Reabold Resources Plc

Since the beginning of 2019, Reabold has gained major exposure to the exciting West Newton discovery, potentially the biggest onshore UK gas discovery since 1973, while in the US; the company has drilled two wells apiece on the West Brentwood and Monroe Swell fields providing an ongoing 50% share of revenue from each field. Looking ahead, the appraisal programme on Iecea Mare in Romania provides major near term drilling exposure and the likelihood of an appraisal well on the Corallian operated Curlew-A prospect in H1 2020 has the potential to significantly augment Reabold's UK business.

Through its 37.08% interest in operator Rathlin Energy, Reabold participated in a high impact appraisal well on the West Newton discovery in East Yorkshire, onshore UK. Preliminary results in June 2019 suggest that West Newton could be the largest onshore gas field (including a significant liquids component) discovered in the UK since 1973. An extended well test is expected to commence in Q3 2019 which will determine flow rates and set the basis for a potential development programme.

In California, though its 100% interest of Gaelic Resources, Reabold completed the drilling of the VG-3 and VG-4 wells on the West Brentwood field in September 2018 and January 2019 respectively. The company funded 100% of the drilling costs of both wells in order to earn a 50% working interest going forward.

VG-3 has been on production since late 2018 and VG-4 was placed on full production in July 2019 following a successful connection to an existing gas pipeline. Both wells are now in production and Reabold, in conjunction with its partner, Sunset Exploration is considering the potential to accelerate the timing of a new well on West Brentwood. From 20 April to 8 May 2019, when VG-4 had been on temporary production, cumulative gross production across Reabold's California portfolio was 7,484 barrels of oil equivalent.

On the Monroe Swell lease, Reabold drilled two new wells; Burnett 2A and 2B in Q1 2019. As with West Brentwood, Reabold paid 100% of the drilling costs to earn its ongoing 50% working interest. The wells were placed on production although as of July 2019, both have yet to achieve the rates demonstrated during testing earlier in the year. As such, the operator is planning to re-enter the wells and clean out the perforated zones in order to restore volumes equivalent to earlier test rates.

In the UK offshore sector, Reabold has increased its interest in Corallian Energy from 32.9% to 34.9% after a recent Corallian fund raising of £1.225m. Corallian has used these funds to acquire Corfe Energy's interests in assets in which they were JV partners and boost its interests in six existing licences. Corallian has augmented this portfolio with an additional five licences awarded as part of the 31st Offshore Licensing Round announced in July 2019.

In terms of near term activity, the key asset in Corallian's portfolio is P2396 which contains the Curlew-A prospect. Curlew-A is estimated to contain nearly 39 mmboe of 2C contingent resources and a successful rig site survey has been recently completed. At this stage, we anticipate that an appraisal well could be drilled in H1 2020 once Corallian is able to complete a farm-out of part of its existing 90% interest in the licence.

In Romania, Reabold has spudded IM-1, the first of two appraisal wells on the Iecea Mare licence in which the company holds a 37.5% indirect interest as a function of its interest in Danube Petroleum. IM-1 and a second well, IM-2, are expected to be drilled back-to-back targeting up to 50 BCF of contingent and prospective resources.

Reabold is now generating cash flow from West Brentwood in the US and this is likely to be boosted by the restoration of stabilised production from Monroe Swell when workover activities are completed. With potentially exciting news flow from both the Parta drilling programme and the expected testing of West Newton to look forward to, we believe that Reabold is gaining significant operational momentum in H2 2019.

Stock Data

Share Price:	1.12p
Market Cap:	45.5m
Shares in issue:	4,064m

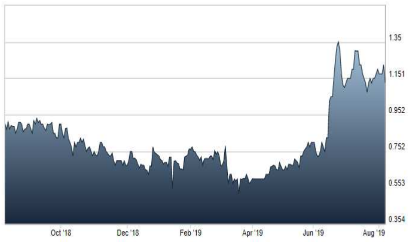
Company Profile

Sector:	Oil & Gas
Ticker:	RBD.L
Exchange:	AIM

Activities

Reabold is a strategic investor in near term, high growth potential oil and gas companies where its capital injection can facilitate near term activity.

Share price performance chart



Source: LSE

Past performance is not an indication of future performance.

