Responses of the Requisitioning Shareholders to the Reabold Resources plc Requisitioned General Meeting

1. Introduction

We note the notice of general meeting (the "**GM Notice**") published by Reabold Resources plc (the "**Company**") on 31 October 2022 and the opening paragraph of the chairman's letter which refers to the Company having received a requisition notice pursuant to section 303 of the Companies Act 2006 (the "**Act**") requesting the Company's board of directors (the "**incumbent directors**" or "**Board**") to convene a general meeting of Shareholders (the "**Requisition**").

The Requisition was brought on our behalf by the legal nominee (i.e. the shareholder named on the Company's register of members) that we hold our shares in the Company through, being Pershing Nominees Limited ("**Pershing**"). We are the underlying beneficial holders of the shares who saw fit, via Pershing, to initiate the Requisition given what we believe are the significant failings of the incumbent directors.

We refer to the RNS published by the Company on 17 October 2022 entitled "*Purported Requisition of General Meeting*", which stated:

"*Whilst the Company does not wish to deny any member the right to convene a general meeting under the Act, this has to be balanced against due and proper process and the prudent use of shareholder resources. Having taken legal advice, the Board has ascertained that the documentation as received contains several deficiencies and is therefore not a valid requisition notice under section 303 of the Act. The Company has written to Pershing as to the actions it needs to take to validly call a general meeting and has invited Pershing to procure that a valid request under section 303 is submitted. If and when the Company receives a valid requisition notice from Pershing, the Board will respond to it in accordance with the Act and will share its views on the proposals with shareholders.*"

We also refer to the RNS published by the Company on 20 October 2022 entitled "*Requisition of General Meeting*", which stated:

"*Notwithstanding the Board's concerns about the validity of the letter, the Board has decided to proceed on the basis that the requisition process is a major distraction and needs to be dealt with swiftly and that the aforementioned potential breach of the Act is considered remote due to the indications of support the Board has received following its initial engagement with the Company's major shareholders.*"

What the Board, rather than the Company, conveniently fails to disclose to shareholders are the responses we provided to its purported concerns. The Board's concerns were communicated to us by the Company's lawyers (therefore at the cost of the Company and shareholders), that the requisition notice (the "**Notice**") was invalid. Our responses – sent to the Company's lawyers via Pershing on 18 October 2022 – were as follows:

"*The Company's assertion that the Notice is invalid is incorrect. It is not the Company's assertion but that of the board. The board's purported concerns that the Notice could result in circumstances where the board is unable to form a quorum are simply unfounded. The principal reason for having requisitioned the general meeting is the belief all the resolutions will be passed as drafted, meaning the board will be comprised of four directors following the conclusion of the general meeting and will therefore form a quorum. There is no legal requirement or justification that resolutions 5 through 11 need to be inter-conditional on the passing of resolutions 1 through 4. Whilst the suggestion of qualifying resolutions 5 through 11 such that there must always be a minimum of two directors appointed to the board is a sensible one, it does not invalidate the resolutions.*"

"*Given that resolution 11 relates to the appointment and termination of directors, it is correctly proposed as an ordinary resolution.*"

"*We can refer you to several examples of similarly drafted resolutions relating to other requisitioned general meetings, all of which have been considered valid and effective. However, you likely know this, having access to the same resources as us.*"

"*Your letter states that whilst the Company does not wish to deny any member the right to convene a general meeting under the Act it must be balanced against due and proper process and the prudent use of member resources. There is no such balancing requirement which overrides the fundamental legal right of a company's members to call a general meeting.*"

"*The purported concerns of the board are outweighed by our legal right as holders representing at least 5% of the paid-up voting share capital of the Company to call a general meeting. Of real concern is that your letter appears to show the board wishing to be deliberately obstructive in this process and the directors wishing to entrench their own positions. We would expect the board of a publicly quoted company to instead facilitate the requisitioned meeting.*"

"*Notwithstanding the board's assertions and your suggestions, we deem the Notice to be effective and therefore expect the board to call a general meeting within 21 days of receiving the valid Notice as required to do so under section 303 of the Act. If the board refuses, we will call the meeting ourselves as is our right to do so under section 305 of the Act.*"

The principal reason we initiated the Requisition was our collective belief that the Board has materially mismanaged the Company and continues to do. We feel that the incumbent directors, specifically the co-CEOs, convey a feeling of entitlement that the Company is theirs to run, on behalf of themselves, rather than as custodians on behalf of all the Company's shareholders.

The incumbent directors use the Company's name to state a belief that we have a questionable motive to gain control of the Company without paying a control premium. However, we hold a far more meaningful stake in the Company than the incumbent directors. We have also recommended the appointment of certain individuals (the "**Proposed Directors**") with holdings in the Company which total more than the incumbent directors. We, together with the Proposed Directors, have experienced value destruction rather than having created it. We, together with the Proposed Directors, are clearly more aligned with shareholders than the incumbent directors.

