Letter to Shareholders of Reabold Resources PLC (the "Company")

December 15, 2023

Over the past 12 months, the requisitioners have observed with increasing concern as the Company's share price has declined from £0.02 at the time of the first requisition to a record low of £0.0085 just before the process for the second requisition was initiated.

Achieving the Company's success, understood as delivering tangible value to shareholders by fulfilling its significant potential, is the only goal of the requisitioners. This is evident in the support that we have given the Board since Portillion made its first investment in 2019, when the share price was approximately £0.055.

Since this time, Portillion cornerstoned the Company's raise in July 2019 and invested a further £500,000 into Corallian, enabling the investment in the Victory gas field, which was subsequently sold to Shell for a gross consideration of £32 million, a much lower valuation to that which we expected.

We strongly believe that the Company continues to be mismanaged by the current executive team and that their continued stewardship of the Company's fortunes is detrimental to shareholder interests. Indeed, if anything, the Company's situation has worsened in the year that has elapsed since the last requisition. Dissatisfactory performance has continued unchanged, and even key undertakings made at the last requisition have failed to be maintained.

The Company's executive team (the "**Executive Team**"), led by two "Co-Chief Executives", a rarity in the corporate world, who are paid approximately £500,000 plus bonuses between them according to the last set of accounts, have stated that our requisition request is an "*attempt to gain control of Reabold without paying a premium to shareholders*".

This is patently false. On the contrary, we are seeking to change the leadership of Reabold to ensure value is finally delivered to shareholders before all is lost by installing a leadership team that is truly aligned to shareholders and incentivised to achieve the success of the Company.

In the year that has elapsed since the last requisition, the Company has lost key institutional shareholders from its share register, including Ruffer and Fidelity. The divestment made by these institutional shareholders of their respective positions in Reabold is not only evidence of an increasing loss of confidence in the Executive Team by some of the investors who provided the largest funding to the Company, but also reflects the wider market's loss of faith in the Executive Team.

Now that the additional and final opportunity to change course given to the Executive Team since the last requisition has also been missed, it is time for real change.

The requisitioners have the following concerns about the mismanagement of the Company during the past 12 months:

1) **Concerns over the existing portfolio management**
2) **Concerns over the quality of due diligence carried out on recent acquisitions.**
3) **Concerns over the veracity of communication with shareholders.**
4) **Concerns over the lack of progress in drilling West Newton.**
5) **Concerns over executive remuneration**

Concerns over existing portfolio management, specifically Daybreak Oil and Gas Inc.

The Executive Team manage an oil and gas investment company, rather than an operating company. This means that their sole responsibility is the management of their portfolio of assets.

The investment in Daybreak Oil and Gas Inc. ("**Daybreak**") has been an unmitigated disaster.

We are aware that two offers were received by Daybreak, including one that would have returned a material percentage of the money invested into Daybreak by the Company. Despite having appointed a representative on Daybreak's board, the Executive Team have previously indicated that they were unaware of either of these offers.

Reabold holds a 42% shareholding in Daybreak, a company which has not filed any manner of SEC compliant reporting for two quarters. The Company is unable to do anything about this because, according to the last filing made by Daybreak, the Company's shares are still restricted and unable to vote. How has this been allowed to happen over one year on from the date of issuance of the shares?

Of no less concern is the fact that the President of Daybreak is owed by Daybreak the amount of $155,548 which, if unpaid, could lead to a Chapter 11 bankruptcy filing being made.

How can the Executive Team of an investment company, comprised of two well remunerated Chief Executive Officers, be unaware of offers being made for the acquisition of underperforming parts of their portfolio and be unaware, or unconcerned, with their lack of voting power in relation to a company in which they hold a multi-million-pound investment?

Surely as an investment company, one of their primary responsibilities is to effectively manage the portfolio of investments ensuring as much value as possible is created for the benefit of **all** shareholders.

In the case of Daybreak, the Executive Team have failed to deliver on this requirement in spectacular fashion; indeed, we believe that there has been nothing short of a dereliction of duty towards shareholders with the initial £9.3 million invested into Gaelic Resources potentially now being worthless.

