RNS Number : 4724S
ADM Energy PLC
08 January 2025

GENERAL TEXT AMENDMENT

The following amendments have been made to the 'Final Results' announcement released on 31 December 2024 at 7:00 a.m. under RNS No 6595R.

Within the Independent Auditor Report included in the RNS, the '*Coverage Overview*' and the '*Our application of materiality*' sections contained incorrect figures that had not been updated in line with the audited financial statements and notes to the financial statements, and did not contain statements regarding a late, one-off adjustment of £4.8 million to the group's assets, in relation to development costs related to the Aje investment capitalised.

The corrected figures and the amended sections are shown in the section below and in the body of the announcement, denoted by the † symbol.

The auditors confirm that the financial statements remain unchanged and that the signing date remains 30 December 2024. The updated Annual Report will be available on the Company's website at www.admenergyplc.com.

Coverage Overview

	Group revenue (£'000s)	Group profit/(loss) before tax (£'000s)	Group gross assets (£'000s)	Group net assets (£'000s)
Totals at 31 December 2023:	£Nil	†(£17,799)	†£1,437	†(£5,108)
Full statutory audit and substantial audit procedures	£Nil	† (£17,799)	†£1,437	†(£5,108)
Limited audit procedures	£Nil	£Nil	£Nil	£Nil

Our application of materiality

	Group financial statements	Parent company financial statements
Materiality	† *£123,300 (2022: £224,200)	£37,400 (2022: £198,400)
Basis for determining materiality	Capped at 2% of gross assets	Capped at 2% of gross assets
Rationale for benchmark applied	The group's principal activity of that of investing in the natural resources sector. To this end the business is highly asset focused. Therefore, a benchmark for materiality of the Gross Assets of the group is considered to be appropriate.	The parent company's business is highly asset focused. Therefore, a benchmark for materiality of the Gross Assets of the company is considered to be appropriate. This is inline with the group benchmark.
Performance materiality	† *£86,300 (2022: £156,900)	£26,180 (2022: £138,900)
Basis for determining performance materiality	70% of materiality	70% of materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment and going concern status, our judgement was that performance materiality was 70% of our financial statement materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.	On the basis of our risk assessments, together with our assessment of the Company's overall control environment and going concern status, our judgement was that performance materiality was 70% of our financial statement materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.
Triviality threshold	† *£6,200 (2022: £11,200)	£1,900 (2022: £9,900)
Basis for determining triviality threshold	5% of materiality	5% of materiality

† *The group materiality levels used was prior to a late one-off audit adjustment of £4.8million on the group assets.

We reported all audit differences found in excess of our triviality threshold of £6,200 to the directors and the management board.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Please refer to the Material uncertainty relating to going concern paragraph of this report to understand the key audit risk identified with respect to the Group's going concern. This is not a complete list of all risks identified by our audit.

<table>
<tr><td colspan="2">Valuation/impairment of intangible assets of †£357k (2022: £17.9m) and investment in subsidiaries of Nil (2022: £12.3m)</td></tr>
<tr><td>Significance and nature of key risk

Intangible assets relate to the Group's capitalised development costs and proportionate interest in the production assets covered under the joint operating agreement.

Investment in subsidiaries relate to the Group's interest in the ADM 113's sole asset, which is its wholly owned subsidiary, P R Oil & Gas Nigeria Limited ("PROG"), a Nigerian registered company which holds a 9.2% revenue interest in the OML 113 licence, offshore Nigeria, which includes the Aje Field ("Aje"), where oil production commenced in May 2016. During the year, the investment was impaired to nil.

Due to the recognition requirements under IAS 38 there is inherent management judgement in the treatment of these as assets of the Group rather than expenses.</td><td>How our audit addressed the key risk

We have closely examined the nature of items capitalised to ensure that these meet the definition of intangible assets under IAS 38. This included agreement to sale and purchase agreements as well as other supporting evidence.

We have considered the Group's investment in subsidiaries in accordance with the requirements of IFRS 3, including the examination of relevant supporting evidence to gain comfort over the balance recognised.

We have obtained management's assessment of the impairment of intangibles and the investment in subsidiaries. In analysing this we have considered external factors, such as the consideration received for transfer of interest in the license between other partners, to gain evidence of potential impairment in the value of the Group's holding - which is effectively represented in the financial statements by this intangible.

We have considered the appropriateness of the valuation model used and agree this is reasonable given the nature of the underlying asset that these development costs relate to.</td></tr>
<tr><td colspan="2">Key observations communicated to the Audit Committee

Following our audit procedures, we concluded that material impairments were required with respect to the development costs related to the Aje investment capitalised in the consolidated statement of financial position of £12.6m. We also concluded that an impairment was required to the related investment in the in P R Oil & Gas Nigeria Limited subsidiary of £12.3m. †A late one-off audit adjustment of £4.8m was also deemed necessary to the development costs related to the Aje investment capitalised. Following these adjustments, we have no concerns over the material accuracy of the remaining intangible asset values recognised in the financial statements.</td></tr>
</table>

All other details remain unchanged.

The full amended text is shown below.

31 December 2024

ADM Energy PLC

("ADM" or the "Company")

Final Results and Publication of Annual Report

ADM Energy PLC (AIM: ADME; BER and FSE: P4JC), a natural resource investing company, announces its audited full year results for the 12 months ended 31 December 2023.

The Company will be publishing its Annual Report and Accounts, which will be made available on the Company's website at www.admenergyplc.com and are being sent to Shareholders.

Extracts from the audited full year results can be found below.

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 investments including a 100% interest in Vega Oil and Gas; a 30.6% economic interest in JKT Reclamation, LLC; a 46.8% economic interest in OFX Technologies, LLC (www.ofxtechnologies.com); and, a 9.2% profit interest in the 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.