2. Reasons why we recommend shareholders VOTE FOR ALL the Resolutions

The incumbent directors, specifically the co-CEOs, have seen the potential end of their gravy train. Naturally, they are fearful of the journey coming to an end and have, unsurprisingly, committed the Company's resources to attempting to justify their positions. All we see is a group of individuals desperate to entrench their positions, including their exorbitant directors' fees and emoluments, all the while destroying the value of the Company, our company, YOUR company.

We have reviewed section 2 of the chairman's letter circulated with the GM Notice, which sets out the purported reasons why the incumbent directors recommend shareholders vote against the resolutions, and respond as follows:

(a) *The Requisitioning Shareholders are opportunistically seeking to gain control of Reabold, its operational asset base and its cash without paying a control premium to Shareholders*

The incumbent directors forget, or rather do not wish to acknowledge, that their interests are simply not aligned with those of shareholders. They collectively hold less than 2% of the Company's issued share capital. They claim that we are seeking opportunistic control but avoid mentioning that we collectively own a more meaningful stake in the Company than they do. We do see an opportunity, which is the chance to refresh the leadership of the Company – leadership which has been distinctly lacking together with sound corporate governance – with individuals who can bring a fresh perspective and dynamic.

We have lost all faith and trust in the incumbent directors, and do not trust them to manage the Company for any longer. They refer to gaining control of the Company's cash, but controlling cash is very much their focus. Given the eye-watering fees they are comfortable awarding themselves, we can see why controlling the Company's cash is a principal focus for them. The real prospect of

them rewarding themselves at the expense of all shareholders at this juncture is a frightening one and is something we are keen to prevent on behalf of shareholders.

On 11 October 2022, we served our valid Notice on the Company together with an Appendix to be circulated to shareholders. The Appendix can be seen in the shareholder circular at pages 18 to 19. In the Appendix, which is limited to 1,000 words due to the requirements of the Act, we stated that the conservation of capital is critical, fearful of the incumbent directors' mismanagement of the Company's cash to date. We would direct you to the following statement contained in the Appendix:

"*We do not believe the board can execute a successful strategy. We believe the conservation of capital is critical and urge shareholders to appoint a newly constituted board to execute a strategy which is in the best interests of all stakeholders.*"

The incumbent directors are completely unaligned with shareholders other than themselves (as shareholders). We wish to foster a close and meaningful alignment between the custodians of the Company, being the Proposed Directors, and the owners of the Company, namely YOU and us, the shareholders of the Company.

(b) *Certain of the Proposed Directors are not aligned with the Company or its Shareholders and we believe are acting in a self-serving and conflicting manner*

Again, the incumbent directors fail to recognise that we, together with certain of the Proposed Directors, hold a far more meaningful stake in the Company than they do. We are fully aligned with all shareholders other than the incumbent directors. Our innate fear is that the value destruction overseen by them to date will continue unabated. They will continue to award themselves inflated, undeserving, fees and emoluments, all at the significant disadvantage of shareholders.

The incumbent directors state that Kamran Sattar, one of the Proposed Directors, sought to circumvent the Company's acquisition of the North Sea Assets from Corallian Energy ("**Corallian**") by offering Corallian £500,000 for such assets. The incumbent directors spin this as being a situation where Mr Sattar purportedly acted in a surreptitious manner and attempted to prevent the Company's shareholders from benefitting from the value of such assets. What they fail to address is why the Corallian board, of which Sachin Oza is a member, was inclined to accept an offer of £250,000 rather than £500,000. Circumvention is not the word we would use. We would question, as we understood Mr Sattar rightly did, why the Corallian board was so intent on selling the assets for a lot less consideration.

Furthermore, if Mr Sattar was indeed attempting to circumvent the Company's acquisition of the assets, it begs the question why, on 9 September 2022 (following a meeting they had in Mayfair on 6 September at which they discussed the transaction), Mr Oza sent Mr Sattar the following positively worded email:

"*Dear Kamran, As per our earlier discussion and post a discussion with Stephen, my co-CEO, I am pleased to outline the following.*"

"*Assuming the Corallian transaction with Reabold closes, Reabold would like to offer Portillion investors the opportunity to review the Reabold North Sea assets in detail, under the appropriate NDA, with the purpose of Portillion potentially making an investment in Reabold North Sea Ltd (the Company) at a fair value for the Company.*"

"*We are pleased with the good relationship we have built with Portillion as exemplified with the co-investments we have made.*"

The fact is that the incumbent directors were heavily reliant on the fundraising capability of Mr Sattar. Without it, they would have overseen a greater extent of value destruction in the Company than they already have. If Mr Sattar had declined to provide the Company with the financial backing and support that he has to date, there is little doubt the Company would be in a precarious financial state. The incumbent directors claim otherwise following the recently announced sale of Corallian albeit have glaringly omitted to say why they approved a sale at a woefully low price and have

further failed to be transparent and explain the significant discrepancy between the anticipated gross sale proceeds for the Corallian sale and the net proceeds due to the Company.

