

8 April 2024

ADM Energy PLC
("ADM" or the "Company")

Equity Subscription, Cash Generative Investment and Financing Update

ADM Energy PLC (AIM: ADME; BER and FSE: P4JC), an AIM-listed natural resources investing company, announces that the Company has executed subscription agreements with two investors resulting in gross proceeds of £220,500 at 1p per share (the "Subscription") that will result in the issuance of 22,050,000 ordinary shares of the Company (the "Subscription Shares"). The Company intends to use the proceeds to fund the cash requirements of a new investment discussed further herein and for general working capital purposes, including reducing outstanding creditors.

In conjunction with the Subscription, the Company has acquired an interest in SW Oklahoma Reclamation, LLC ("SWOK") ("the Investment"), a company established as a joint venture with Bargo Capital, LLC to reinstate operations at the JKT Reclamation facility in Wilson, Oklahoma. As a result of the Investment, the Company will have a 30.6% interest in JKT Reclamation LLC ("JKT Reclamation"), a revenue generative Oklahoma Limited Liability Company, engaged in the purchase, processing and sale of residual oil from oil tanks (tank bottoms) and other oilfield waste streams containing significant concentrations of crude oil. The consideration for the investment is US\$827,500 to be paid via the issue of 43,200,000 ordinary shares at a nominal share price of 1p per share for a value of US\$540,000, a cash investment of US\$287,500 for working capital into JKT Reclamation and the grant of 14,640,000 3-year, 1.0p warrants.

The Company has acquired its interest in SWOK from Bargo Capital, LLC and OFX Holdings, LLC, a substantial shareholder of the Company. The effective date of the investment is 1 January 2024 and it is expected to be immediately cash flow generative to the Company.

In addition, the Company announces the termination of the remaining contingent payment obligations associated with the acquisitions of the Blade Oil V, LLC assets.

Investment Highlights

- Located outside Wilson, Oklahoma, the facility is situated on a 20-acre property and includes a workshop/office structure, ten 410-barrel storage tanks, separation and heating tanks, two proprietary chemical formulae and various other processing and material handling equipment;
- Having commenced operations in February 2024, JKT Reclamation sold 944 barrels of crude oil in February 2024 and received US\$68,759 in gross revenue. JKT Reclamation sold an additional 1,475 barrels of crude oil in March 2024 for which payment is expected on or around 20 April 2024. JKT Reclamation typically receives pricing consistent with the West Texas Intermediate ("WTI") crude oil benchmark less US\$3.00 per barrel;
- Investment consideration represents approximately twice JKT Reclamation's forecast annualised cash flow based on the directors' estimates of JKT Reclamation achieving its sales target of 3,000 barrels of crude oil per month;
- The Company has entered into a non-binding letter of intent with JKT Reclamation pursuant to which the Company will have the opportunity to participate in the development of two additional locations, one each in the U.S. states of Kansas and Texas; and
- ADM has executed a non-binding letter of intent with EER Services Limited to explore the potential to develop a reclamation / remediation facility in Nigeria using the processes and proprietary chemical formulae used by JKT Reclamation.

Investment Summary

The Company has acquired 100.0% of the Class A membership of SW Oklahoma Reclamation, LLC ("SWOK"), a company established as a joint venture with Bargo Capital, LLC to reinstate operations at the JKT Reclamation facility in Wilson, Oklahoma.

SWOK is a limited liability company formed under the laws of the State of Oklahoma. An LLC is a form of business organisation that combines the limitations on liability to its owners of a corporation with "pass through" tax treatment of a partnership (the LLC itself is not subject to state or federal income tax) and the structuring flexibility of a partnership. The equity interest of a limited liability company is referred to as "membership interest" and in place of shares, ownership is represented by "units". An LLC can have more than one class of units. In the case of the Class A Units of SWOK, the Class A Units are intended to provide a preferential return to holders (typically the investors providing capital) prior to significant distributions to other parties. The Class B Units typically represent an incentive interest. The Class A and Class B Units split future distributable cash based on the Class A Units achieving certain payout thresholds.

Adjusted for the terms of the investment, SWOK has 100,000 Class A Units authorised; 100,000 Class A Units approved for issuance and 100,000 Class A Units issued. SWOK has 50,000 Class B Units authorised and 50,000 Class B Units issued.

As a result of the Transactions, ADME will be interested in 100,000 Class A Units (representing 100% of the Class A Units). The Company will not have an interest in the 50,000 Class B Units.

