

Reabold Resources

Statement re Possible Offer for Deltic Energy plc

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Reabold Resources PLC

15 July 2020

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THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE, NOR AS TO THE TERMS ON WHICH ANY FIRM OFFER MIGHT BE MADE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

15 July 2020

Reabold Resources plc

("Reabold" or the "Company")

Statement re Possible Offer for Deltic Energy plc

Reabold (AIM: RBD), the AIM investing company which focuses on investments in upstream oil and gas projects, announces that it is in the process of evaluating a possible all-share offer for the entire issued and to be issued share capital of Deltic Energy plc ("Deltic") (the "Possible Offer").

The Possible Offer under consideration and evaluation by Reabold is a securities exchange offer at a ratio of 1.5 Reabold ordinary shares for each Deltic ordinary share (the "Exchange Ratio") (subject to the reservations set out below). The Exchange Ratio would give an implied value for the entire existing issued share capital of Deltic of approximately £12.34 million (based on a closing price of 0.585 pence per Reabold share on 14 July 2020, being the latest practicable date prior to this announcement). Completion of the Possible Offer at the Exchange Ratio would result in Reabold shareholders holding approximately 76.2 per cent. and Deltic shareholders holding approximately 23.8 per cent. of the combined group's issued share capital.

At the value implied by the Exchange Ratio, the Possible Offer, if made, would represent a premium of approximately:

- 9.7 per cent. to the middle market closing price of 0.80 pence per Deltic share on 14 July 2020; and
- 16.8 per cent. to the volume weighted average price for Deltic shares of 0.7512 pence over the three month period ended on and including 14 July 2020.

Reabold believes that the Possible Offer, if made and successfully completed, would deliver clear synergistic benefits and cost savings which should potentially serve to accelerate the delivery of the enlarged group's strategy. In addition, Reabold believes that the complementary nature of the existing Reabold and Deltic portfolios, particularly in the emerging Zechstein oil and gas play underpinned by Reabold's recent West Newton discovery, should facilitate optimal capital deployment both within the proposed enlarged group's expanded portfolio and for potential new project investments. Reabold further believes that on successful completion of a Possible Offer, if made, Deltic shareholders would benefit from, *inter alia*, a diversified and highly active portfolio, as a result of exposure to the Company's existing assets, whilst current Reabold shareholders would benefit from exposure to Deltic's high-impact, near-term portfolio in the North Sea.

Given the Possible Offer is proposed to be structured as a securities exchange offer, Reabold is currently only minded to proceed with the Possible Offer on the pre-condition that a recommendation from the Board of Directors of Deltic (the "Deltic Board") is ultimately forthcoming. Following initial conversations with a number of Deltic's largest shareholders, Reabold had recently commenced preliminary discussions with Deltic to seek such a recommendation. However, Reabold was disappointed to receive a letter from the Deltic Board earlier this afternoon unequivocally rejecting the Possible Offer. The Exchange Ratio in respect of the Possible Offer has been determined solely on the basis of publicly available information and Reabold is disappointed that it was not offered the opportunity to undertake market standard confirmatory due diligence, which would also be a pre-condition of making any firm offer for Deltic. Reabold reserves the right to waive either or both of these pre-conditions to the Possible Offer.

Reabold reserves the right to introduce other forms and/or vary the form of the proposed consideration. Reabold also reserves the right to make an offer at any time on less favourable terms, under the following circumstances:

- a) with the agreement and recommendation of the Deltic Board; and/or
- b) to the extent that Deltic declares, makes or pays any dividend or distribution or other payment to its shareholders; and/or
- c) if a third party announces a possible or firm intention to make an offer for Deltic on terms less favourable than the value implied by the Exchange Ratio; and/or
- d) Deltic announces a whitewash transaction pursuant to the Code.

This announcement falls under Rule 2.4 of the Code which does not amount to a firm intention by Reabold to make an offer under Rule 2.7 of the Code and, even if the abovementioned pre-conditions are satisfied, there can be no certainty that an offer for Deltic will ultimately be made, nor as to the terms on which any such offer would be made.

As a consequence of this announcement, an 'Offer Period' has now commenced in respect of Deltic and the dealing disclosure requirements of Rule 8 of the Code (which are summarised below) will apply. In accordance with Rule 2.4(c) of the Code, the Company will be required, pursuant to Rule 2.6(a) of the Code, by not later than 5.00 p.m. on 12 August 2020 (the "relevant deadline"), to either announce a firm intention to make an offer for Deltic, under Rule 2.7 of the Code, or announce that it does not intend to make an offer, unless the Panel on Takeovers and Mergers (the "Panel") has consented to an extension of the relevant deadline. If the Company announces that it does not intend to make an offer for Deltic, the Company and any person(s) acting in concert with it will, except with the consent of the Panel, be bound by the restrictions contained in Rule 2.8 of the Code for six months from the date of such announcement.

The relevant deadline will cease to apply to the Company if another offeror announces, prior to the relevant deadline, a firm intention to make an offer for Deltic. In such circumstances, the Company will be required to clarify its intentions in accordance with Rule 2.6(d) of the Code.

Pursuant to Rule 2.9 of the Code, Reabold confirms that it has 6,746,982,101 ordinary shares of 0.1 pence each in issue with International Securities Identification Number GB00B95L0551.

This announcement has not been made with the consent of Deltic.

A further announcement will be made in due course as and when appropriate.

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Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) on Reabold's website at www.reabold.com by no later than 12 noon (London time) on 16 July 2020.

For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.