Non-executive Chairman's Statement

Dear Stakeholders,

2023 marked the beginning of a rebuilding of ADM from the ground up. This rebuilding has to date focused on establishing a solid foundation from which to grow shareholder value in the future. Steps taken in 2023 entailed changes to the Board, the management, implementation of cost cutting measures, the undertaking of a strategic review of the Company's legacy asset - our 12.3% cost share and 9.2% profit share in OML-113, Aje Field, offshore Lagos, Nigeria - and a focus on identifying and securing cash generative investments in the United States capable of generating meaningful cash in the near-term.

While the near-term focus of the Board is establishing a solid foundation for the Company, the Board is keeping an eye on trends in world energy markets, the world economy and implications of these for the future.

According to bp's Energy Outlook 2024, the world is "in an 'energy addition' phase of the energy transition in which it is consuming increasing amounts of both low carbon energy and fossil fuels" (BP Energy Outlook 2024).

The Board of ADM believes bp's observation is even more apropos given the growth in AI and data centres and the increasing demand for energy that this growth will require.

While many governments of the world are committed to the energy transition, and we applaud these efforts, the Board of ADM believes that the world will witness growing hydrocarbon demand for many years and with declining rates in legacy oilfields worldwide believed to be greater than 5% per annum, millions of barrels per day of new production will need to be added to meet world demand requirements.

ADM therefore remains committed to the production of oil and gas and businesses that support increased production. This may include development of producing assets, midstream activities associated with gathering crude oil, recycling and reclamation of crude oil from waste streams that would otherwise be disposed of in landfills (and therefore contributing to oil production levels while preserving valuable and finite landfill space) or oilfield services and technologies that improve the efficiency of oil and gas operations.

The Board is focusing on opportunities in the United States as it is a jurisdiction that, due to political and economic stability and the organization of its oil and gas industry, continues to present opportunities that are suitable, from a capital requirement standpoint, for smaller companies.

From a corporate governance standpoint, the first part of 2023 was highlighted by the return of Stefan Olivier, a founder of ADM, as executive director and Chief Executive Officer of the Company and the addition of Mr. Claudio Coltellini as a non-executive director.

Mr. Coltellini, through investment vehicles managed by him (including OFX Holdings, LLC - "OFXH" - a substantial shareholder of the Company), provided significant financial support (in excess of £1 million) to the Company during the initial phase of our rebuilding strategy and for this we are very grateful.

I was appointed Chairman of the Board in November 2023 and am committed to completing the rebuilding of the Company and overseeing its development into a meaningful and successful company for benefit of all stakeholders.

Lord Henry Bellingham

Non-Executive Chairman

30 December 2024

Independent Auditor Report

To the Shareholders of ADM Energy Plc

For the year ended 31 December 2023

Opinion

We have audited the financial statements of ADM Energy PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the group income statement and statement of comprehensive income, group and company statements of financial position, group and company statements of changes in equity, group and company statements of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2 in the financial statements, which discloses that the Group and Company are considered to be a going concern by management. We note that the primary source of income generated in recent years, via its partnership in the OML 113 license, was paused during 2022 as part of a suspension of production at Aje. This pause was to upgrade and increase the capacity and production capability of the asset in line with the development plans. It is not known at this stage if or when this asset will become income generating again.

Management have subsequently engaged in new investment opportunities, this includes the acquisitions in the current year of oil generating assets in the US, which as of the date of the approval of these financial statements are beginning to generate some modest returns. However, at present the Group remains heavily reliant on ongoing additional funding to meet its liabilities as they fall due and this is expected to continue being the case well into 2025. Due to the inherent uncertainty involved with the timings and amounts of obtaining such funding - added to the inherent uncertainty with respect to the timings and amounts of income generated from investments held - these events or conditions along with the other matters set out in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent company's ability to continue as a going concern.

The disclosure of material uncertainty in relation to going concern is further demonstrated by the directors shift in focus on to cost control and cash flow management. There have been significant cashflow constraints faced by the group during the year and post year end. As at 31 December 2023, the cash balance was £nil (2022: £25k), which highlights the urgent requirement for external funding to meet day to day working capital requirements.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. This conclusion is reached based on acceptable levels of audit assurance gained from the following procedures in which we have:

- Evaluated the design and implementation of key internal controls over management's assessment of going concern, considering in detail the rationale provided and whether this was consistent with our understanding as well as audit evidence obtained;
- Considered the accuracy of forecasts produced by management by reference to key assumptions made, as well as identifying specific elements of the forecasts that are critical for demonstrating that the business remains a going concern, taking into account variances that arose;
- Tested the mechanical integrity of the forecast model prepared by management by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence;
- Considered the key financial data of the group and company at year end and assessed the financial headroom available by reference to ongoing cash commitments over a period of at least 12 months from the date of the approval of these financial statements;
- Considered the trends of key commodity prices in the financial year and in the period up to the date of the approval of these financial statements;
- Considered the funding facilities currently and potentially available to the business as well as reviewing the associated covenants where applicable;
- Specifically considered the willingness and ability of shareholders to continue to provide equity and debt finance to the business based on historic track record of support, capital raises after the balance sheet date and the results of recent shareholder general meetings.
- Considered post year-end financial information, including performance of US oil generating assets and board minutes and other events in order to further assess the performance, strength as well as the ability of the business to settle liabilities as they fall due since the balance sheet date to the date of the approval of the financial statements.
- Reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

Our responsibilities and the responsibility of the directors with respect to going concern are described in the relevant sections of the report.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. The below table summarises for the parent company, and its subsidiaries, in terms of the level of assurance gained:

Group component	**Level of assurance**
ADM Energy PLC	Full statutory audit
P R Oil & Gas Nigeria Limited	Substantial audit procedures
ADM Asset Holdings Limited (Dormant)	Limited assurance review
ADM Energy Services Limited (Dormant)	Limited assurance review
ADM 113 Limited	Limited assurance review
Geo Estratos MXOil, SAPI de CV (Dormant)	Limited assurance review
K.O.N.H. (UK) Limited (Dormant)	Limited assurance review
ADM 113 One Limited (Dormant)	Limited assurance review
ADM Energy USA Inc (Dormant)	Limited assurance review
Blade Oil V, LLC	Substantial audit procedures

Coverage overview

	Group revenue (£'000s)	**Group profit/(loss) before tax (£'000s)**	**Group gross assets (£'000s)**	**Group net assets (£'000s)**
Totals at 31 December 2023:	£Nil	†(£17,799)	†£1,437	†(£5,108)
Full statutory audit and substantial audit procedures	£Nil	† (£17,799)	†£1,437	†(£5,108)
Limited audit procedures	£Nil	£Nil	£Nil	£Nil

Our application of materiality

	Group financial statements	**Parent company financial statements**
Materiality	† *£123,300 (2022: £224,200)	£37,400 (2022: £198,400)
Basis for determining materiality	Capped at 2% of gross assets	Capped at 2% of gross assets
Rationale for benchmark applied	The group's principal activity of that of investing in the natural resources sector. To this end the business is highly asset focused. Therefore, a benchmark for materiality of the Gross Assets of the group is considered to be appropriate.	The parent company's business is highly asset focused. Therefore, a benchmark for materiality of the Gross Assets of the company is considered to be appropriate. This is inline with the group benchmark.
Performance materiality	† *£86,300 (2022: £156,900)	£26,180 (2022: £138,900)
Basis for determining performance materiality	70% of materiality	70% of materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment and going concern status, our judgement was that performance materiality was 70% of our financial statement materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.	On the basis of our risk assessments, together with our assessment of the Company's overall control environment and going concern status, our judgement was that performance materiality was 70% of our financial statement materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.

Triviality threshold	† *£6,200 (2022: £11,200)	£1,900 (2022: £9,900)
Basis for determining triviality threshold	5% of materiality	5% of materiality

† *The group materiality levels used was prior to a late one-off audit adjustment of £4.8 million on the group assets.

We reported all audit differences found in excess of our triviality threshold of £6,200 to the directors and the management board.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Please refer to the Material uncertainty relating to going concern paragraph of this report to understand the key audit risk identified with respect to the Group's going concern. This is not a complete list of all risks identified by our audit.

Valuation/impairment of intangible assets of † £357k (2022: £17.9m) and investment in subsidiaries of Nil (2022: £12.3m)	
Significance and nature of key risk	**How our audit addressed the key risk**
Intangible assets relate to the Group's capitalised development costs and proportionate interest in the production assets covered under the joint operating agreement. Investment in subsidiaries relate to the Group's interest in the ADM 113's sole asset, which is its wholly owned subsidiary, P R Oil & Gas Nigeria Limited ("PROG"), a Nigerian registered company which holds a 9.2% revenue interest in the OML 113 licence, offshore Nigeria, which includes the Aje Field ("Aje"), where oil production commenced in May 2016. During the year, the investment was impaired to nil. Due to the recognition requirements under IAS 38 there is inherent management judgement in the treatment of these as assets of the Group rather than expenses.	We have closely examined the nature of items capitalised to ensure that these meet the definition of intangible assets under IAS 38. This included agreement to sale and purchase agreements as well as other supporting evidence. We have considered the Group's investment in subsidiaries in accordance with the requirements of IFRS 3, including the examination of relevant supporting evidence to gain comfort over the balance recognised. We have obtained management's assessment of the impairment of intangibles and the investment in subsidiaries. In analysing this we have considered external factors, such as the consideration received for transfer of interest in the license between other partners, to gain evidence of potential impairment in the value of the Group's holding - which is effectively represented in the financial statements by this intangible. We have considered the appropriateness of the valuation model used and agree this is reasonable given the nature of the underlying asset that these development costs relate to.
Key observations communicated to the Audit Committee Following our audit procedures, we concluded that material impairments were required with respect to the development costs related to the Aje investment capitalised in the consolidated statement of financial position of £12.6m. We also concluded that an impairment was required to the related investment in the in P R Oil & Gas Nigeria Limited subsidiary of £12.3m. † A late one-off audit adjustment of £4.8 million was also deemed necessary to the development costs related to the Aje investment capitalised. Following these adjustments, we have no concerns over the material accuracy of the remaining intangible asset values recognised in the financial statements.	

Valuation of liabilities in P R Oil & Gas Nigeria Limited £1.3m (2022: £2.7m)	
Significance and nature of key risk	**How our audit addressed the key risk**
There are cost sharing obligations relating to the Group's interest in the OML 113 License, as specified in the joint operating agreement. These liabilities have increased with the acquisition of additional interest in the OML 113 license by the Group in recent years. There is a risk that the expense share reported to the group to be accrued for is materiality understated.	We have obtained reconciliations produced by the asset's operator directly from this third party and confirmed the Group's stated share to underlying signed contracts. The independence and competence of the operator was also assessed along with their control environment in place for the production of accurate financial reports for partners in the OML 113 License. We have confirmed that the specific audit of the operator's accounting for project costs was concluded in the financial year and that the results of this did not indicate increased risk of material misstatement of the Group's share of operating liabilities.
Key observations communicated to the Audit Committee Following our audit procedures, we concluded that an adjustment of £1.4m was required to the OML 113 license liabilities. Following these adjustments, we have no concerns over the material accuracy of liabilities	

relating to OML 113 license operations recognised in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; an
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (set out on page 10), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of intangible assets. Audit procedures performed by the group engagement team included:

- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations.
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud.
- Challenging assumptions and judgements made by management in its significant accounting estimates, including assessing the capabilities of management to consider sufficient impairment criteria in making their assessment over the value of intangible assets.
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.

- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business.

- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities.

- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.

- The cashbook used to create the initial financial information with respect to ADM Energy PLC and P R Oil & Gas Nigeria Limited was reviewed to ensure no entries in the cash book indicated fraudulent activity by management.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

London

Date: 30 December 2024

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2023

	Note	**2023** £'000	2022 £'000
Continuing operations			

Revenue	3	-	662
Other operating losses		**(210)**	(369)
Administrative expenses		**(1,575)**	(1,723)
Other gains	9	**1,020**	-
Impairment	10	**(16,843)**	(576)
Operating loss	4	**(17,608)**	(2,006)
Finance costs	5	**(191)**	(116)
Loss on ordinary activities before taxation		**(17,799)**	(2,122)
Taxation	7	–	–
Loss for the year		**(17,799)**	(2,122)
Other Comprehensive income:			
Exchange translation movement		**(615)**	1,339
Total comprehensive income for the year		**(18,414)**	(783)
Basic and diluted loss per share:	8		
From continuing and total operations		**(5.0)p**	(0.8)p

The notes form part of these financial statements.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 December 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**£'000**	£'000	**£'000**	£'000
NON-CURRENT ASSETS					
Intangible assets	10	**357**	17,899	–	–
Investment in subsidiaries	11	-	–	**668**	12,343
Investment in associates	12	**1,062**	–	**1,062**	–
		1,419	17,899	**1,730**	12,343
CURRENT ASSETS					
Investments held for trading	13	-	28	-	28
Inventory	14	-	36	–	–
Trade and other receivables	15	**18**	22	**18**	17
Cash and cash equivalents	16	-	25	-	25
		18	111	**18**	70
CURRENT LIABILITIES					
Trade and other payables	17	**2,273**	2,240	**2,235**	2,207
Convertible loans	18	**427**	-	**427**	-
		2,700	2,240	**2,662**	2,207
NET CURRENT LIABILITIES		**(2,682)**	(2,129)	**(2,644)**	(2,137)
NON-CURRENT LIABILITIES					
Other borrowings	18	**638**	287	**638**	287
Other payables	17	**1,586**	2,718	**282**	–
Decommissioning provision	19	**1,621**	1,557	–	–
		3,845	4,562	**920**	287

NET ASSETS		**(5,108)**	11,208	**(1,834)**	9,919
EQUITY					
Share capital	**20**	**13,072**	11,194	**13,072**	11,194
Share premium	**20**	**38,236**	38,090	**38,236**	38,090
Other reserves	**21**	**1,036**	962	**1,036**	962
Currency translation reserve		**15**	630	–	–
Retained deficit		**(57,467)**	(39,668)	**(54,178)**	(40,327)
Equity attributable to owners of the Company and total equity		**(5,108)**	11,208	**(1,834)**	9,919

The notes form part of these financial statements.

The financial statements were approved by the Board and ready for issue on 30 December 2024.

Stefan Olivier

Chief Executive Officer

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2023

	Share capital	Share premium	Exchange translation reserve	Other reserves	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2021	**10,267**	**38,014**	**(709)**	**960**	**(37,546)**	**10,986**
Loss for the year	–	–	–	–	(2,122)	**(2,122)**
Exchange translation movement	–	–	1,339	–	–	**1,339**
Total comprehensive income / (expense) for the year	–	–	1,339	–	(2,122)	**(783)**
Issue of new shares	927	134	–	–	–	**1,061**
Share issue costs	–	(56)	–	-	–	**(56)**
Issue of warrants	–	(2)	–	2	–	**-**
Settlement of convertible loans	–	–	–	(19)	19	**-**
At 31 December 2022	**11,194**	**38,090**	**630**	**962**	**(39,668)**	**11,208**
Loss for the year	–	–	–	–	(17,799)	**(17,799)**
Exchange translation movement	–	–	(615)	–	–	**(615)**
Total comprehensive income / (expense) for the year	–	–	(615)	–	(17,799)	**(18,414)**
Issue of new shares	1,878	146	–	–	–	**2,024**
Issue of options & warrants	–	-	–	33	–	**33**
Issue of convertible loans	–	–	–	41	-	**41**
At 31 December 2023	**13,072**	**38,236**	**15**	**1,036**	**(57,467)**	**(5,108)**

The notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2023

	Share capital	Share premium	Other reserves	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000
At 31 December 2021	**10,267**	**38,014**	**960**	**(38,037)**	**11,204**
Loss for the period and total comprehensive expense	–	–	–	(2,290)	**(2,290)**

Issue of new shares	927	134	–	–	**1,061**
Share issue costs	–	(56)	-	–	**(56)**
Issue of warrants	–	(2)	2	–	-
Settlement of convertible loans	–	–	(19)	19	-
At 31 December 2022	**11,194**	**38,090**	**962**	**(40,327)**	**9,919**
Loss for the period and total comprehensive expense	–	–	–	(13,851)	**(13,851)**
Issue of new shares	1,878	146	–	–	**2,024**
Issue of warrants	–	-	33	–	**33**
Settlement of convertible loans	–	–	41	-	**41**
At 31 December 2023	**13,072**	**38,236**	**1,036**	**(54,178)**	**(1,834)**

The notes form part of these financial statements.

