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ADM Energy PLC
28 September 2023

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 (WHICH FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

28 September 2023

ADM Energy plc

("ADM" or the "Company")

Half-yearly Results

ADM Energy plc (AIM: ADME; BER and FSE: P4JC), a natural resources investing company, announces its half-yearly results for the six months ended 30 June 2023

Investment Highlights:

Blade Oil V, LLC ("Blade V")

- Acquired Blade V for $1.6 million, containing five oil leases, including one in the Midway-Sunset Oilfield, a major US field
- Primary focus of portfolio is a 70% working interest in a three-well drilling programme targeting shallow oil production on the Altoona Lease
- Concurrent with the acquisition, ADM issued secured convertible loan notes ("SCLN") worth up to $1.5 million through subscription agreements

Aje Field, OML 113

- ADM continues to work with the Aje Partners to progress development plans for the Aje Field, including replacement of the Floating Production Storage and Offloading ("FPSO")

Corporate

- In April 2023, Appointed Stefan Olivier as CEO, previously co-founder of MX Oil plc (now ADM Energy plc), and Claudio Coltellini as Non-executive Director

Stefan Olivier, CEO of ADM Energy, said:"I am pleased with the progress made since joining as CEO of ADM earlier this year. The acquisition of Blade V, with a portfolio of highly promising North American oil and gas assets, can be a cornerstone project for the Company for years to come. During the period, we have also significantly reduced costs and restructure the short term debt on our balance sheet, putting ADM on a more solid footing to build on. Blade V ties in with our strategy to identify near-term cash generating opportunities in established oil and gas regions to strengthen our investment portfolio.

"We are excited to forge ahead with plans to drill three wells at the Altoona Lease which sits within a major US field, the Midway-Sunset Oilfield. We continue to work with our partners at Aje to advance development plans as we believe it can be a core value enhancing asset within our portfolio. The Board and I see a great opportunity to enhance ADM's value and look forward to updating the market as we progress."

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Operating Review

ADM's strategy focuses on identifying investment opportunities that are near-term producing assets in proven oil and gas jurisdictions to enhance our investment portfolio.

Acquisition of Blade V

In May 2023, ADM acquired Blade V from OFX Holdings LLC (Formerly TN Black Gold, LLC ("OFX") for a total maximum consideration of US$1,614,000. Blade V owns a portfolio of interests in oil and gas projects, the primary focus of which is a 70% working interest in a three-well drilling programme targeting shallow oil production on the Altoona Lease in the Midway-Sunset Oilfield, Kern County, California. The first drill programme is expected to commence in Q4 2023 and the board is optimistic that funding for the project will be requested soon under the previously announced CLN.

The Midway Sunset Oil Field, the largest in California and third largest in the U.S., has a history of over 3 billion barrels of oil production since 1889. Surrounded by Chevron Corporation on three sides, ADM's Altoona Lease is a direct beneficiary of the infrastructure and pipelines built to service Chevron's production in the area. The Altoona Lease is a unique opportunity for ADM to benefit from substantial investment and de-risking of the target opportunities by a major company.

Aje

Aje remains a core part of our investment portfolio and the next steps will be for the JV Partners to agree on the long-term field development plans for the Aje Field. Discussions with JV partners are ongoing to replace the current FPSO and unlock the field's vast wet gas potential estimated at 1.2 trillion cubic feet. Production remains temporarily paused while the partners agree the development plans and the Company will update the market in due course.

Barracuda

As previously stated, due to the strategic focus of the Company on the recent acquisition and potential of Blade V, alongside the protracted legal proceedings at Barracuda, the Company made the decision to write off the investment in Barracuda for prudence.

New leadership and board changes

Stefan Olivier was appointed as CEO in April 2023. Stefan has extensive experience in the oil and gas sector, including as the co-founder of MX Oil plc, now ADM Energy. Stefan has been on the Boards of several other public and private companies and brings years of experience of working in natural resources. He will drive forward our strategy of building a multi-asset portfolio, as evidenced in his short time here by the acquisition of Blade V.

In addition, the Board further strengthened to Board with the appointment of Claudio Coltellini as a Non-executive Director. With approximately 15 years of investment experience in the U.S. oil and gas sector, Claudio currently holds the position of CEO in multiple private U.S. oil and gas companies, each with a focus on investments in Texas, California, Kansas, and Louisiana. His extensive expertise positions him perfectly to contribute valuable insights and guidance as we harness the potential of the Company's Blade V acquisition.

Financial Review

During the period, the Company significantly reduced administrative expenses to £292,000 year-on-year (H1 2022: £897,000 loss).

Loss for the period decreased 55% to £460,000 (H1 2022: £834,000 loss)

On 25 May 2023, the Company announced, alongside the acquisition of Blade V, that it has entered into subscription agreements to issue secured convertible loan notes ("SCLNs") with an aggregate face value of up to US$1.5 million, of which US$900,000 has been subscribed for and US$600,000 remaining available for subscription. The SCLN has a three-year term, an interest rate payable-in-kind (which maybe settle with cash or non-cash payments) of 8.0% per annum and the principal together with any interest due may be converted at any time at a share price of 1.2p per share.

