Grant Date	Vesting Date	Expiry Date	Options in Issue 31 December 2021	Options in Issue 31 December 2020
0.50p	19 October 2017	30 September 2021(1)	19 October 2022(1)	70,000,000	70,000,000
0.75p	19 October 2017	31 December 2021(1)	19 October 2022(1)	60,000,000	60,000,000
1.00p	19 October 2017	31 March 2022(1)	19 October 2022(1)	60,000,000	60,000,000
0.60p	14 March 2018	19 March 2018	19 March 2022	45,000,000	45,000,000
0.90p	14 March 2018	14 March 2019	19 March 2022	40,000,000	40,000,000
1.20p	14 March 2018	14 September 2019	19 March 2022	40,000,000	40,000,000
1.00p	26 February 2021	31 December 2021	19 October 2022	10,000,000	-
				325,000,000	315,000,000

(1) The Company amended the expiry date and vesting conditions of existing 190,000,000 existing options on 26 February 2021, such that their expiry dates are extended by 12 months to 19 October 2022.

At 31st December 2021 there were 325 million share options outstanding (2020: 315 million).

25. Share based payments

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

Option Holder	At 1 January 2021 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 December 2021 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	30/09/2021(1)	19/10/2022(1)
Sachin Oza	30,000,000	-	-	30,000,000	0.75p	31/12/2021(1)	19/10/2022(1)
Sachin Oza	30,000,000	-	-	30,000,000	1.00p	31/03/2022(1)	19/10/2022(1)
Stephen Williams	30,000,000	-	-	30,000,000	0.50p	30/09/2021(1)	19/10/2022(1)
Stephen Williams	30,000,000	-	-	30,000,000	0.75p	31/12/2021(1)	19/10/2022(1)
Stephen Williams	30,000,000	-	-	30,000,000	1.00p	31/03/2022(1)	19/10/2022(1)
Anthony Samaha	10,000,000	-	-	10,000,000	0.50p	30/09/2021(1)	19/10/2022(1)
Anthony Samaha		10,000,000	-	10,000,000	1.00p	31/12/2021	19/10/2022
	315,000,000	10,000,000	-	325,000,000			

(1) The Company amended the expiry date and vesting conditions of existing 190,000,000 existing options on 26 February 2021, such that their expiry dates are extended by 12 months to 19 October 2022.

Option Holder	At 1 January 2020 No.	Issued during the year No.	Lapsed / Exercised during the year No.	At 31 December 2020 No.	Exercise Price Pence	Vesting Date	Expiry Date
Sachin Oza	20,000,000	-	-	20,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza	20,000,000	-	-	20,000,000	0.90p	14/03/2019	19/03/2022
Sachin Oza	20,000,000	-	-	20,000,000	1.20p	14/09/2019	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	0.60p	19/03/2018	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	0.90p	14/03/2019	19/03/2022
Stephen Williams	20,000,000	-	-	20,000,000	1.20p	14/09/2019	19/03/2022
Anthony Samaha	5,000,000	-	-	5,000,000	0.60p	19/03/2018	19/03/2022
Sachin Oza	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Sachin Oza	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.50p	19/10/2017	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	0.75p	19/10/2018	19/10/2021
Stephen Williams	30,000,000	-	-	30,000,000	1.00p	19/04/2019	19/10/2021
Anthony Samaha	10,000,000	-	-	10,000,000	0.50p	19/10/2017	19/10/2021
	315,000,000	-	-	315,000,000			

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

	2021 Weighted average exercise price pence	2021 Number of options	2020 Weighted average exercise price pence	2020 Number of options
Outstanding at 1 January	0.80	315,000,000	0.80	315,000,000
Granted during the year	0.10	10,000,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.78	325,000,000	0.80	315,000,000
Exercisable at 31 December	0.72	265,000,000	0.80	315,000,000

The options outstanding at 31 December 2021 have a weighted average contractual life of 0.6 years (2020: 1.0 years).

The closing share price range during the year ended 31 December 2021 was 0.11p to 0.83p (2020: 0.23p to 0.79p).

Under IFRS 2, the incremental charge generated by a modification or amendment of the options granted, should be recognised over the remaining vesting period. In the case of the new issue, the charge should be recognised over the vesting period. The weighted average incremental fair value granted as a result of the modifications was 0.08 pence per share.

For the options granted and amended on 26 February 2021, the fair values were calculated using the Black-Scholes model. The key inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
Granted & amended 26 February 2021	0.27%	78%	1.64 years	0.57p

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 £152,000 (2020: £nil).