Ownership of SW Oklahoma Reclamation, LLC

Class A Units: ADM Energy (USA), Inc.	100%
Class B Units:	
Bargo Capital, LLC	80%
Ventura Energy Advisors, LLC	20%

Ownership of JKT Reclamation, LLC

SW Oklahoma Reclamation, LLC	60%
Certain Employees	40%
Total	100%

ADM "Economic Interest"	% of Distributable Cash	
	Tier 1	Tier 2
% of Distributable Cash Paid to Class A Units	70.0%	51.0%
SWOK Interest in JKT Reclamation	60.0%	60.0%
Economic Interest in JKT Reclamation	42.0%	30.6%

The Class A Units will receive 70% of the distributable cash of JKT Reclamation until US\$356,250 has been distributed ("Tier 1 Distribution"), thereafter the Class A Units will receive 51% of distributable cash ("Tier 2 Distribution"). The Class B Units will receive all distributions not paid to the Class A Units. The Class A Units and the Class B Units each have 50% of the voting rights of SWOK.

Pursuant to the terms of the joint venture, the Company will have an effective Tier 1 Distribution economic interest of 42.0% in the distributable cash flow of JKT Reclamation and a 30.6% Tier 2 Distribution interest thereafter. Bargo Capital, LLC and Ventura Energy Advisors, LLC will retain 80% and 20%, respectively, of the Class B Units of SWOK.

Consideration for the investment comprises (i) the issue of 43,200,000 new ordinary shares at a nominal price of 1.0p per share (the "Consideration Shares"), (ii) 14,640,000 3-year, 1.0p warrants; and (iii) a cash investment of US\$287,500. The cash investment will be funded from proceeds of the Subscription. The Company will issue 20,000,000 Consideration Shares to Bargo Capital, LLC and 9,000,000 Consideration Shares to certain members of the management team of JKT Reclamation. OFX Holdings LLC ("OFXH"), a substantial shareholder of the Company, will receive 14,200,000 Consideration Shares and 14,640,000 3-year, 1.0p warrants of the Company.

Adjusted for the issuance of these new shares, on Admission (as defined below), OFXH will hold a total of 96,669,367 ordinary shares representing 17.1% of the enlarged share capital of the Company.

JKT Reclamation LLC Business Plan

JKT Reclamation was formed by SW Oklahoma Reclamation and certain owners of JKT Wilson, LLC to restructure the ownership of, and reinstate operations at, an oil reclamation facility located in Wilson, Oklahoma. The facility has fixed assets including a 20-acre property, a workshop/office structure, ten 410 barrel storage tanks, and other related separation and material handling equipment. In addition to the property, plant and equipment, other assets include approximately 4,000 barrels of raw material for processing (of which approximately 2,000 barrels have been used alongside additional raw materials purchased in the processing of oil sold in February and March 2024) and near-term sale and two proprietary chemical formulae with additional potential commercial applications.

JKT Reclamation conducts its business through two primary subsidiary companies, JKT Wilson, LLC and JKT Leasing, LLC. JKT Wilson, LLC is 100% owned by JKT Reclamation, LLC, it is a registered and bonded operator in the State of Oklahoma and conducts the operations of JKT Reclamation including the purchase, processing and sale of reclaimed oil. JKT Leasing, LLC is 33.4% owned by JKT Reclamation and owns the property, facilities and equipment which is used in the operations of the Company. The interest in JKT Leasing, LLC not owned by JKT Reclamation is owned by third-parties unrelated to OFX Holdings, LLC, Bargo Capital, LLC or any of the employees or other owners of JKT Reclamation.

The business plan for the reclamation business is to increase volume of oil processed at the Wilson, Oklahoma facility with a sustainable monthly production target of 3,000 barrels per month. JKT typically receives pricing for its oil sales based on the WTI benchmark price. Oil sold by JKT typically receives a US\$3.00 discount to WTI. On an ongoing basis, the Company expects operating costs (including purchase of raw material) to approximately be US\$32.00 per barrel, however as the 4,000 barrels of raw material on hand, which, at recent oil prices, has an estimated value post processing cost of approximately US\$185,000) did not require purchase, sales commissions or trucking, the operating costs for the first couple of months (as JKT Reclamation works through raw material on hand) is expected to be in the range of US\$15.00 per barrel. General and administrative costs are expected to be circa US\$35,000 to US\$40,000 per month.