In addition to the subscriptions, the Company agreed with certain directors and creditors to convert outstanding contractual liabilities of £683,117 into 56,926,417 new ordinary shares in the Company at the price of 1.2p per new ordinary share.

The Company also continues to work with its creditors and larger shareholders to restructure and refinance its short term liabilities with structure, medium term debt whilst the Company looks to develop cash generating assets. Accordingly, the Company has entered into a loan facility for £125,000 from Catalyse Capital Ltd on a six month basis, maturing on 1 March 2024, with an interest rate of 15.0% for the term. The proceeds of the loan will be used for working capital and business development purposes.

Outlook

The Blade V acquisition has provided ADM with highly prospective assets including, with Altoona, assets in the third largest oilfield in the United States. These assets offer an exciting opportunity to add value, as well as diversifying the ADM portfolio. We are quickly moving forward with the development of these assets, having now secured the funding to initiate development activities at the Altoona Lease. In addition, we have worked to prudently reduce our costs throughout this period, which provides us with a stronger footing through the second half of the financial year.

Our newly strengthened Board and experienced technical team provide us with the ability to fully exploit the significant opportunity the acquisition of Blade V represents. Following geopolitical uncertainty and price volatility that has characterised the last year, we are now seeing a strengthened commodity price environment which we expect to continue over the medium term and are confident that we will be able to utilise our experience and exciting asset portfolio to grow and bring value to the Company.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	**Unaudited 6 months ended 30 June 2023 £'000**	Unaudited 6 months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
Continuing operations				
Revenue		–	600	662
Operating costs[1]		**(78)**	(530)	(369)
Administrative expenses		**(292)**	(897)	(1,723)
Impairment of investment				(576)
Consultancy fee income				–
Operating loss		**(370)**	(827)	(2,006)
Movement in fair value of investments				

Movement in fair value of investments		–	–	–
Finance costs		**(90)**	(7)	(116)
Loss on ordinary activities before taxation		**(460)**	(834)	(2,122)
Taxation		**–**	**–**	–
Loss for the period		**(460)**	(834)	(2,122)
Other Comprehensive income:				
Exchange translation movement	3	**(484)**	1,370	1,339
Total comprehensive loss for the period		**(944)**	536	(783)
Basic and diluted loss per share	2			
From continuing and total operations		**(0.1)p**	(0.3)p	(0.8)p

[1] ADM Energy's share of operating costs at asset level

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share capital	Share premium	Exchange translation reserve	Other reserves	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	10,267	**38,014**	**(709)**	**960**	**(37,546)**	**10,986**
Loss for the year	–	–	–	–	**(834)**	**(834)**
Exchange translation movement	–	–	**1,370**	–	–	**1,370**
Total comprehensive expense for the year	–	–	**1,370**	–	**(834)**	**536**
Issue of new shares	**510**	**51**	–	–	–	**561**
Share issue costs	–	**(28)**	–	–	–	**(28)**
Issue of convertible loans	10,267	**38,014**	**(709)**	**960**	**(37,546)**	**10,986**
Warrants issued in settlement of fees	–	–	–	–	**(834)**	**(834)**
At 31 December 2022	11,194	**38,090**	**630**	**943**	**(39,649)**	**11,208**
Loss for the period	–	–	–	–	**(460)**	**(460)**
Exchange translation movement	–	–	**(484)**	–	–	**(484)**
Total comprehensive gain for the period	–	–	**(484)**	–	**(460)**	**(944)**
Issue of new shares	**726**	**146**	–	–	–	**871**
Share issue costs	–		–	–	–	–
At 30 June 2023	**11,920**	**38,236**	**146**	**943**	**(40,109)**	**11,135**

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	**Unaudited 30 June 2023 £'000**	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000

NON-CURRENT ASSETS			
Intangible assets	**17,593**	17,970	17,899
Fixed asset investments	**-**	576	-
	17,593	18,546	17,899
CURRENT ASSETS			
Investments held for trading	**28**	28	**28**
Inventory	**35**	36	**36**
Trade and other receivables	**39**	201	**22**
Cash and cash equivalents	**86**	127	**25**
	188	392	**111**
CURRENT LIABILITIES			
Trade and other payables	**1,322**	1,920	2,240
Borrowings	**67**	289	-
	1,389	2,209	2,240
NET CURRENT LIABILITIES	**(1,201)**	(1,817)	(2,129)
NON-CURRENT LIABILITIES			
Convertible loans	–	–	–
Other borrowings	**1,072**	247	287
Other payables	**2,626**	2,951	2,718
Decommissioning provision	**1,559**	1,476	1,557
	5,257	4,674	4,562
NET ASSETS	**11,135**	12,055	11,208
EQUITY			
Ordinary share capital	**11,920**	10,777	11,194
Share premium	**38,236**	38,037	38,090
Other reserves	**971**	960	962
Currency translation reserve	**135**	661	630
Retained deficit	**(40,126)**	(38,380)	(39,668)
Equity attributable to owners of the Company and total equity	**11,135**	12,055	11,208