Concerns over the due diligence in new investments

LNEnergy Limited ("**LNE**"), a company incorporated under the laws of England and Wales, holds an exclusive option over a 90% interest in the Colle Santo gas field. We are told that the option is the primary asset of LNE.

Reabold has now invested an aggregate total amount of cash and equity consideration of £4.3 million in return for a 26.1% interest, valuing LNE at a staggering £16.475 million. In terms of deal structure alone, we view it as extraordinary that such a significant amount of the Company's financial resources has been directed to acquire a minority position in a private company that does not even own the Colle Santo gas field, but – crucially – solely holds an "exclusive option".

Since calling the requisition, the Company has made two additional investments in LNE. The timing of these additional investments is particularly concerning as, in good faith, we had communicated our grave concerns regarding the Colle Santo transaction to the Executive Team without any engagement or feedback by way of response. Arguably, there has been a response and that has been to intentionally accelerate the investment to thwart the requisition and not engage in any manner when confronted with serious concerns. This is clear evidence of the Executive Team being unwilling to engage when confronted with serious concerns and being seemingly being solely interested in safeguarding their positions (and associated remuneration) at all costs, even potentially to the severe detriment of shareholder interests.

For clarity, it is our view that the discernible haste applied towards increasing this misguided investment, containing a sizeable equity component, has been motivated by a desire to impede the success of the requisition by way of voting the shares issued as consideration.

On the specific point of the shares issued to LNE, we draw your attention to the fact that these shares have not been kept within LN Energy but have instead been allocated to the individual directors of LNE who now appear on the Company's share registry. For example, Mr. Robert Price who holds 4.84% of Reabold as of November 8, 2023, is a Director of LNE. We view the way the equity consideration has been allocated as deeply concerning.

On a project level, the Company has portrayed Colle Santo as being on the verge of starting production and have announced that LNE has supposedly been informed by the Abruzzo authorities that approval for a two-year production test will be ratified by the end of 2023. This is demonstrably false.

Public documents available in Italy show that the first application for this test was already turned down in November 2022 and that this can legally be granted until an Environmental Impact Assessment has been submitted and approved. The previous Environmental Impact Assessment that was submitted to the Abruzzo authorities in 2016 took two years to process before being rejected.

The Abruzzo authorities also do not have authority to grant the production license, which is issued by the Italian Ministry of Environmental and Energy Security. This is an authority which has not even begun to process a production application.

There is no chance of the 24-month production test being granted by the end of 2023 as the Company has stated. In the most optimistic scenario, production from Colle Santo is at least five years in the future, in the unlikely event that it is granted at all. How can these facts provide any confidence in a rigorous due diligence exercise having been performed?

Concerns over the veracity of communication with shareholders.

Despite the promises made by the Executive Team at the previous requisition, corporate communications have not improved at the Company. If anything, they have worsened further.

- Shareholders were informed on 28 April 2023 that a £750,000 share buyback program would be commenced, yet by November 2023 only about 1/5 of this buyback had been completed. Now that a new requisition date has been announced, the share buyback programme has been restarted. It should already have been completed, and could have been easily, if it were not for the cash wasted on the Colle Santo project.
- Shareholders were not informed of the two offers for Daybreak.
- Shareholders have been assured that the Colle Santo production test permits will be received by the end of this year when this is not the case.

- Shareholders have been informed by regulatory news announcement on 5 September 2023 that their Early Production Program at Colle Santo incudes the: “Renewal of the Abruzzo Region's earlier 24-month test approval permit”. However, the previous 24-month test permit was rejected.

It is not clear how this information came to be erroneously communicated to shareholders. However, what is clear is that regulatory news communications made by the Company are very unreliable.

Concerns over the lack of progress in drilling West Newton.