The incumbent directors state that Kamran Sattar and Cathal Friel (through Raglan Road Capital Limited and another Proposed Director) used their ownership of convertible loan notes in Corallian (the "**CLNs**") to attempt a legal challenge that the incumbent directors believe jeopardised the sale of Corallian. They specifically state that Messrs Sattar and Friel implied that the conversion price of the CLNs should be £1.50 rather than £3.20 per Corallian share. What they glaringly fail to mention is that Corallian incorrectly attempted to serve conversion notices on the CLN holders, of which the Company held 50%. Had the CLNs converted at the time the Corallian board served its invalid notices, it would have meant the CLNs would stop accruing interest to the detriment of all the CLN holders, including the Company. This position was affirmed by the Corallian board as it withdrew the initial conversion notices. Further, Messrs Sattar and Friel, together with all the other CLN holders save for the Company, believe the terms of the CLN instrument were not clear and disputed the conversion event the Corallian board relied on. If the position of Messrs Sattar and Friel is correct, the position would benefit the Company as a noteholder because the Company enjoys identical rights to the other CLN holders.

The fact that the incumbent directors fail to acknowledge this, or worse they simply do not take it into consideration, evidences that they are not fit to remain as directors of the Company.

(c) *The Requisitioning Shareholders have not set out a strategy for the Company*

This is incorrect. We have set out our reasons for positioning the Company to create sustainable shareholder value and would direct shareholders to the following link where we have set out these reasons: https://www.reaboldrequisition.com/key-actions/ (the "**Website**").

We would direct shareholders to 'Key Action 5' entitled "*Return cash to shareholders*", which states the following:

- Complete a share buyback whereby we intend to complete a tender offer to buyback Reabold's shares.
- It is our intention to undertake a share buyback using part of the proceeds from the sale of Corallian Energy as and when they are received.
- This should increase liquidity in the stock and help to move the price upwards.
- This approach will help us complete deals quicker and more effectively, ultimately delivering improved returns to Reabold's shareholders.

Coincidentally, having never previously committed to distributing funds to shareholders prior to our requisition notice being served, including in the time after the announcement of the conditional sale of Corallian, we note the incumbent directors have stated that they *intend* to make a distribution to shareholders of £4 million. They also state the £4m distribution will be "*upon receipt of the second branch of funds from Shell*". The announcement dated 1 November 2022 says: "*the balance of the total consideration… is expected to be made in 2023*". Again, an *expectation*; nothing concrete is being offered to shareholders.

They have further stated that: "*The mechanism of this distribution will be determined following due consultation with our Shareholders*". We are incredulous, although not surprised given the clear lack of leadership and their significant failings to date, that the incumbent directors cannot commit to a distribution – *intending* and *expecting* to make a distribution is not the same as *will* make a distribution. How much longer must shareholders listen to the incumbent directors' intentions and expectations? When can we expect them to deliver actual results? What leadership team of a publicly quoted company consults with its shareholders over the form that a distribution should take rather than making the decision itself? In our view, one significantly lacking leadership.

If the incumbent directors remain in place, shareholders would likely need to get in queue and wait to be contacted for their views, bearing in mind the words of **co-CEO Stephen Williams** on the Energy Voice website published on 26 October 2022, where he **stated: "*We've been speaking to our largest shareholders – you start at the top and work your way down.*"** Serving the interests of all shareholders is something seemingly lost on Mr Williams and his fellow directors.

(d) *Despite the criticism from the Proposed Directors, the Company has delivered on its investment strategy and has achieved a number of value enhancing deals since 2017. Reabold has a strict investment criteria which has enabled the Reabold management team and Board to build, in its view, a meaningful and growing portfolio of near-term, high growth energy projects*

We feel this could not be further from the truth. The conditional sale of Corallian was completed at a significantly lower value than expected and guided by the incumbent directors. It was previously stated that Corallian's updated 2C economic valuation of the Victory licence, based on a historical average gas price valuation of 50p/therm, had increased from £146m to £193m. However, the sale price achieved was just £32 million.

Despite it owning 49.99% of Corallian, the Company stated in the H1-2022 results that it will only receive net proceeds of approximately £12.7 million. There is a clear lack of visibility relating to the headline transaction value and the net proceeds receivable by the Company (approximately £3.3 million). It is not evident how much of this relates to the Company's proportion of transaction-related fees and expenses and how much relates to the excessive fees and options payable to the board of Corallian, including Sachin Oza.

During the sale process, it was announced that Corallian had entered a period of exclusivity on 4 May 2022 when gas prices were at 156.17 p/t. On 31 August 2022, the exclusivity period with Shell ended and gas prices were near record highs of 627.43 p/t, 3x higher over less than a four-month period. We believe that Corallian should, at this point, have re-opened the process to other bidders to achieve a higher sale price, as the underlying market dynamics had changed and the agreed sale price was sub-optimal. The incumbent directors, reflecting the views of the major shareholder, namely the Company, should have made this clear to the Corallian board but were clearly not inclined to do so, much to the detriment of the Company and, ultimately, shareholders.

We assume the 2017 reference relates to the appointment date of the co-CEOs as directors, which occurred on 19 October 2017. We feel that the graphic below, showing the Company's share price from 19 October 2017 to 3 November 2022, best sums up what the results of the '*value enhancing*' deals the incumbent directors have overseen have meant for shareholders.