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 December 2023

	Note	GROUP		COMPANY	
		2023	2022	**2023**	2022
		£'000	£'000	**£'000**	£'000
OPERATING ACTIVITIES					
Loss for the period		**(17,799)**	(2,122)	**(13,851)**	(2,290)
Adjustments for:					
Warrants issued in settlement of fees	22	**10**	-	**10**	-
Finance costs and interest	5	**184**	116	**184**	116
FX on developments (intangibles)	10	**420**	-	**-**	-
Impairment of investment	13/10	**29**	576	**12,370**	576
Depreciation		**57**	-	**-**	-
Other amounts written off		**54**	-	**54**	-
Share based payments	22	**18**	-	**18**	-
Gains on settlement	9	**(1,521)**	-	**(65)**	-
Loss on disposal of leases	9	**501**	-	**-**	-
Shares issued as incentives		**127**	-	**127**	-
Impairment of intangibles	10	**16,843**	65	-	-
Decommissioning provision	19	**57**	138	-	-
Operating cashflow before working capital changes		**(1,020)**	(1,227)	**(1,153)**	(1,598)
Decrease/(increase) in receivables	15	**-**	108	**-**	113
Decrease in inventories	14	**36**	-	**-**	-
Increase/(decrease) in trade and other payables	17	**258**	138	**362**	522
Net cash outflow from operating activities		**(726)**	(981)	**(791)**	(963)
INVESTMENT ACTIVITIES					
Acquisition of subsidiary		**(8)**	-	**(8)**	-
Loans to subsidiary operation		**-**	-	**-**	(8)
Net cash outflow from investment activities		**(8)**	-	**(8)**	(8)
FINANCING ACTIVITIES					
Issue of ordinary share capital	20	**-**	1,061	**-**	1,061
Share issue costs	20	**-**	(56)	**-**	(56)
Proceeds from convertible loan note	18	**450**	-	**450**	-
Repayment of borrowings		**(20)**	(328)	**(20)**	(328)
Proceeds from borrowings		**343**	210	**344**	210
Net cash inflow from financing activities		**773**	887	**774**	887

Net increase/(decrease) in cash and cash equivalents from continuing and total operations		**39**	(94)	**(25)**	(84)
Exchange translation difference		**(64)**	9	–	–
Cash and cash equivalents at beginning of period		**25**	110	**25**	109
Cash and cash equivalents at end of period	16	**-**	25	**-**	25

Major non cash transactions

Non-cash investing and financing activities				
Shares in consideration for the investment in Blade Oil V	188,576	-	188,576	-
Shares in conversion of outstanding contractual liabilities	683,117	-	683,117	-
Shares in settlement of certain outstanding trade and other creditors	291,145	-	291,145	-
Share options to Directors and employees	17,626	-	17,626	-
Investor warrants	1,695	-	1,695	-
Incentive warrants	679	-	679	-
Warrants in consideration for loan settlement	13,212	-	13,212	-

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

GENERAL INFORMATION

The Company is a public limited company incorporated in the United Kingdom and its shares are listed on the AIM market of the London Stock Exchange. The Company also has secondary listings on the Quotation Board Segment of the Open Market of the Berlin Stock Exchange ("BER") and Xetra, the electronic trading platform of the Frankfurt Stock Exchange ("FSE").

The Company is an investing company, mainly investing in natural resources and oil and gas projects. The registered office and principal place of business of the Company is as detailed in the Company Information section of the report and accounts on page 3.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements. The Company's total comprehensive loss for the financial year was £13.9 million (2022: £2.3 million).

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group and Parent Company financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations issued by the International Accounting Standards Board (IASB) UK-adopted International Financial Reporting Standards (adopted IFRSs). The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The current period covered by these financial statements is the year to 31 December 2023. The comparative figures relate to the year ended 31 December 2022. The financial statements are presented in pounds sterling (£) which is the functional currency of the Group.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

GOING CONCERN

Going Concern

The Group and Company financial statements have been prepared under the going concern assumption, which presumes that the Group and Company will be able to meet its obligations as they fall due for the foreseeable future.

The group made a loss before tax of £17,799,000, had net current liabilities of £2,682,000, had negative equity of £5,108,000 and had net operating cash outflow of £726,000 for the year. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial statements. This information includes growing revenue opportunities, management prepared cash flows forecasts, the group's current cash balances, the group's existing and projected monthly running costs and need for further fundings.

Following this assessment, the directors have reasonable expectation that the group can secure adequate liquidity to continue for the foreseeable future through further funding. The Directors therefore have made an informed judgement at the time of approving the financial statements that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Whilst the directors are confident, there is no absolute guarantee that such funding and payment plan would be secured within the required timelines and therefore indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern and, therefore the group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. The auditors have included material uncertainty in relation to going concern in the audit opinion.

STATEMENT OF COMPLIANCE

The financial statements of the Group and Company have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

The Group's and Company's financial statements for the year ended 31 December 2023 were approved and authorised for issue by the Board of Directors on 30 December 2024 and the Statements of Financial Position were signed on behalf of the Board by Stefan Olivier.

Both the Parent Company financial statements and the Group financial statements give a true and fair view and have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

New standards, amendments and interpretations adopted by the Company.

The following new standards have come into effect this year however they have no impact on the Group:

Standard	**Description**	**Effective date**
IAS 1 amendments	Non-current Liabilities with Covenants; and Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 17	IFRS 17 will replace IFRS 4 Insurance Contracts,	1 January 2024
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2024
Amendments to IAS 12	Introduces an exception to the "initial recognition exemption" when the transaction gives rise to equal taxable and deductible temporary differences.	1 January 2024

The following amendment is effective for the period beginning 1 July 2024:

Standard	**Description**	**Effective date**
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

There are no IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company or Group.

KEY ESTIMATES AND ASSUMPTIONS

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Judgement also applies in determining whether costs associated with contingent liabilities can be reliably estimated or not and the extent to which it is appropriate to make disclosure in this area.