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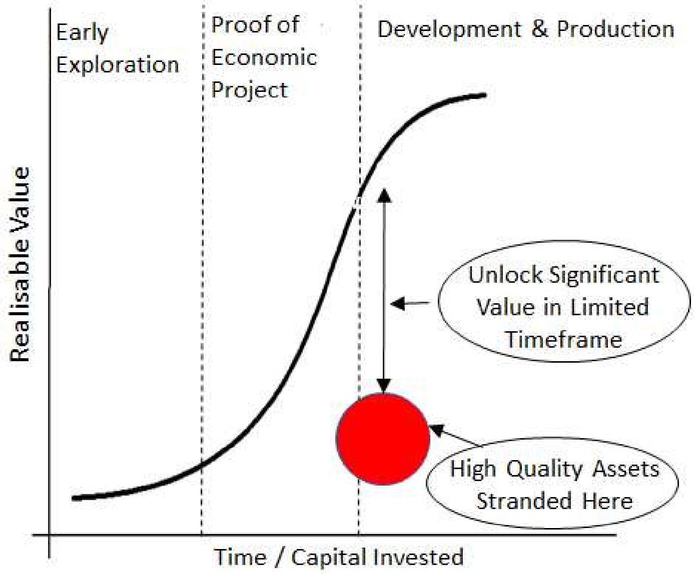
The Reabold business model

AIM-quoted Reabold invests in near-term high growth potential projects in the global oil and gas E&P sector. Specifically, Reabold invests in operating companies where a fresh injection of capital will facilitate an acceleration of near term activity. In line with the company's strategy, each investment that Reabold makes is characterised by low drilling risk, typically at the appraisal/early development stage with a clear exit strategy in order to monetise the company's investment at a later date.

Reabold's business model - unlocking value in the E&P cycle



Source: Reabold Energy

Experienced management team

The company possesses an experienced management team which has already established an exciting portfolio of investments in several upstream oil and gas E&P projects in the UK onshore and offshore sectors, the US and Romania. Reabold does not invest directly in physical oil and gas assets but rather in the equity of the operators of the assets to gain access to specific projects and to mitigate the risk of being cash called as a minority partner. In this regard, Reabold can be diluted if the companies in which it is invested elect to raise further equity. However, as the company's track record with its investment in Corallian Energy in particular suggests, Reabold usually participates in the funding activities of its portfolio companies to maintain or increase its interest.

New funds raised at increasing levels

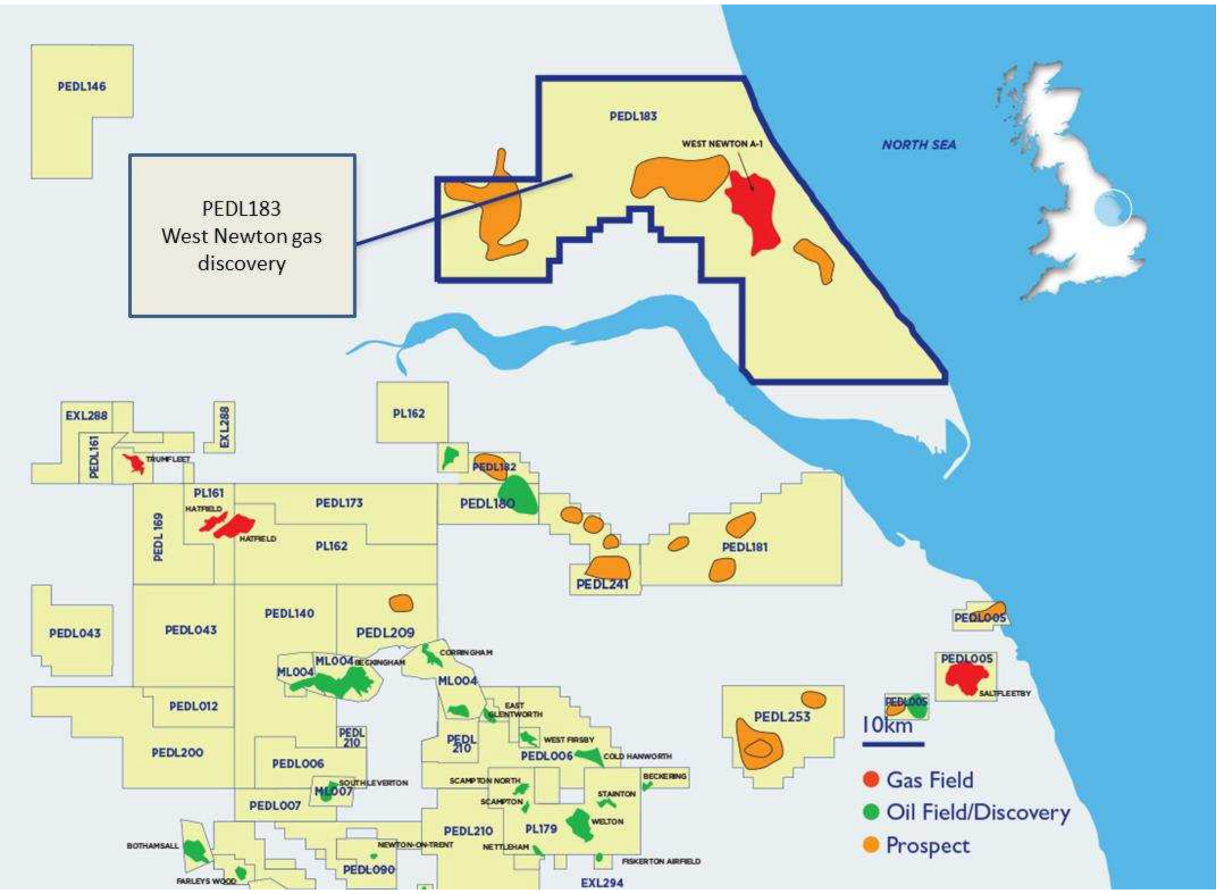
Since 2017, Reabold has conducted five equity placings at consistently increasing share price levels to raise total funds of £21m in order to expedite its business model. Reabold's most recent placing was in July 2019, where the company raised £2.65m through the issue of 240.9 million new shares at a price of 1.1p per share. These funds are being used to accelerate Reabold's strategy to invest in suitable low risk, high impact oil and gas projects with the potential to add significant shareholder value.