(e) *Two of the Proposed Directors have a track record of significant value destruction at public natural resource companies as directors, and the remaining two Proposed Directors have no public company director experience at all that the Board is aware of*

Cathal Friel co-founded Fastnet Oil & Gas, which listed on AIM in 2011. As Executive Chairman, Mr Friel managed Fastnet for three years raising approximately US$50 million and established partnerships with BP, Cosmos Energy, and SK to entirely fund Fastnet's off-shore Moroccan well. Fastnet discovered one of the larger onshore gas resources in Morocco and did extensive work in the Celtic Sea basin. In stark contrast to the co-CEOs, Mr Friel invested a significant portion of his personal net wealth into Fastnet. As such, he had significant 'skin in the game' and operated the company to create value for all shareholders. This was evident in the executive remuneration policy

where for the first two years, Mr Friel drew a nominal £10k salary. Compared with the incumbent directors' approach, where the co-CEO function cost shareholders a combined £716k in 2021, it is clear which parties are prioritising personal gain over the interests of shareholders.

When the price of oil price declined from over US$100 per barrel in July 2014 to less than US$50 per barrel in early 2015, Mr Friel transitioned the company from oil and gas to biotech. He created Amryt Pharma which listed on AIM in April 2016 and is currently listed on Nasdaq with a market capitalisation of approximately US$450 million and any Fastnet shareholder who held onto their shares would have made a significant return. Mr Friel continues to hold a significant shareholding in Amryt. He also co-founded Open Orphan and Poolbeg Pharma, which are listed on AIM with market capitalisations of approximately £80 million and £40 million respectively, and in which he remains the largest shareholder in both companies.

Similarly, the incumbent directors have referenced John McGoldrick's record with Caza Oil & Gas. It is imperative to consider the underlying market dynamics of the oil and gas industry in the mid-2010s, when oil prices fell by over 50% over a very short period, impacting small cap AIM listed oil and gas stocks across the board and forcing massive changes across the industry. In contrast, the incumbent directors have been operating in a favourable market of rising prices since mid-2020. The graphs below highlight their underperformance relative to the underlying market dynamics for oil and gas companies in recent years.

1. Graph 1 plots the movement in oil prices over a 10-year period. Please note the rapid rise since 2020.

2. Graph 2 shows the FTSE 350 SuperSector Oil & Gas Index and the rapid price rise across the last 12 months.

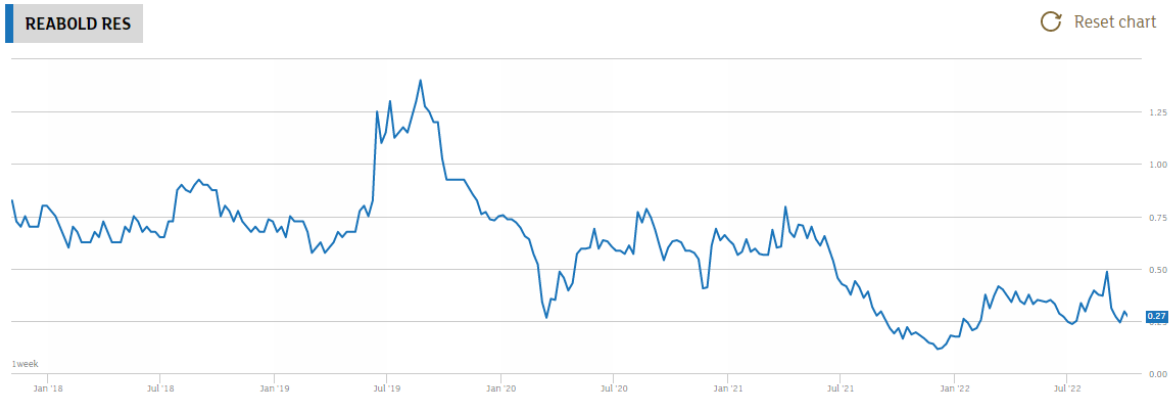
3. Graph 3 tracks the Company's share price across the last five years. This timeline roughly correlates with the appointment of the co-CEOs.

This clearly evidences that, despite current market drivers (e.g. oil prices rising steadily) and leading industry competitors all trending significantly upwards in recent years, the Company, under its current leadership (or lack thereof), have been spiralling downwards and destroying shareholder value over a continued period of time.

Graph 1 – Crude Oil Prices – 10 year Daily Chart

Graph 2 – FTSE 350 Super Sector Oil & Gas Index 12 month return (increase of c.50%)

Graph 3 – Reabold Resources plc – 5 year share price performance



The incumbent directors say they have been unable to find any UK public company director experience for Kamran Sattar or Francesca Yardley. We would suggest that UK public company director experience is barely relevant, as evidenced by the performance of the incumbent directors. What the Company needs is a fresh perspective, with the right mix of directors who can deliver collectively as a group. Mr Sattar has a wealth of experience advising and funding public companies, including the Company and Corallian, and Ms Yardley has advised several public companies, significantly larger than any of the companies the incumbent directors sit on the board of, whilst working for one of the largest law firms in the world. If Mr Sattar and Ms Yardley were appointed as directors of the Company it would be their first appointments as such of a UK publicly quoted company; reflecting the identical position of Messrs Oza and Williams, neither of whom had prior experience of having acted on a UK publicly quoted company board.