USEFUL ECONOMIC LIFE OF INTANGIBLE ASSETS

The Group's intangible assets relate to oil field development expenditure which is considered capital in nature. Intangible assets are amortised over their useful economic life in accordance with the expected pattern of consumption of the benefits arising from the Group's interest in OML 113 license (the Unit of Production method). The timing and pattern of production represents an estimation made with reference to according research performed by third parties and the Directors assessment of the timing and level of activity over the life of developed assets.

Note 25 summaries the acquisition of Blade Oil V, LLC and the return of some of the leases back to the seller. This resulted in Blade Oil V, LLC's remaining lease, Altoona, being recognised as an exploration asset under intangibles. Intangible assets such as this are with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, £280,000 (2022: nil)

IMPAIRMENT OF INTANGIBLE ASSETS

Note 10 summarises the cumulative cost less amortisation of the Group's indirect investment in the Aje Field (OML 113). During the year, the Directors noted indicators of impairment related to this asset. They have therefore reviewed the value of the Group's proportionate share of the Aje fixed assets (which as a cash generating unit is represented by the intangible asset relating to the cumulative cost of its acquisition and funding of its interest in the Aje Field) and have determined that it is appropriate to impair the asset by £12,619,000 (2022: nil) down to nil as oil production has ceased here. This therefore resulted in the investment in PR Oil & Gas Nigeria Ltd being impaired to nil as this company holds the Aje Field.

CONTINGENT CONSIDERATION

Note 26 summaries the contingent consideration of £765,000 (2022: nil) recognised as part of the purchase price of Blade Oil V, LLC. The assessment of contingent considerations inherently involves the exercise of significant judgment and estimates of the outcome of future events. This judgement involves the Directors making assessment as to whether an economic outflow relating to a past event is considered probable, possible or remote, and the extent to which its outcome can be reliably estimated.

CONTINGENT LIABILITIES

The assessment of contingent liabilities inherently involves the exercise of significant judgment and estimates of the outcome of future events. This judgement involves the Directors making assessment as to whether an economic outflow relating to a past event is considered probable, possible or remote, and the extent to which its outcome can be reliably estimated. In making this judgement, the Directors make reference to correspondence with parties relevant to the contingent liability and make their own assessment of whether they have sufficient information from such correspondence to reliably predict an outcome.

INVESTMENTS HELD FOR TRADING

Investments held for trading are held at fair value through profit and loss. At both reporting dates they are considered to be Level 3 investments whereby their valuation is determined by whole or in part using valuation techniques based on assumptions that are not supported by observable prices in comparable market transactions in the same instrument or similar observable data.

The Directors regularly review the valuation of such investments against both ongoing results of the business in which it has made investments and the price at which any further investment has taken place if such investment is considered to give sufficient and appropriate indication of fair value. The investment in Superdielectrics Ltd has been impaired by £28,000 (2022: nil) to nil during the year.

DECOMMISSIONING PROVISION

Decommissioning costs will be incurred by the Group, in accordance with the terms of the Joint Operating Agreement, at the end of the operating life of the production facilities associated with the Group's interest in OML 113. The Group assesses its retirement obligation at each reporting date. The ultimate asset retirement costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for asset retirement obligation. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future asset retirement costs required using an annual discount rate of 10%. The provision during the year increased by £147,000, (2022: £138,000).

SHARE BASED PAYMENTS

The Group has made awards of options and warrants over its unissued share capital to certain Directors, employees and professional advisers as part of their remuneration.

The fair value of options and warrants are determined by reference to the fair value of the options and warrants granted, excluding the impact of any non-market vesting conditions. In accordance with IFRS 2 'Share Based Payments', the Group has recognised the fair value of options and warrants, calculated using the Black-Scholes option pricing model. The Directors apply this model on the basis that there are considered to be no performance obligations included within these issued options. The share based payment charge for the year was £33,211 (2022: £2,000). The Directors have made assumptions particularly regarding the volatility of the share price at the grant date in order to reach a fair value. Further information is disclosed in Note 21.

GOING CONCERN

See note 2, Going Concern accounting policy.

ACCOUNTING POLICIES

REVENUE RECOGNITION

The Group follows IFRS 15. The standard provides a single comprehensive model for revenue recognition in a 5 step process.

1. Identify all contract(s) with customers and ensure that these are clearly documented.	The group hold a signed agreement confirming their interest in the OML 113 license. These details the revenue and cost sharing arrangements in place.
2. Identify separate performance obligations in a contract. Will a contract need to be 'unbundled' into two or more components? Alternatively, will two or more contracts need to be 'bundled' into a single overall obligation?	There is no performance obligation as such on ADM's part. The contract in place gives them legal rights to their share of the revenues in the operations relating to the OML 113 license in the financial year as calculated by the 3rd party operations and management company.
3. Determine the transaction price.	The transaction price is the calculated share of revenues in the financial period which are to be allocated to ADM. This calculation is based on ADM's interest in the OML 113 license in the period. Therefore, there is no pre-set transaction price as this is a derived return from the performance of the underlying asset under the OML 113 license in the year.
4. Is revenue recognised at a single point in time, or over a period of time?	Revenue theoretically accrues over the course of the financial period based on the performance of the asset. In practice this revenue is recognised in the group as a year end adjustment as the final revenue posting is made based on the billing statement provided by the 3rd party operations and management company. This billing statement covered the entire financial year.

5. If revenue is recognised over time, how should progress towards completion be measured and recognised?	As above - revenues relate to performance of the asset in the year. However, in terms of final accounting the revenue is recognised at a single point in time as part of the YE adjustments following the receipt of the 3rd party billing statement.

TAXATION

UK taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the statement of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

Nigerian taxes

The Company's subsidiary, P R Oil & Gas Nigeria Ltd operates offshore Nigeria and is subject to the tax regulations of that country.