Rathlin Energy - West Newton

In November 2018, Reabold signed a subscription agreement with Rathlin Energy (UK) Limited; a wholly owned subsidiary of Calgary based Connaught Oil & Gas, to invest £3.0m for an equity interest of 37.08% in Rathlin. Rathlin is operator of UK onshore licence PEDL183 in East Yorkshire, UK which contains the West Newton A-1 gas discovery. Upon completion of the investment, Reabold's cash injection provided Rathlin with sufficient funds to drill the West Newton A-1 appraisal well.

Rathlin holds a 66.67% interest in PEDL183 and Reabold's interest in Rathlin implies an indirect interest of 24.7% in the licence for Reabold. The balance of direct interests in PEDL183 is comprised of Union Jack Oil plc (AIM: UJO) and private company, Humber Oil & Gas Ltd which hold a working interest of 16.7% each.

Location of PEDL183 (West Newton)



Source: Union Jack

Pre-drill resource estimates

West Newton A-1 discovery was estimated to hold pre-drill gross Best Estimate Contingent Resources of 189 BCF of gas with a 72% chance of success. This estimate was provided by Connaught's internal estimates supported by a 2017 competent person's report (CPR).

Additional upside on PEDL183, represented by the deeper reef flank Cadeby formation oil prospect, was ascribed gross contingent resources of 79.1 mmbbls and a pre-drill estimated chance of success of 24%.

We note Connaught's management resource estimates were based on economic evaluations run by Deloitte LLP for the CPR. In 2017, Deloitte prepared a CPR incorporating data from the West Newton discovery well and subsequently acquired 3D seismic over the field. The contingent gas resource is assigned to the Kirkham Abbey gas formation, the source of management assessments.

Drilling success

The West Newton A-2 appraisal well was spudded on 26 April 2019 and reached a total depth of 2,061 metres on 9 June 2019. A 28 metre core was extracted successfully from the primary Kirkham Abbey formation and logging operations were successfully completed. Preliminary data from the well suggests that the discovery is at least as big as the pre-drill estimate implying that West Newton could be the largest onshore UK gas field discovered since 1973, assuming that subsequent testing confirms the scale of the resource.

The well encountered a 65 metre hydrocarbon saturated interval from the Kirkham Abbey formation indicating a substantial hydrocarbon accumulation, including a significant liquids component. Drilling operations have now concluded and production casing has been set in preparation for testing the formation. A subsequent extended well test, expected to commence in Q3 2019, will determine flow rates and set the basis for a forward work programme.

In early August 2019, Rathlin announced that it had mobilised a wireline unit and associated equipment to the West Newton A-2 well site in order to conduct logging activities within the cased wellbore prior to the main phase of testing. When testing commences, the operator expects that activities will take approximately 4-8 weeks.

Reabold notes that initial data obtained from the West Newton A-2 well correlates positively with the petrophysical results from the initial West Newton A-1 well and volume expectations will be updated after further core and log analysis.

The well also encountered hydrocarbon shows from a secondary deeper target, the Cadeby formation with an oil saturated core. This is very encouraging and this formation is planned to be intersected from the West Newton B location where optimal reservoir development is expected and planning permission is already in place.