(f) *Kamran Sattar personally, and Portillion, the company in which he is a director and chief executive, have failed in their obligation to make relevant regulatory filings to the U.S. SEC in relation to their ownership in Daybreak based on publicly available information*

This statement fails to disclose the truth of the situation, evidencing how liberal with the truth the incumbent directors appear to be and how desperate they appear to be in their resolve to remain entrenched in their positions. Having seen their unsubstantiated allegations, Mr Sattar promptly emailed James ('Jim') Westmoreland (the Chairman, CEO and President of Daybreak Oil & Gas Inc.) on the same date, with Mr Oza in copy. Mr Sattar copied the statement of the incumbent directors and said as follows:

"*Jim, please see what Reabold has accused me of below, this is very disappointing when I personally helped with funding this deal to get it done including the vast delays and I have regularly chased the registration rights document sometimes 3/4 times a week since the deal completed*

highlighting I am unable to file my sec return until registration rights document is complete, Jim you have promised me on many occasions it is coming next week which has not happened, as Jim has stated Reabold Californias audit has been the hold up."

Mr Moreland replied on the same date with the following:

"*We are actively working on the S-1 as I have told you on our weekly (sometimes more than weekly) phone calls and texts. I am aware of the position this puts you in with your investors and your compliance. The actual S-1 document is virtually complete. We are having trouble with our auditors getting the two year Reabold California, LLC audit completed on a timely basis. We have to file an 8K with the audit included in it before we can file the S-1 itself.*"

"*I apologize for all the issues that Daybreak being late has caused you.*"

The incumbent directors appear to only tell half the story, which seems to be a common occurrence through their various responses.

(g) *Should the Requisitioning Shareholders be successful in removing the entire existing Board, which is currently compliant with the QCA Code's guidelines, the corporate governance of Reabold would be jeopardised*

A board that has co-chief executive officers which remunerate themselves to the extent that Messrs Oza and Williams do, with such remuneration seemingly approved by the incumbent non-executive directors, talking about corporate governance compliance is laughable.

As stated in the Appendix accompanying the Notice, we believe it is unacceptable to have joint chief executive officers. The reason few other companies divide this role is the need for clear leadership, something the Company is clearly lacking. In addition to their roles with the Company, the co-CEOs hold external directorships unrelated to the Company. Notwithstanding corporate governance failings, it is unfathomable that they can devote sufficient time to the Company whilst having several other directorships.

The Company's annual report for the year ended 31 December 2021 stated: "*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.*" The Directors' Report states they are remunerated "*at a level commensurate with the size of the Company and the experience of its Directors.*" To provide some perspective, the directors were remunerated in the amount of £765k in 2021 (2020: £654k) in addition to awarding themselves share-based incentives of £152k (2020: Nil). Each Co-CEO was paid an annual fee of £231k in 2021 and bonus of £50k. The loss for the year (before foreign exchange realisations) was £2.675 million (2020: £(2.668 million)) and by contrast, since 2 January 2021, the Company's share price has deteriorated from £0.064. What considerations the committee examined, and which strategic goals delivered in assessing executive performance is anyone's guess, but they certainly did not include the best interests of shareholders.

The Proposed Directors include two individuals who will be truly independent, when assessed against the circumstances set out in Provision 10 of the UK Corporate Governance Code. Whilst the incumbent directors allege that Michael Felton and Marcos Mozetic are considered to be independent, we note Mr Mozetic holds 4,545,454 shares (1 January 2021: Nil) and Mr Felton holds 25,240,599 shares (1 January 2021: 8,386,431).

Furthermore, we note that Mr Mozetic only attended 8 out of a possible 11 Board meetings during the 2021 financial year and Mr Felton only attended 7 of the 11 meetings. Given the need for executives to be regularly challenged by non-executives, we find it concerning that the supposed independent non-executives were unable to attend all Board meetings during the financial year. We further note that there was only one meeting of the Audit Committee during the financial year and one meeting of the Remuneration Committee. We believe the Company, through the lack of oversight by the incumbent directors, evidences serious corporate governance failings. Assuming the resolutions were all passed and the Proposed Directors were appointed, they would promptly

rectify these failings, having already commissioned a report which has identified several corporate governance deficiencies.