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited 6 months ended 30 June 2023 £'000	Unaudited 6 months ended 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
OPERATING ACTIVITIES			
Loss for the period	**(460)**	**(834)**	(2,122)
Adjustments for:			
Fair value adjustment to investments	–	–	–
Warrants issued in settlement of fees	–	–	–
Finance costs	**90**	**7**	116
Share based payment expense	**9**	–	–
Impairment of intangible assets	–	–	576
Depreciation and amortisation	–	–	65
Decommissioning charge	**73**	**65**	138
Operating cashflow before working capital changes	**(288)**	**(762)**	(1,227)
(Increase) in inventories	**1**	–	–
(Increase)/decrease in receivables	**(17)**	**(71)**	108
Increase/(decrease) in trade and other payables	**(720)**	**241**	138
Net cash outflow from operating activities	**(1024)**	**(592)**	(961)
INVESTMENT ACTIVITIES			
Proceeds on disposal of investments	–	–	–
Acquisition of subsidiary	–	–	–
Net cash outflow from investment activities	–	–	–

FINANCING ACTIVITIES

Issue of ordinary share capital	**682**	**561**	1,061
Share issue costs	**–**	**(28)**	(56)
Proceeds from short term loans	**595**	**170**	210
Repayment of borrowings	**(193)**	**(100)**	(328)
Net cash inflow from financing activities	**1,084**	**603**	887
Net increase/(decrease) in cash and cash equivalents from continuing and total operations	**60**	**11**	(94)
Exchange translation difference	**1**	**6**	9
Cash and cash equivalents at beginning of period	**25**	**110**	110
Cash and cash equivalents at end of period	**86**	**127**	25

NOTES TO THE HALF-YEARLY REPORT

1. The financial information set out in this half-yearly report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The group's statutory financial statements for the period ended 31 December 2021, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The half-yearly financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2021. The half-yearly financial statements have not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

Going concern

At 30 June 2023, the Group recorded a loss for the period of £0.46m and had net current liabilities of £1.20m, after allowing for cash balances of £86k. In May 2023 the Company announced, alongside the acquisition of Blade V, that it has entered into subscription agreements to issue secured convertible loan notes ("SCLN") with an aggregate face value of up to US$1.5 million, of which US$900,000 has been subscribed for and US$600,000 remaining available for subscription. The SCLN has a three-year term, an interest rate payable-in-kind (which maybe settle with cash or non-cash payments) of 8.0% per annum and the principal together with any interest due may be converted at any time at a share price of 1.2p per share. In addition to the subscriptions, the Company agreed with certain directors and creditors to convert outstanding contractual liabilities of £683,117 into 56,926,417 new ordinary shares in the Company at the price of 1.2p per new ordinary share, helping the company reduce the liabilities on the balance sheet. Also with the change of management the focus of the company is now on finding near term producing assets so the company can start earning revenue. In May 2023 the company announced the investment in Blade V which holds an interest across 5 different wells in USA, all with near term revenue potential.

As part of this deal, the company also has circa $251k available under its debt facility with OFX.

The Directors have prepared cashflow forecasts for the period to June 2024 to assess whether the use of the going concern basis for the preparation of the financial statements is appropriate. In the short term, between the loan facility, potential revenue and CLN proceeds the Group does not expect to need short term funding to meet its liabilities as they fall due however the group does expect in the period that more funding might be needed. The Directors have a reasonable expectation based on past performance and current discussions of support from stakeholders that additional finance would be available should it be needed. Accordingly, the directors consider it reasonable to prepare the financial statements on the going concern basis.

2. **Earnings per share**

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

	Six months		Year ended

	ended 30 June 2022 (unaudited)	Six months ended 30 June 2022 (unaudited)	31 December 2022 (audited)
Weighted average number of shares in the period	333,468,072	249,563,736	252,369,021
Loss from continuing and total operations	(£460,000)	(£834,000)	(£2,122,000)
Basic and diluted loss per share:			
From continuing and total operations	(0.1)p	(0.3)p	(0.8)p

3. **Exchange translation movement**

For the 6 months to 30 June 2023, the Group has reported £-0.48m as Other comprehensive income, an exchange translation movement. This loss has been triggered by the impact of movement in the currency exchange rates between US dollars and GBP. The Group is exposed to currency risk to the extent that there is a mismatch between the currency which assets are held and the Group functional currency. The functional currency of the Group company is GBP. The currency in which most assets and liabilities are denominated is US dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation exchange rates at 30th June 2023 of monetary assets and liabilities denominated in foreign currencies, are taken to the income statement

4. No interim dividend will be paid.

5. Copies of the half-yearly report can be obtained from: The Company Secretary, ADM Energy plc, 60, Gracechurch Street, London, EC3V 0HR and are available to view and download from the Company's website: www.admenergyplc.com.

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