Market for gas already established

Reabold notes that West Newton is located in an area of abundant production infrastructure near the city of Hull. Consequently, we believe that material volumes of gas could be developed quickly for delivery into local markets at comparatively low cost.

Reabold California

In June 2018, Reabold acquired 100% of the share capital of Gaelic Resources Ltd for the issue of 420 million new shares at a price of 0.725p per share representing a consideration of £3.045m. This provided Reabold with the option to participate in three high-impact oil and gas leases located in California whereby Reabold will earn-in to 50% of each lease by drilling up to five wells before the end of 2019. The three leases are:

- Monroe Swell
- West Brentwood
- Grizzly Island

All three of the leases are operated under contract by California-based Integrity Management Solutions (IMS).

West Brentwood lease

West Brentwood contains an existing oil field where the up-dip portion, containing an estimated 1-2 mmbbls of oil in place, is believed to be largely undrained.

IMS spudded the Venturini-Ginochio #3 (VG-3) well on West Brentwood in August 2018. This was funded 100% by Reabold through its ownership of Gaelic in order to earn a 50% working interest. VG-3 was drilled at a location updip of a previously producing well on the West Brentwood licence to a depth of 4,600 feet and a commercial discovery was declared by IMS. The well exhibited the presence of good sands and significant oil and gas shows in the main Second Massive target formation in addition to strong gas shows in shallower horizons. The well was tested successfully in September 2018 and is currently on production.

VG-4

Reabold earned its 50% interest in the West Brentwood lease with the completion of the VG-4 well in January 2019. VG-4 was drilled to a total depth of 4,700 feet and similar to VG-3, had significant oil and gas shows in the Second Massive target formation.

Following a successful production test in late January 2018, the well was brought on-stream at an initially constrained rate in April 2019. This was as a consequence of a significant volume of gas produced in addition to the oil during the well test which meant that the well could not be produced at its full rate until a tie-in to a nearby gas pipeline was completed. As such, the initial choked back rate for production on VG-4 was constrained initially at a gross rate of 150-250 bopd.

Nevertheless, in late July 2019, VG-4 well was placed on full production following a successful 'hot tap' to tie into an existing gas pipeline nearby. 'Hot tapping' or pressure tapping is the method of making a connection to an existing pipeline without the interrupting or emptying that section of the pipeline.

Both VG-3 and VG-4 are now on production and permits for up to three additional wells on West Brentwood have been approved. As such, Reabold, in conjunction with its JV partner, Sunset Exploration and the operator IMS is considering the potential of accelerating the timing of the next well on the West Brentwood.

Monroe Swell

In July 2018, following the acquisition of Gaelic, IMS's initial activity on Monroe Swell was to expedite workover programme targeting four wells out of seven in total on the lease. This work was focused on recovering a substantial proportion of the estimated 1.0 mmbbls of in-place resources on this section of the lease. This programme focused on the Doud A-1, A-2, A-3 and A-7 wells whereby pumping units were installed on each well and additional intervention work was undertaken resulting in significant oil shows in evidence from all of the wells.

Consequently, all four wells were placed on production at the end of August 2018 at an estimated gross production rate of 70 bopd. We note that, at the Doud A area within Monroe Swell, production has been curtailed by water ingress at the main production well due to a leak in the casing since May 2019. However, IMS proposes to rectify this issue with a minor workover now that testing is complete at the Burnett wells. This is expected to restore the Doud A wells to full production shortly.

New wells drilled

The first new well drilled on Monroe Swell to target estimated in-place resources of up to 4.0 mmbbls of oil was the Burnett 2A well which was drilled to a depth of 922 metres encountering the Burnett and Lower Burnett sands and significant oil and gas shows from over 60 metres of pay in March 2019.

Despite severe weather conditions towards the end of March 2019, a second well, Burnett 2B, was drilled to a total depth of 894 metres again encountering the Burnett and Lower Burnett sands. Both formations exhibited significant oil and gas shows and Halliburton wireline logging has confirmed estimated pay of 90 metres, which was ahead of pre-drill expectations.

Burnett 2A and 2B were subsequently tested by perforating 53.6 metres and 34.8 metres respectively and both wells tested oil ahead of being placed on permanent production. Under Reabold's agreement with Sunset Exploration, Reabold paid the full drilling and completion costs of both Burnett wells in order to earn its 50% net working interest in the licence.