Like many shareholders, we invested into Reabold because of the potential of the West Newton asset. The gas field is one of the biggest gas plays in Europe. So why is it that the Company is now investing in a highly uncertain Italian gas project without maintaining focus on the real prize? It appears that this asset has been somewhat forgotten. We are aware of certain financing issues being faced by Rathlin Energy (UK) Limited (“**Rathlin**”). However, since the Company is a majority shareholder with a 59% shareholding in Rathlin, this is a problem that can easily be overcome by way of funding if there is a genuine intention to proceed.

For the avoidance of doubt, we **can** raise the funds required to enable Rathlin to meet its drilling obligations. We do not believe the Board will be able to do so following the complete loss of market confidence evidenced by the share price performance and the departure of many institutional investors who have been replaced by family members of the Executive Team and beneficial owners of LNE.

Concerns over executive remuneration.

Our concerns over executive remuneration and other administrative costs at the Company are well documented and have been raised previously without any changes being implemented in this respect since the last requisition in the face of the share price hitting record lows. We do not believe that an investment company requires two Co-CEOs, a leadership structure that is conceptually flawed and unworkable, having paid themselves over £4 million since they took office.

This is even more unacceptable when viewed in the context of the woeful mismanagement of the existing portfolio presided over by the Executive Team. In addition, the shockingly inadequate due diligence performed in acquiring new assets, which we fear has now resulted in millions of pounds being irrecoverably lost for an asset that will never produce, and which publicly available documentation clearly shows to have been misrepresented by the Company, whether willingly or unknowingly, is unjustifiable.

We believe that the Company only needs one Chief Executive Officer, the norm across the junior energy market segment for good reason, and that executive remuneration should be cut by more than 50%.

The Executive Team has granted itself £750,000 in nil cost stock options, in the context of extraordinary shareholder value destruction and a failure to honour an explicit undertaking made at the last requisition to implement a share buyback programme for the benefit of suffering shareholders. It is astonishing that our calling of a second requisition has now triggered the reactivation of this programme.

Is the timing and manner of this reactivation not irrefutable evidence of the Executive Team solely being interested in retaining their positions?

If the requisition is successful what would change?

- We would only have a single Chief Executive Officer and we would reduce executive pay by more than 50%.
- We would aim to reduce operating costs for the Company across the board.
- We would intend to return £3 million to shareholders via special dividend once the Shell money is fully paid.
- We would fully complete the share buyback, until recently stalled at £150k, up to the full £750k that was originally promised.
- We would conduct an analysis of all current assets in the Company's portfolio and look to extract value where possible from Danube, Daybreak and Colle Santo by reselling some of these assets or developing them further where possible; and ceasing to invest further in them when neither of the other alternatives are possible.
- We will make the drilling of West Newton a priority. If this means delivering extra funding to enable Rathlin to cover their share of the costs. If this means raising more funds, we shall fund the costs and increase the Company's holding in Rathlin by doing so. We shall raise this money in Q1 2024 and will intend to commence drilling in Q2 or early Q3 2024 depending on equipment availability. This is in stark contrast to the incumbent Executive Team who have merely stated that: "*over the next twelve months we expect to see progress towards the first horizontal well at West Newton*". For reference, the Executive Team had originally promised to commence drilling activities during 2023, and now cannot even commit to drilling in 2024.

We have a credible Board of Directors ready to step in and take control of the Company as soon as shareholders cast their votes in the requisition. We have seasoned financial executives and a Chief Executive Officer experienced in the acquisition and operation of oil and gas assets. We have the right level of expertise and are determined to deliver value for shareholders.

In clear contrast to the Executive Team, we unconditionally commit to implement what we communicate to shareholders and to represent their interests effectively in terms of how the business is managed. Fundamentally, we believe we shall succeed where they have failed.

Our objective is to make the Company one of the best performing oil and gas companies within the junior segment of the LSE by, amongst other activities, realising the vast potential of West Newton.

We shall release a comprehensive business plan for the future of the Company on the following website at the end of this week: https://www.reaboldrequisition.com/

Yours sincerely,

Kamran Sattar, proposed Chairman: ____________________

Andrea Cattaneo, proposed CEO: ____________________