Rationale for Undertaking the JKT Reclamation Investment

In undertaking the investment the Company has paid special attention to the following considerations:

1. The facility is ideally located in proximity to an area referred to as the South-Central Oklahoma Oil Province (the "SCOOP") which is an area within the Anadarko basin in the state of Oklahoma that according to Shalexperts.com has produced in excess of 3.2 billion barrels of oil from more than 60 reservoirs and is expected by the Board to continue to generate attractive opportunities for the reclamation business for the foreseeable future;
2. From 12 February 2024 to the end of February 2024, JKT Reclamation processed and sold 944 barrels of oil for which the business received US\$68,759 in revenue and 1,475 barrels of oil in March 2024 which, based on the terms of the transaction, will result in immediate revenue and cash flow for the Company;
3. JKT Reclamation had 4,000 barrels of inventory on hand for processing at start-up of the facility;
4. At current oil prices, no material changes in the way the facility is run and based on achieving a rate of sales of 3,000 barrels per month, the directors believe that the investment could net between US\$30,000 and US\$40,000 per month in cash distributions to the Company;
5. The two proprietary chemical formulae used successfully at the facility provide a competitive advantage to the business and may independently have the potential to be marketed to other industry participants and for use in environmental remediation projects;

6. The Investment Consideration is attractive representing approximately twice forecast annual net cash flow to the Company expected by the directors based upon sales of 3,000 barrels per month and the in-place assets to support significantly higher sales volumes.

Equity Subscription and Debt Restructuring

The Company announces that it has raised approximately £220,500 via the Subscription, for a total of 22,050,000 ordinary shares at 1p per share.

Concepta Consulting AG ("Concepta"), a Lichtenstein-based consulting company owned and controlled by Dr. Peter Riedi, has entered into an investment agreement (the "Investment Agreement") with the Company pursuant to which it will invest US\$380,000 by way of a loan conversion and subscription for 30,400,000 new ordinary shares of the Company at 1p per share. The investment comprises loan conversions of US\$180,000 and a further cash subscription for US\$200,000. Additionally, a private European investor has also invested €90,000 by way of a subscription for 6,050,000 new ordinary shares at 1p per share. In aggregate, the subscriptions and loan conversion total approximately £365,000, which will be satisfied by the issue of 36,450,000 new ordinary shares ("Settlement Shares") £220,500 being new funding for the Company from which it is able to meet the cash component of the Investment. The exchange rates used in determining the number of Subscription Shares are US\$1.25/£1.00 and £0.85/€1.00, respectively.

Following its subscription and conversion, on admission of the Settlement Shares and Consideration Shares to trading on AIM ("Admission"), Concepta will have an interest in 30,400,000 ordinary shares representing 5.4 per cent. of the enlarged issued share capital

The Company also announces that, further to the announcement of the Financing Update and Debt and Asset Restructuring on 14 November 2023, the Company and OFX Holdings, LLC have terminated the remaining contingent payment of up to US\$700,000 associated with the Blade Oil V, LLC assets ("Debt Reduction"). The termination results in a further reduction of Total Maximum Consideration associated with the Blade Oil V LLC transaction from US\$1,207,160 (as amended pursuant to the announcement of 14 November 2023) to US\$507,160.

Admission to AIM and Total Voting Rights

Application has been made for Admission of the Settlement Shares, the Subscription Shares and the Consideration Shares which total 79,650,000 new ordinary shares and which will rank pari passu with the Company's existing ordinary shares. It is expected that Admission will become effective and that dealings will commence at 08.00 am on or around 15 April 2024.

Following Admission, the Company's enlarged issued share capital ("Enlarged Issued Share Capital") will comprise 564,588,611 ordinary shares of £0.01 each with voting rights in the Company. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in the interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Transaction Advisory Fee

Ventura Energy Advisors, LLC ("VEA") will be paid a structuring and advisory fee ("Transaction Advisory Fee") of US\$100,000 in connection with its services associated with the origination, structuring and initiation of operations associated with the investment. The fee will be paid by issuance to VEA of US\$100,000 of the Company's 15% Secured Convertible Loan Notes.

Related Party Transactions

The Debt Reduction and the issuance of the Consideration Shares to OFX Holdings, LLC, and the payment of the Transaction Advisory Fee are related party transactions pursuant to the AIM rules. With the exception of Claudio Coltellini and Stefan Olivier, the directors of the Company consider, having consulted with its nominated adviser, Cairn Financial Advisers LLP, that the terms of the Debt Reduction, the acquisition of the holding from OFX Holdings LLC and payment of the Transaction Advisory Fee are fair and reasonable insofar as its shareholders are concerned.

Commenting on the Equity Subscription and Reclamation Investment Stefan Olivier, CEO, stated: "The equity subscription and cash generative investment announced today are material for the Company. Completing the subscription at more than 100% premium to the current share price demonstrated confidence in the underlying value in ADM, quality of our new investment and the board's strategy that we are executing."

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

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About ADM Energy PLC

ADM Energy PLC (AIM: ADME; BER and FSE: P4JC) is a natural resources investing company with an existing investment representing approximately 46.8% economic interest in OFX Technologies, LLC (www.ofxtechnologies.com) and a 9.2% profit interest in Aje Field, part of OML 113, which covers an area of 835km² offshore Nigeria. Aje has multiple oil, gas, and gas condensate reservoirs in the Turonian, Cenomanian and Albian sandstones with five wells drilled to date.

Forward Looking Statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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