We note that the wells are yet to achieve stabilised production rates consistent with the rates achieved during testing and the operator IMS plans to re-enter the wells and clean out the perforated zones in order to restore production to the rates demonstrated during testing. Reabold is also reviewing the potential to test additional intervals which were logged as pay but have not yet been perforated.

Grizzly Island

The Grizzly Island lease contains several gas prospects with an estimated recoverable resource of 50-90 BCF as defined by a 70 square mile 3D seismic grid. Although no drilling activity has yet been scheduled publically with regards to Grizzly Island, we understand that Reabold is keen to drill up to two wells on the lease to assess more fully the gas potential of this asset before the end of 2019.

UK – Corallian Energy

Reabold holds a 34.9% interest in private UK oil and gas E&P company, Corallian Energy. Corallian holds a portfolio of operated interests focused on the UK offshore sector. These are outlined in the table below. This table does not include the five additional licences which Corallian has been offered as part of the UK 31st Offshore Licensing Round announced in June 2019. These licences comprise 22 blocks and part blocks including one in the English Channel (49%), two in the Inner Moray Firth (40% each), one in the Viking Graben (100%) and one in the West of Shetlands region (100%).

Corallian Energy licence portfolio

Licence	Key prospect/discovery	Region	Operator	Interest
P2396	Curlew	Central North Sea	Corallian	90.00%
P2398	Jackdaw South	Central North Sea	Corallian	100.00%
P2235	Wick	Inner Moray Firth	Corallian	45.00%
P1918	Colter South	Wessex Basin	Corallian	74.00%
PEDL330	Colter	Wessex Basin	Corallian	74.00%
PEDL345	Purbeck	Wessex Basin	Corallian	74.00%

Source: Corallian Energy

Recent fund raising increases Corallian's interests

On 31 July Corallian completed an equity fundraise of £1,225,000 at £2.20 per share with a new shareholder. This 'Round 6 Fundraise' was conducted at a significant premium to Corallian's previous fundraise which was priced at £1.50 per share. The completion of the Round 6 fundraise has also enabled Corallian to allot the shares related to the Advanced Subscription Agreements that it executed with its existing shareholders in December 2018 and February 2019.

As announced on 11 December 2018, Reabold subscribed for shares under the Advanced Subscription Agreements for £750,000, (as announced on 25 February 2019) and for £300,000, (as announced on 11 December 2018). Under the terms of the Advanced Subscriptions, these new shares in Corallian were allotted at a 30% discount to shares issued in connection with the Round 6 Fundraise (2.20p per share. As such, Reabold has been allotted 681,818 new Corallian shares at £1.54 per share, increasing the company's interest in Corallian from 32.9% to 34.9%.

Corallian has used a proportion of the net proceeds from the Round 6 fund raise to acquire Corfe Energy Limited's interests in licences in which they were a JV partner with Corallian. These interests comprise four licences in the Wessex Basin (P1918, PEDL330, PEDL345) and the Inner Moray Firth (P2235) in addition to the three new licences offered in these areas as part of the 31st Licensing Round. Corallian's updated interests in these licences are reflected in the table above.

The mean prospective resources attributable to Corfe's interests are 10 mmboe in the Inner Moray Firth and 6 mmboe in the Wessex Basin according to Corallian's internal estimates. Following this transaction Corallian's interest in the Wessex Basin licences have increased from 51.67% to 74.00% and in the from 40% to 45% in Inner Moray Firth.

Licence P2396 (Curlew)

Current activity within the Corallian portfolio is focusing on P2396 which contains the Curlew-A prospect. Curlew-A has Best Estimate 2C Contingent Resources of 38.8 mmboe according to a CPR published by Software Information Solutions, Schlumberger Oilfield UK in February 2019. Reabold holds an indirect interest of 31.4% in the licence through its interest in Corallian.

The Tertiary aged Curlew-A oil accumulation was discovered by the Shell operated 29/7-1 well in 1979. The well discovered light oil in Tertiary Odin and Cromarty Sandstones, amounting to net pay of 10.5 metres, within a salt-cored anticline, a structure that covers an area of approximately 21 km^2. Corallian has outlined plans to appraise Curlew-A with a new well targeting the previously outlined formations to a depth of approximately 2,700 metres sub-sea in a water depth of c.90 metres.

A secondary objective of Curlew-A is expected to be the Forties Sandstone which was not encountered in the discovery well but may be developed on the south-western flank of the structure being targeted by the appraisal well. Most Likely Gross Prospective Resources of 22 million barrels of oil have been calculated for the Forties objective and a further 8 million barrels of oil (gross) in fractured Chalk within the crest of the structure (Corallian estimates).