26. Share premium

	Value £'000
At 31 December 2019	19,685
June 2020, consideration for services	84
July 2020, acquisition for shares	1,050
At 31 December 2020	20,819
January 2021, placing for cash	5,517
May 2021, acquisition for shares	2,697
At 31 December 2021	29,033

27. Related party transactions

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

(a) During the year ended 31 December 2021, the Company incurred fees to Santannos Limited, a company associated with Anthony Samaha, for provision of accounting and administrative services in the amount of £26,667 (2020: £8,000). As at 31 December 2021, there was £nil amount included in accounts payable in respect of these fees (2020: £nil).

(b) During the year ended 31 December 2021, the Company provided consulting services to Corallian in the amount of £3,500 (2020: £2,500). As at 31 December 2021, there was £900 included in accounts receivable in respect of these fees (2020: £600).

(c) During the year ended 31 December 2021, the Company provided consulting services to Danube in the amount of £12,000 (2020: £12,000). As at 31 December 2021, there was £nil included in accounts receivable in respect of these fees (2020: £3,600).

(d) During the year ended 31 December 2021, the Company provided management services to Reabold California in the amount of £45,212 (2020: £48,485). As at 31 December 2021, there was £nil included in accounts receivable in respect of these fees (2020: £nil).

(e) During the year ended 31 December 2021, the Company provided management services to Rathlin in the amount of £36,000 (2020: £27,000). As at 31 December 2021, there was £10,800 included in accounts receivable in respect of these fees (2020: £10,800).

(f) The Exploration and Evaluation additions related to the PEDL183 licence at West Newton as disclosed in note 17 relate to Reabold's 16.665% direct interest in the joint operation with Rathlin and Union Jack Oil. Rathlin, the operator of the licence, is also an associate of Reabold by virtue of Reabold's 59.5% interest in Rathlin.

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

28. Commitments

At 31 December 2021, other amounts contracted for but not provided in the financial statements for the acquisition of exploration and evaluation assets and oil and gas properties, other than the commitments set out below, amounted to £nil for the Group and £nil for the Company (2020: £35,000 and £nil respectively).

West Newton commitments

There are no significant existing capital commitments at West Newton outstanding at 31 December 2021, however in January 2022, the Group authorised future capital expenditure in 2022 for the West Newton joint operation of £2.1 million. Reabold's share of the West Newton 2022 commitments amounts to £350,465.

29. Financial risk management and financial instruments

Overview

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

- credit risk
- liquidity risk
- market risk

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

Notes to the Financial Statements

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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:

	Notes	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Other investments	13	570	15	570	15
Cash and bank balances		4,883	1,139	4,622	6,684
Trade and other receivables	19	172	379	52	253
Restricted cash	20	211	208	25	25
Loan to subsidiary	16	-	-	4,790	6,292

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:

Non-derivative financial liabilities	Notes	Group Carrying amount £'000	Group Contractual cash flows £'000	Group 6 months or less £'000
31 December 2021				
Trade and other payables	21	314	314	314
Accruals	21	83	83	83
		397	397	397
31 December 2020				
Trade and other payables	21	192	192	192
Accruals	21	65	65	65
		257	257	257

Non-derivative financial liabilities	Notes	Company Carrying amount £'000	Company Contractual cash flows £'000	Company 6 months or less £'000
31 December 2021				
Trade and other payables	21	16	16	16
Accruals	21	83	83	83
		99	99	99
31 December 2020				
Trade and other payables	21	9	9	9
Accruals	21	65	65	65
		74	74	74

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, Reabold California 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 2021, the exposure of the Group to foreign exchange rates is summarised as follows:

Exposure to USD	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Cash and bank balances	261	78	1	-
Restricted cash	186	183	-	-
Trade and other receivables	120	126	-	-
Loan to subsidiary	-	-	4,790	6,292
Trade and other payables	(298)	(183)	-	-
Accruals	-	-	-	-
	269	204	4,791	6,292

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For the year ended 31 December 2021

As at 31 December, 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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
+10% GBP/USD	(27)	(20)	(479)	(629)
-10% GBP/USD	27	20	479	629

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.

The replacement of key interest rate benchmarks such as the London Inter-bank Offered Rate (LIBOR) with alternative benchmarks in the US, UK, EU and other territories occurred at the end of 2021, with remaining USD LIBOR tenors expected to cease in 2023. Reabold does not have significant exposure to any of these key interest rate benchmarks primarily as a result of having no borrowings, leases or LIBOR linked derivative contracts. Therefore the impact from this amendment has had no material impact on the Group.