(h) *The requisition has caused serious, time-consuming disruption and expense to the Board, the Company and its Shareholders*

The incumbent directors see fit to reiterate their misplaced belief that the Notice was invalid but again fail to disclose to shareholders the robust response we provided, via Pershing, where we specifically stated:

"*Your letter states that whilst the Company does not wish to deny any member the right to convene a general meeting under the Act it must be balanced against due and proper process and the prudent use of member resources. There is no such balancing requirement which overrides the fundamental legal right of a company's members to call a general meeting.*"

"*The purported concerns of the board are outweighed by our legal right as holders representing at least 5% of the paid-up voting share capital of the Company to call a general meeting. Of real concern is that your letter appears to show the board wishing to be deliberately obstructive in this process and the directors wishing to entrench their own positions. We would expect the board of a publicly quoted company to instead facilitate the requisitioned meeting.*"

Given that the incumbent directors saw fit to engage the Company's lawyers in an attempt to frustrate the Requisition process, specifically to try and attempt to claim the validly served Notice was otherwise invalid, we highly doubt the Board has incurred any expense. We made clear to the Company's lawyers that we were concerned that their letter, purportedly sent on behalf of the Company albeit seemingly setting out a defence of the incumbent directors, showed the Board "*wishing to be deliberately obstructive in this process and the [incumbent directors] wishing to entrench their own positions.*" We also made it clear that we expected the board of a publicly quoted company to facilitate the Requisition and convene a general meeting or we would do so ourselves, as is the fundamental right afforded to shareholders under the Act.

Were shareholders to vote in favour of all resolutions proposed, the cost savings that the Company can extract from terminating the incumbent directors' appointments, together with their excessive fees and emoluments, will mean expenses incurred by the Company in facilitating the Requisition will be nominal in the overall context. By voting in favour of all the resolutions, the best interests of shareholders will be served.

It is worth noting that the incumbent directors only proceeded to announce that they would convene a general meeting at our request when we notified the Company's lawyers on 18 October 2022 that: "*Notwithstanding the board's assertions and your suggestions, we deem the Notice to be effective and therefore expect the board to call a general meeting within 21 days of receiving the valid Notice as required to do so under section 303 of the Act. If the board refuses, we will call the meeting ourselves as is our right to do so under section 305 of the Act.*"

3. Why the criticism of the incumbent directors must <u>NOT</u> be dismissed out of hand

We have reviewed section 3 of the chairman's letter circulated with the GM Notice, which sets out the incumbent directors' responses to our statements contained in the Appendix, and respond as follows:

<u>Corallian Sale</u>

The incumbent directors claim that the Company: "*never guided to a sales price for Corallian, and therefore to talk about expectations of a higher price is considered to be misleading*". We want shareholders to be told why the Board did not guide a sale price for Corallian. We want the incumbent directors to tell us why the Company, as the largest shareholder of Corallian, could not use its influence (as the largest shareholder) to demand greater value than the paltry sale price that was agreed. We want to know when the incumbent directors acted in the best interests of shareholders when their opinion was presumably sought as to the offer made by Shell (noting that Sachin Oza was a common director on the boards of the Company and Corallian).

The incumbent directors claim that we "*attempted to prevent Reabold retaining ownership of the six non-Victory Corallian licences and even attempted to circumvent Reabold acquiring these assets by offering £500,000 (a 100% premium to the acquisition price achieved by your Board) to Corallian for the assets*". This is a blatant fabrication. First, we, the Requisitioning Shareholders, were not involved in any negotiations pertaining to Corallian's assets. Secondly, the incumbent directors fail to mention the email from Mr Oza to Mr Sattar on 9 September 2022, where he asks for Mr Sattar's financial backing and support for the non-Victory licences acquired by the Company.

West Newton

In response to our statement that we are disappointed with the lacklustre results of UK onshore licence PEDL 183 (West Newton), the incumbent directors have provided a single paragraph response. A single paragraph devoted to what the incumbent directors would have shareholders believe is a flagship asset of the Company. The incumbent directors state it is their ***opinion*** that due to the substantial progress at West Newton since the Company invested, with two wells drilled and tested and with a third well due in 2023, our criticism is not factually correct. Where, one wonders, is the ***belief*** of the incumbent directors rather than simply their ***opinions***.

We assume the lack of belief is due to the incumbent directors' previous approach to drilling, which resulted in: "*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 appears to be sensitive to the drilling and completion fluids. We see clear signs of reservoir damage in near wellbore areas*". The Company went on to say: "*The B-1Z well will therefore be suspended*" (RNS dated 31 August 2021).

The previous drilling attempt at West Newton was disastrous, resulting in the well being damaged. We believe the incumbent directors rushed into the drilling without the required preparation and diligence, to distract from their failed approach for Deltic Energy. To date, there has been no accountability relating to this failure. Based on the Company's current conceptual development plan, we believe the Company lacks the required capital and in-house expertise to successfully implement the plan of the incumbent directors. Our desire is not to change track for West Newton but to de-risk the incumbent directors' plan and ensure the Company takes into account all the technical expertise already available with the project partners. Removing the incumbent directors will not delay West Newton but will further enhance the chance of success by reducing the co-CEOs' excessive costs and replacing them by a single more technically advanced and adept CEO with the experience and knowledge to make a far more informed decision. We are keen to forge a close working relationship with the Company's partners.