It was announced at the end of July 2019 that a rig site survey for Curlew-A had commenced with the survey expected to be completed by the end of the current week. At this stage, we expect that an appraisal well could be drilled in H1 2020 once the well farm-out process has been completed.

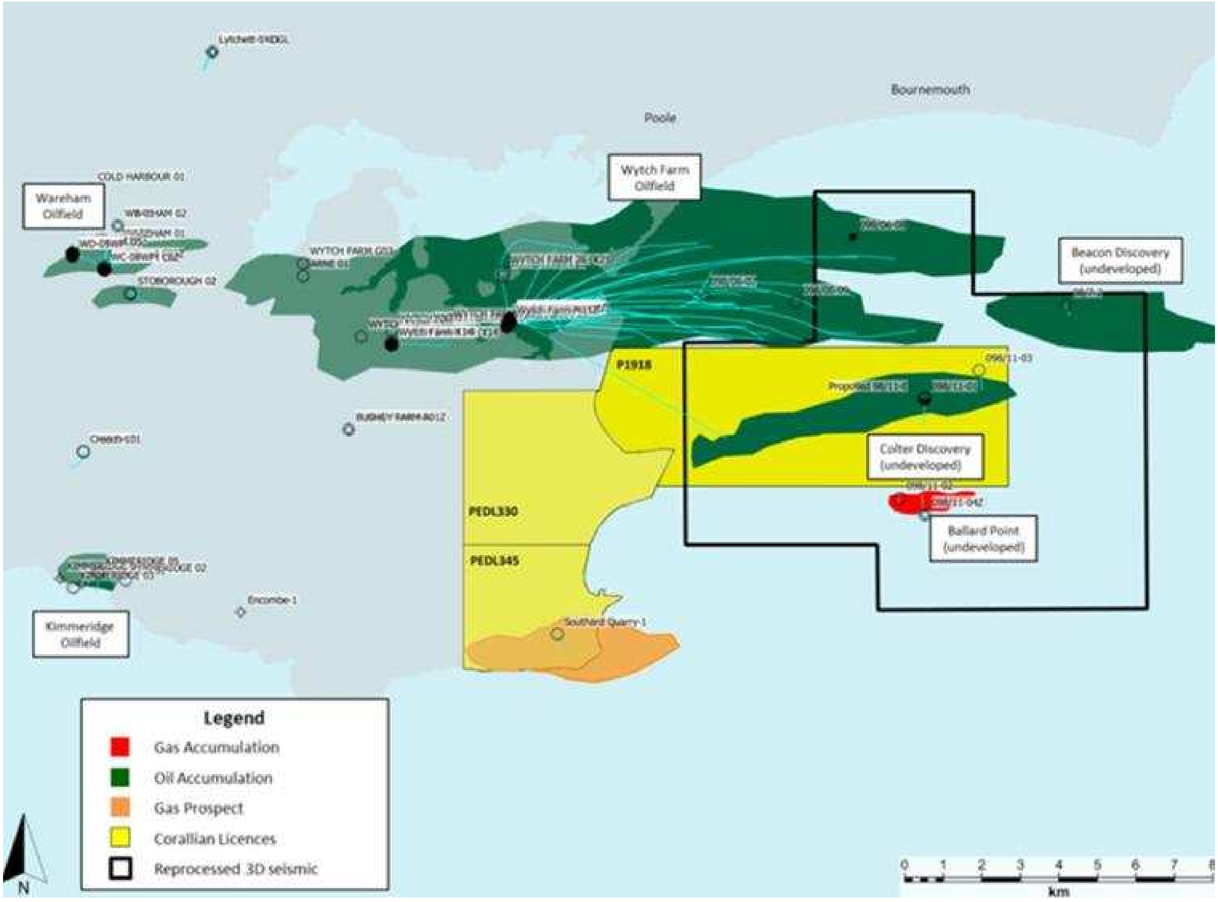
Licence P1918 (Colter)

Activity earlier in 2019 focused on the Colter appraisal project on licence P1918 (Corallian: 74% and operator), which is located adjacent to the large Wytch Farm oilfield in the south of England.

In February 2019, the initial Colter appraisal well (98/11a-6) reached a total depth of 1,870 metres in the main target, the Sherwood Sandstone reservoir. Although the well unexpectedly remained on the southern side of the prospect bounding fault, it did encounter oil and gas shows over a 9.4 metre gross interval, representing a separate discovery to the original target. A petrophysical evaluation of the LWD (logging while drilling) data calculated a net pay of approximately 3 metres.