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 £46,492,000 (2020: £38,920,000) 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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial assets:					
Cash and cash equivalents	Amortised cost	4,883	1,139	4,622	1,060
Restricted cash	Amortised cost	211	208	25	25
Receivables	Amortised cost	172	379	52	253
Other investments	FVTPL	570	15	570	15
Loan to subsidiary	Amortised cost	-	-	4,790	6,292
Total financial assets		5,836	1,741	10,059	7,645
Financial liabilities:					
Trade and other payables	Amortised cost	314	192	16	74
Accruals	Amortised cost	83	65	83	65
Total financial liabilities		397	257	99	139

30. Post balance sheet events

On 26 May 2022, Reabold announced the completion of the equity exchange agreement with Daybreak. Reabold California LLC, Reabold's subsidiary which holds, *inter alia*, Reabold's licence interests in California, has now become a wholly owned subsidiary of Daybreak, which, in exchange, has issued 160,964,489 new Daybreak shares to Gaelic Resources Limited, a wholly owned subsidiary of Reabold. Reabold now owns 42% of Daybreak's share capital, as enlarged by the completion of the transaction.

On 13 May 2022, Reabold announced the appointment of Chris Connolly as Chief Financial Officer, becoming a member of the senior management team.

On 4 May 2022, the Company announced that Corallian had received a non-binding, conditional offer from a credible party for the acquisition of its entire issued share capital (the "Potential Sale"). Corallian's board considers the Potential Sale to be sufficiently attractive to seek to conclude a sale process and is progressing negotiations with the potential purchaser.

As part of the Potential Sale process, Reabold announced that it had entered into a conditional sale and purchase agreement ("SPA") to acquire Corallian's working interest in all the non-Victory licences within the Corallian portfolio for a cash consideration of £250,000, which was immediately payable (subject to adjustment) ("Cash Consideration"). The licences that will be acquired are P2396, P2464, P2493, P2504 and P2605 (all at 100% working interest) and P2478 (36% working interest). Accordingly, at the time of completion of the Acquisition and the Potential Sale, Corallian's only remaining asset will be licence P2596, which contains the Victory gas development opportunity. Reabold will become Licence Administrator but does not intend to become Licence Operator and will therefore seek appropriate farm-out opportunities with third party operators following completion of the Acquisition, in order to de-risk and monetise the prospects. The Acquisition is conditional, inter alia, upon (1) Corallian receiving notice from the purchaser that the Potential Sale may proceed to completion and (2) approval from the North Sea Transition Authority. If the Acquisition does not complete before 31 August 2022, either party may terminate the SPA and Corallian will be required to repay the Cash Consideration to Reabold within 90 days.

In March 2022 East Riding of Yorkshire Council Planning committee approved planning applications for drilling and production at Rathlin's West Newton A site as well as a time extension to allow for further drilling at the West Newton B site, paving the way for the next phase of activity at West Newton towards development.

Notes to the Financial Statements

For the year ended 31 December 2021

On 17 February 2022, the company announced amendments to the terms of certain existing options currently held by the Executive Directors. In common with many businesses, the COVID-19 pandemic has significantly constrained the Company's activities, delaying management's ability to continue the successful implementation of its medium-term strategy. Therefore, in order to further incentivise the executive management of the Company and further align their interests with shareholders, Reabold's Remuneration Committee has amended the following Existing Options such that their expiry dates are extended by 12 months, to 19 March 2023, and additional extended vesting terms are applicable, as outlined below. The exercise prices of the Existing Options remain unchanged. Any incremental fair value granted as a result of the modifications is expected to be immaterial.

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

In January 2022 RPS estimated that a horizontal optimised well drilled at West Newton could deliver an initial production rate of ca 35.6 mmcf/d of gas over the first month of production.

31. Ultimate controlling party

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

Glossary

2C resources, 2C

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

bbl (Barrel)

42 US gallons, 159 litres.

bbls/d

Barrels of oil per day.

bcf

Billion standard cubic feet.

boe

Barrels of oil equivalent.

boe/d

Barrels of oil equivalent per day.

CPR

Competent Persons Report.

ESG

Environmental, Social and Governance.

FDP

Field Development Plan.

IFRS

International Financial Reporting Standards.

mcf

Thousand cubic feet.

mmbbl

Million barrels.

mmcf/d

Million cubic feet per day.

Proved reserves, 1P

Those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Officers and Professional Advisers

Directors

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

Company Secretary

Anthony Samaha (resigned 9 May 2022)
Christopher Connolly (appointed 9 May 2022)

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