Current income tax assets and liabilities for current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws are those that are enacted or substantially enacted at the reporting date. The Company engaged in exploration and production of crude oil (upstream activity). Therefore, its profits are taxable under the Petroleum Profit Tax Act.

US taxes

The Company's subsidiary, ADM Energy USA Inc operates in the USA and is subject to the tax regulations of that country.

Current income tax assets and liabilities for current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws are those that are enacted or substantially enacted at the reporting date. The Company engaged in exploration and production of crude oil (upstream activity). Therefore, its profits are taxable under the relevant federal tax codes of the Internal Revenue Service as well as under the relevant state tax codes of the State of California.

INTANGIBLE ASSETS

Intangible assets relate to the Group's capitalised Exploration & Evaluation (E&E) costs and proportionate interest in the production assets of joint operations (development costs).

The share of development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the asset and use or sell it
- the Group has the ability to use or sell the asset
- the asset will generate probable future economic benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the asset, and
- the expenditure attributable to the asset during its development can be measured reliably.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. There were no development costs recognised as an expense during the year (2022: £Nil). The interest in the Altoona lease has been recognised as an E&E asset on consolidation.

Intangible assets are amortised as the benefits associated with them are consumed.

IMPAIRMENT OF INTANGIBLE ASSETS

Proven oil and gas properties and intangible assets are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The carrying value is compared against the expected recoverable amount of the asset, generally by net present value of the future net cash flows, expected to be derived from production of commercial reserves or consideration expected to be achieved through the sale of its interest in an arms-length transaction, less any associated costs to sell. The cash generating unit interest in an arms-length transaction, less any associated costs to sell. The cash generating unit applied for impairment test purposes is generally the field and the Group's interest in its underlying assets, except that a number of field interests may be grouped together where there are common facilities.

FINANCIAL ASSETS

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group's financial assets are classified into the following specific categories: 'Investments measured at fair value through other comprehensive income', 'investments held for trading', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets measured at fair value through other comprehensive income are designated as Fixed Asset Investments and are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at fair value.

Fair value gains or losses are recognised and posted to Other Comprehensive Income and held in the Financial Instruments Revaluation Reserve. Fair value measurements and techniques are set out in the accounting policy on page 39 and referred to in Financial Assets Measured at Fair Value through Profit and Loss. Financial Assets Revaluation Reserve is included in Other Reserves in Equity.

INVESTMENTS HELD FOR TRADING

All investments determined upon initial recognition as held at fair value through profit or loss were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the statement of financial position is based on the quoted bid price at the statement of financial position date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price at which shares have been issued and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IFRS 9 Financial Instruments. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

INVESTEMENTS IN ASSOCIATES

The Group accounts for investments in associates in accordance with IAS 28 An associate is an entity over which the Group has significant influence but does not have control or joint control, typically evidenced by holding between 20% and 50% of the voting power of the investee. Investments in associates are initially recognised at cost. Subsequently, the carrying amount is adjusted to recognise the Group's share of the associate's post-acquisition profits or losses, and other comprehensive income. The carrying amount of investments in associates is tested for impairment whenever there is an indication that the investment may be impaired. Impairment losses are recognised in the statement of profit and loss.

INVENTORY

Inventory comprises stock of unsold oil in storage and is valued at the lower of cost and net realisable value.

BASIS OF CONSOLIDATION

The consolidated financial statements present the results of ADM Energy plc and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement

The company has the following subsidiaries which were effectively dormant in the current and prior period and are considered to be highly immaterial to the Group's financial statements. As such these subsidiaries have not been included in the consolidated financial statements:

- Geo Estratos MXOil, SAPI de CV
- ADM Asset Holdings Limited
- ADM Energy Services Limited
- ADM 113 Limited BVI
- K.O.N.H. (UK) Limited
- ADM 113 One Limited

JOINT OPERATIONS (OML 113 OPERATING AGREEMENT)

The Group has a 9.2% profit share and 12.3% cost share in the OML 113 operating licence. The operating agreement for OML 113 is a joint arrangement, with the fundamental decisions requiring unanimity between the partners. Other decisions require a qualified majority decision. As no corporate entity exists the agreement cannot be considered to meet the definition of a joint venture.

In relation to its interests in the OML 113 operations, the Group recognises:

- The fair value of the Group's share of the underlying assets of the joint operation (classified as intangible assets), measured at historical cost less amortisation and impairment.
- Amounts owed in respect of the joint operating agreement
- Revenue from the sale of its share of the output arising from the joint operation
- Expenses, including its share of any expenses incurred jointly

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Equity comprises the following:

- Share capital represents the nominal value of equity shares issued.
- The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.
- Option reserve represents the cumulative cost of share based payments in respect of options granted.
- Warrant reserve represents the cumulative cost of share based payments in respect of warrants issued.
- Convertible loan note reserve represents the equity portion of convertible loan notes issued.
- Currency translation reserve is used to recognise foreign currency exchange differences arising on translation of functional currency to presentation currency.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

FINANCIAL LIABILITIES

Financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Group's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

DECOMMISSIONING LIABILITY

A decommissioning liability is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the obligation is also recognised as part of the cost of the related production plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its present value, using a discount rate of 10%. Changes in the estimated timing of decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to production plant and equipment. The unwinding of the discount on the decommissioning provision will be included in the income statement.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by uncertain future events that are not wholly within the control of the Group. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

Unless the possibility of an outflow of economic resources is remote a contingent liability is disclosed in the notes.

SHARE BASED PAYMENTS

Where share options are awarded, or warrants issued to employees, the fair value of the options/warrants at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options/warrants that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where warrants or options are issued for services provided to the Group, including financing, the fair value of the service is charged to the statement of comprehensive income or against share premium where the warrants or options were issued in exchange for services in connection with share issues. Where the fair value of the services cannot be reliably measured, the service is valued using Black Scholes valuation methodology taking into consideration the market and non-market conditions described above.