Immediately following the results from 98/11a-6 Corallian drilled the 98/11a-6Z sidetrack well on the Colter prospect to a depth of 1,910 metres in the Sherwood Sandstone to the north of the prospect bounding fault. However, Corallian concluded that the smaller areal extent of the Colter feature north of the fault boundary would be unlikely to yield commercial volumes of hydrocarbons and consequently the 98/11a-6Z sidetrack well was plugged and abandoned and the rig released.

Location of the undeveloped Colter prospect on licence P1918 (southern UK)



Source: Corallian Energy Limited

Provisional analysis of Colter

Provisional analysis of the 98/11a-6 well indicates that it shares a common oil-water contact with the original 98/11-1 discovery well drilled by British Gas in 1983, both having intersected the down-dip region of the southern portion of the Colter prospect. Corallian's most recent assessment of Colter South prior to drilling 98/11a-6 indicates an estimated gross mean recoverable resource of 15 mmbbls.

Although smaller than Corallian's pre-drill estimate of c.23 mmbbls, the operator notes that a discovery of this size comfortably exceeds the threshold for commerciality and further work will be required to refine this assessment. Although the partners already possess significant well and seismic data, we do not rule out the potential for further 3D seismic work to improve the imaging of the Colter South structure. The timing and details of a future work programme have not been outlined by Corallian at this stage.

Romania – Danube Petroleum

Current activity focused on the Sole Risk Area of the Parta licence

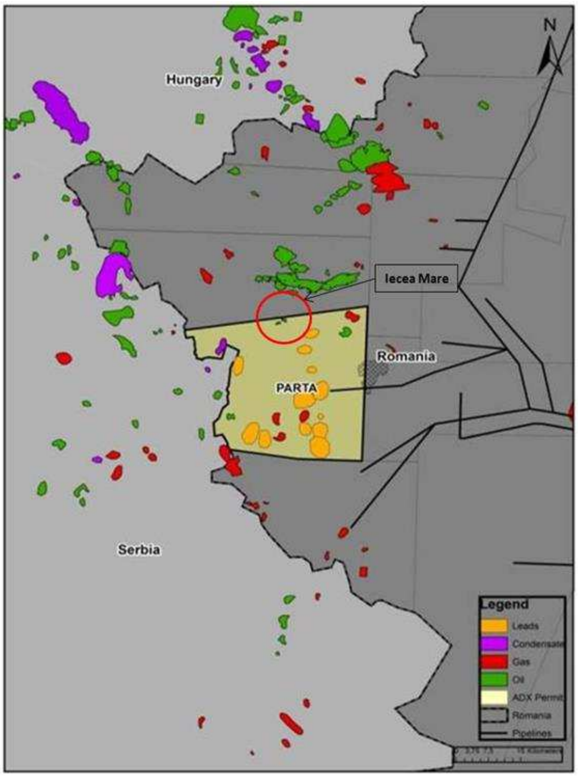
Reabold holds 37.5% of the equity of Danube Petroleum Limited, a subsidiary of ASX listed ADX Energy which holds the balance of 62.5%. ADX established Danube Petroleum as a wholly owned subsidiary in October 2017 to hold its interest in the Parta Exploration Licence and it is this vehicle in which Reabold currently holds its investment.

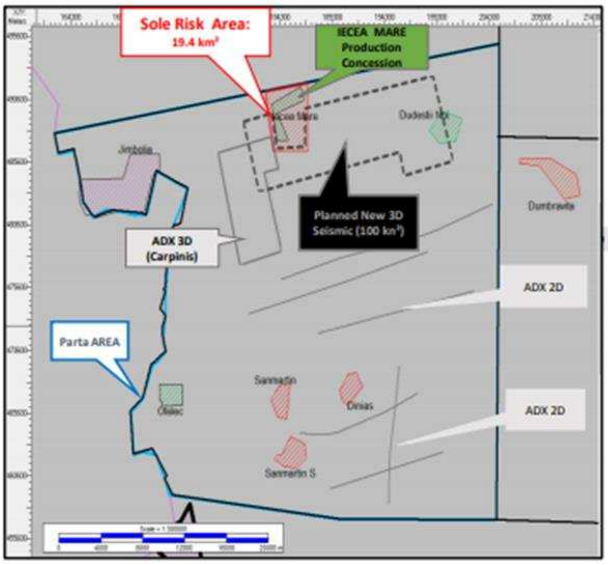
Until 31 March 2019, Danube held a 100% interest in the wider Parta concession after Austrian E&P company, RAG Austria AG withdrew from the licence. However, following ADX's successful farm out to Parta Energy Pty which will fund a US$1.5m seismic survey of approximately 100 km^2 to secure a 50% interest in the licence, we expect that Danube will ultimately hold the balance of 50% of Parta of which Reabold will hold an indirect interest of 18.75%. ADX has outlined that it expects the 3D seismic survey to commence in November 2019.