Lack of Acquisition Strategy

We contend that the incumbent directors have failed to capitalise on the downtrend in oil prices to acquire producing assets to secure the future of the business. Their response has been that: "*Buying and operating producing assets is not part of the Company's strategy nor business model which has been continuously articulated to and supported by Shareholders*". Given the current position, it is clear there is not continuous support of shareholders. We hold more than double the amount of shares in the Company than the incumbent directors. We are neither opportunists nor antagonists – we are extremely unhappy, significantly capital depreciated shareholders. We could have easily walked away from the Company but believe we can increase shareholder value by advocating change. We believe this can be achieved, initially, by recommending a fresh approach. We believe the Proposed Directors can effect this. They would bring a mix of experience, diversity and deal-execution savvy – attributes sorely missing from the Board.

Suffering

Replying to our statement that the Company's share price, and ultimately shareholders, has suffered and will continue to suffer given their failings, the incumbent directors have said: "*the value of the portfolio of the Company has continued to grow*". Perhaps they can explain why this is completely at odds with the current valuation of the Company and why, in an appreciating natural resources market, the Company continues to finds itself in a depreciating situation.

Despite informing shareholders the Company's business model "*has been continuously articulated to and supported by Shareholders*" and buying and operating producing assets is not part of that model, we are then informed that an "*evolution of the business model*" is being ***considered*** by the Board as to how to return value to Shareholders from other future sales. Shareholders need to know exactly what the Company's business model is – on the one hand it seems entrenched so shareholders must not complain but on the other hand the model can evolve. The evolution is no doubt because it serves a purpose for the incumbent directors in trying to stave off the Requisition and secure their comfortable positions.

Eye-watering Fees

Shareholders simply need to read (and re-read) the statement of the incumbent directors: "*The Board believes that the Company's general and administrative expenses, which are expected to be approximately* ***£1.5 million*** *for the current financial year are amongst the lowest of its London listed peers*". The audacity of this statement is staggering. Only in the incumbent directors' eyes can this statement not be considered incredulous. Perhaps shareholders can ask them who the London listed peers are. We are unsure whether this is a failing of the wider market generally or the collective failing of the incumbent directors to act reasonably. We seriously question how the incumbent directors can believe their eye-watering fees, specifically those of the co-CEOs, are justified. Having seen fit in 2021 – an underwhelming year for the Company's performance it must be said – to ensure they were each awarded a bonus of £50k, we can only imagine the emphatic declarations the co-CEOs will make come this year's bonus discussions. Given what took place in 2021, we shudder to think what the Company's, purportedly independent, remuneration committee will see fit to award the co-CEOs for their 2022 bonus.

Alignment

The incumbent directors *believe* – gone are their *opinions* and *considerations* – that "*the Proposed Directors are not at all aligned with Shareholders, are driven by an intention to gain control of Reabold and have multiple conflicts of interest. The directors of Reabold own a combined total of 3.11% of the Company's issued share capital and are completely aligned with the interest of ALL Shareholders, not just a select few. Based on the shareholder analysis available to the Company on 8 August 2022, Cathal Friel, through Raglan Road Capital Limited owns 69,905,100 shares in Reabold and Kamran Sattar owns 97,569,778 shares, which combined represents 1.87% of the outstanding shares in Reabold*".

The Proposed Directors did not initiate the Requisition. We, the Requisitioning Shareholders, did. We hold 6.93% of the Company's issued share capital. If we include the stated shareholding of Messrs Sattar and Friel with our own, this totals an interest of 8.8% in the issued share capital, approximately 2.8 times the incumbent directors' aggregate holding. The incumbent directors are clearly inclined to mislead shareholders that they are aligned with the interest of ALL shareholders when 8.8% of the issued share capital is very much unaligned. We also know, having met with and spoken to other shareholders, that we are not alone. So much for ALL shareholders.

Monetise assets

In response to our statement that we would pursue funding initiatives to accelerate and monetise the Company's assets the incumbent directors have said they are "*highly concerned about what this allegation actually means for the Requisitioning Shareholders' strategy, which has not been outlined, and could mean an imminent fundraising which the Board does not consider to be appropriate*". Whilst we would first make clear to the incumbent directors that this is a statement rather than an allegation, we would then draw their attention to the monetisation of assets point. They can draw all the inferences they wish but given how poor their management record has been to date, we have put on the record, most notably in the Appendix, that we consider the conservation of capital as critical at this juncture. We stand by that and have no intention of undertaking a fundraising. We have also made clear that the Proposed Directors will not draw any directors' fees in the first 12 months of their appointment if they are successfully appointed as directors.

We have unequivocally stated that we will return cash to shareholders and stand by this with conviction – it is neither a *consideration* nor an *expectation*. We have the conviction the incumbent directors lack.

Devoid of Leadership

In response to our statement that it is unacceptable to have joint CEOs, the incumbent directors said: "*The management team consists of only three people (two CEOs and a CFO) and through these three positions, all functions of the business are covered"*. Of this we have no doubt. It is a small group, all the better for decision-making. Interestingly, the co-CEOs have not recommended the promotion of the CFO as a director. We wonder why the financially savvy individual amongst the management team is not entrusted with either a voice or vote on the Board. Perhaps he would be better placed to proffer an opinion relating to excessive directors' fees. We would seek to rectify this position. In discussions with investors, we have been told that the CFO is well regarded. If he can be trusted to manage the Company's finances, he should be trusted to openly discuss the Company's finances at board level.