However, it is important to note that the Iecea Mare Production Concession has been separated and ring fenced out of the wider Parta licence and Danube still holds a 100% interest in Iecea Mare and the upcoming appraisal project. This discrete area of Parta is a defined 19.4 km^2 section of the wider licence and has been termed the Sole Risk Area.

The Parta concession is located onshore Romania next to the border with Serbia. Parta contains the Iecea Mare oil field which has been depleted. However, the field contains two undeveloped gas discoveries and the wider Parta licence area also possesses significant exploration opportunities as outlined on the map below.

Location map of the Parta licence and the Sole Risk Area in Romania





Source: ADX Energy

The Parta licence resource potential

The wider Parta licence covers an area of 1,221 km^2 and is located in the Pannonian Basin, a prolific hydrocarbon province. A Parta Appraisal Programme has been outlined by ADX which comprises two comparatively low risk re-drill appraisal opportunities located to the north of the licence area. These are termed Iecea Mica-1 (IM-1) and Iecea Mica-2 (IM-2) which will target estimated combined 2C recoverable contingent resources of up to 21.6 BCF in several horizons with 3C upside of 59 BCF.

These resource estimates have been confirmed by competent person, ERC Equipoise and are outlined below. The table also contains the additional prospective resources that will be targeted by a two well appraisal programme.

Resource potential at Parta (gross estimates)

Contingent resources	1C	2C	3C
BCF	6.8	21.6	59.0
Prospective resources	**Low**	**Mid**	**High**
BCF	10.5	28.3	67.7

Source: ERCE, ADX Energy

The Iecea Mare appraisal drilling programme

Following the securing of all relevant permits, services and materials, the Tacrom Futura Rig 6 was mobilised at the Iecea Mare site and the Iecea Mica 1 (IM-1) appraisal well was spudded on 6 August 2019. The first target reservoir intersection is expected to take approximately 13 days and the total time to drill and evaluate the well is expected to be around 27 days following the commencement of drilling.

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

We note that all approvals and permits have already been secured for the IM-2 well, the second planned well in the Parta appraisal programme. IM-2 well will target two potentially large stratigraphic pinchout traps also defined by 3D seismic and supported by historic gas flow from the same reservoir probed by the original Iecea Mare-35 well.

Drilling risk mitigated

These accumulations are located only 8 km apart and the drilling risk for each is mitigated significantly given that the two prospective wells represent re-drills of discovery wells drilled in the late 1980s. At the time of discovery, oil production from the now depleted oil bearing horizons within each field was the priority given that a mature gas market did not exist in Romania at the time. Consequently, gas flow from the discovery wells at the time of discovery was flowed to surface and flared.

Both appraisal targets have multiple gas bearing target zones that have flowed gas previously. These have been identified from both direct hydrocarbon indicators from 3D seismic and also well logs taken at the time.

Well cost estimates and licence upside

Reabold estimates that each well is likely to cost US$2.4m – US$3.2m including completion and testing on a gross basis. Full field development costs for Iecea Mare gas will depend on the eventual number of wells drilled and the gas resources recovered. The wider Parta licence also includes additional exploration and appraisal upside with the potential for further total un-risked gross prospective resources of approximately 300 BCF of gas and 45 mmbbls of oil identified by 2D seismic on the licence.

Project infrastructure

Early value indicators represent an appreciable degree of conjecture as we are at a comparatively early stage of development. However, we believe that the overall project economics are solid given the existence of several favourable variables, primarily attractive Romanian gas prices which are generally in excess of US$6.00 per mcf.

In addition, ongoing operating costs after the capital investment phase in the early stages of the project are also likely to be low, particularly given that gas gathering and distribution infrastructure is located at the Calacea processing facility only 15 km away from the Carpinis accumulation. The Calacea facility is owned by OMV Petrom and operated by Expert Petroleum.

Project economics are underpinned by a very attractive fiscal regime with royalty rates in the range of 3.5% to 7.5% of gas sales depending on production rates and a tax on profits of only 16%.

On the basis of a successful drilling programme interesting at least two proven and tested gas reservoirs coupled with a fast track development to early production, Danube has estimated that a multi-well development could be worth US$128m which includes value for both contingent and prospective resources across both Iecea Mare appraisal projects.

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