We are also informed that the co-CEOs "*provide complimentary and broad skill sets ranging across technical understanding of the asset base, business development, M&A, financial management, strategy and stakeholder engagement, as well as the day to day running of the business*". We balance their view of themselves against what we see: an underperforming company, failures of management, an abject lack of robust corporate governance protocols and a complete disregard for stakeholder engagement (although the Requisition seems to have stirred them).

The co-CEOs have said their co-designation "*reflects the collaborative nature of decision making within Reabold*". We would contend that it doesn't. It shows a clear lack of leadership at the top of management and each co-CEO will happily support the other when it comes to ensuring high fees and bonuses can continue to be paid to each of them despite an abject share price performance since they were appointed as directors. We are informed that this "*innovative approach*" – clearly not the term we would use to describe the situation – has resulted in a "*huge amount*" being "*achieved in a relatively short period of time*". We would classify it as follows: a dreadful approach, completely devoid of corporate governance, which has meant little has been achieved in the five years in which the co-CEOs have purportedly managed the Company.

Conflicts of Interest

Having raised our concerns regarding the conflicts of interest we believe are present in the other roles the co-CEOs perform, the incumbent directors have said: "*Sachin Oza sits on the Corallian board of directors and declined to take a director fee. The modest fee he could have received which is in line with the other directors is paid to Reabold instead of Sachin himself. Stephen Williams is a director of Rathlin Energy (UK) Limited and Danube Petroleum Limited and declined to take a director fee in both cases. The modest fees he could receive which is in line with the other directors of these companies is paid to Reabold instead of Stephen.*" Notwithstanding that we only have their words for it and cannot corroborate the same, the incumbent directors missed the more salient point which is how the co-CEOs can focus the majority of their time on the business of the Company with these additional roles. Perhaps this is the "*innovative approach*" they allude to.

Maximising bonuses

Having stated that the directors of Corallian will be issued with significant incentive bonuses, we are interested to note: "*The Board believes that this statement is incorrect*". So, the statement in itself is not incorrect, but the Board believes it is. The incumbent directors then say the Corallian management team will enjoy a "*significant incentive package*" but Sachin Oza, as a non-executive, "*receives no incentive bonus nor any personal remuneration at all*". We note the use of tense of *receives* and find the use of *personal remuneration* an intriguing one. Why not say that Mr Oza has not received and will not receive any remuneration? The latter simply doesn't offer the same level of ambiguity.

The incumbent directors subsequently say that the Corallian management "*has taken very limited cash fees in return for their share options; a decision which was made to reduce the cash funding*

requirement of Corallian and therefore Reabold". This almost sounds like the Company has some sway over Corallian, albeit the incumbent directors were positive in saying they had no say whatsoever in the poor value derived from the sale of Corallian.

Excessive Expenses

In attempting to justify this financial year's general and administrative expenses of £1.5 million and particularly the egregious salaries and bonuses of the co-CEOs, we are told that the Company has a remuneration committee chaired by a senior independent non-executive director in line with the QCA Code. As stated in the Appendix, we cannot fathom how the committee works in practice given the significant failings on its part that we see. The incumbent directors say that salaries are benchmarked, but benchmarking pays no attention whatsoever to other performance metrics (or lack thereof).

In 2021, the co-CEOs were remunerated to a combined value of £716k. This equated to £358k per CEO, comprising their base salary of £231k, a bonus of £50k, share based payments worth £66k in addition to pension contributions of £11k. The combined cost of £716k for the CEO function is staggering given the share price dropped significantly from 0.64p to 0.17p – a decline of over 70%! – in the 2021 financial year.

We are told that the executive directors "*did not take a pay rise in 2022 despite the inflationary environment*". In our interpretation, they did not feel inclined to enrich themselves to the significant detriment of shareholders any more than they have done so to date. Shareholders can sleep easy.

4. Action to be taken by Shareholders

Shareholders should, if they have not received the same, request a Form of Proxy for use at the General Meeting. The Form of Proxy should be completed and returned to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible and in any event not later than 10:00 a.m. on 15 November 2022.

Shareholders who hold their shares through CREST and who wish to appoint a proxy for the General Meeting or any adjournment(s) thereof may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Proxies submitted via CREST must be received by the Registrar by no later than 10:00 a.m. on 15 November 2022.

If shareholders need any help, either as to how they can complete the Form of Proxy or as to how to contact their nominee, they should visit: https://www.reaboldrequisition.com/

5. Recommendation

We recommend that shareholders vote in favour of ALL proposed resolutions at the General Meeting.

For the reasons noted above, we unanimously consider all the proposed resolutions to be in the best interests of shareholders and the Company as a whole. We therefore strongly recommend that Shareholders VOTE FOR ALL the resolutions to be proposed at the General Meeting.

Sachin Oza on Energy Voice: "*It's worthwhile recognising, there is no Reabold without Stephen and me.*"

PROVE THEM WRONG!

VOTE IN FAVOUR OF ALL THE PROPOSED RESOLUTIONS!