Where the share options are cancelled before they vest, the remaining unvested fair value is immediately charged to the statement of comprehensive income.

FOREIGN CURRENCIES

The Directors consider Sterling to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement. Non-monetary items that are measured at historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

SEGMENTAL REPORTING

A segment is a distinguishable component of the Group's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Group's investment activities as a whole, the directors have identified a single operating segment, that of holding and trading in investments in natural resources, minerals, metals, and oil and gas projects. The Directors consider that it would not be appropriate to disclose any geographical analysis of the Group's investments.

No segmental analysis has been provided in the financial statements as, for the period ending 31 December 2023, the investment in OFX Technologies, Inc, is recorded on an equity basis and no material activity occurred related to the Blade Oil V, LLC assets prior to the unwind of this transaction. Therefore, the Directors consider that the Group's operations were substantially comprised of one segment, the Group's activities related to OML-113.

3 REVENUE

The Group has a share in an oil and gas licence offshore Nigeria and all the Group's revenue is derived from this source.

	2023	2022
	£'000	£'000
Revenue from share in offshore oil and gas licence in Nigeria	**-**	662
	-	662

4 OPERATING LOSS

	2023	2022
	£'000	£'000
Loss from continuing operations is arrived at after charging:		
Directors' remuneration (see note 6)	**243**	492
Employee salaries and other benefits	**-**	23
Amortisation	**57**	65
Decommissioning costs - Unwinding of provision	**111**	138
Decommissioning costs - Change in provision estimate	**-**	-
Impairment of intangible assets	**16,843**	–
Auditors' remuneration:		
fees payable to the principal auditor for the audit of the Group's financial statements	**47**	35

5 FINANCE COSTS

	2023	2022
	£'000	£'000
Short term loan finance costs	**166**	116
Bank interest and charges	**7**	-
Interest on convertible loan note	**18**	-
	191	116

6 EMPLOYEE REMUNERATION

The expense recognised for employee benefits for continuing operations is analysed below:

	2023	2022
	£'000	£'000
Wages and salaries (including directors and employee benefits)	**253**	487
Pensions	**19**	-
Amounts written off as due to directors	**(100)**	-
Social security costs	**71**	28
	243	515

Directors' remuneration:		
Wages and salaries (including benefits)	**253**	466
Pensions	**19**	-
Social security costs	**71**	26
	343	492

Further details of Directors' remuneration are included in the Report on Directors' Remuneration on page 18.

Only the directors are deemed to be key management, there are no employees and no employee remuneration. The average number of employees (including directors) in the Group was 6 (2022:6).

7 INCOME TAX EXPENSE

	2023	2022
	£'000	£'000
Current tax - ordinary activities	–	–

	2023	2022
	£'000	£'000
Loss before tax from ordinary activities	**(17,799)**	(2,122)
Loss before tax multiplied by rate of corporation tax in the UK of 23.5% (2022: 19%)	**(4,183)**	(403)
Effect of tax rates in foreign jurisdictions	**2,184**	-
Expenses not deductible for tax purposes	**2,537**	23
Unrelieved tax losses carried forward	**(538)**	380
Total tax charge for the year	–	–

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 23.5% (2022: 19%).

No deferred tax asset has been recognised in respect of the Group's losses as the timing of their recoverability is uncertain.

8 EARNINGS AND NET ASSET VALUE PER SHARE

Earnings

The basic and diluted earnings per share is calculated by dividing the loss attributable to owners of the Group by the weighted average number of ordinary shares in issue during the year.

	2023	2022
	£'000	£'000
Loss attributable to owners of the Group		
- Continuing operations	**(17,799)**	(2,122)
Continuing and discontinued operations	**(17,799)**	(2,122)

	2023	2022
Weighted average number of shares for calculating basic and fully diluted earnings per share	**352,852,268**	252,369,021

	2023	2022
	Pence	pence
Earnings per share:		
Loss per share from continuing and total operations	**(5.0)**	(0.8)

As the result for the year was a loss, the basic and diluted loss per share are the same. The weighted average number of shares used for calculating the diluted loss per share for 2023 and 2022 was the same as that used for calculating the basic loss per share as the effect of exercise of the outstanding share options was anti-dilutive.

9 OTHER OPERATING LOSSES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000

Loss on disposal of leases in Blade Oil V,LLC	**(501)**	-	-	-
Gain on reduction of OML 113 JV creditor	**1,456**			
Gain on settlement of OFX Holdings, LLC loan	**65**	-	-	-
Total	**1,020**	-	-	-

10 **INTANGIBLE ASSETS**

GROUP

The brought forward intangible asset relates to the Group's 9.2% revenue interest (12.3% cost share) in the OML 113 licence, which includes the Aje Field ("Aje") and the further costs of bringing the Aje 4 and Aje 5 wells into production.

During the year, 32.08% share of OML 113 was purchased by a third party for a consideration of 6,000,000. This was compared to the carrying value of the Company's share of OML 113 of £17,899,000 and was impaired down to the corresponding value of the Company's share of OML133, £4,803,000. A further impairment assessment was carried out and Aje was impaired by £4,606,013.

Acquisition of Blade V

During the year, the Company purchased 100% of the membership interest of Blade Oil V, LLC. The lease and goodwill from the acquisition has been recognised as an exploration asset in intangibles. Further details around this balance can be found in note 25.

	Development costs	
	2023	2022
	£'000	£'000
Cost		
At 1 January 2023	**23,719**	21,323
Additions	–	–
Exploration assets addition	**160**	-
Foreign currency exchange translation difference	**(1,122)**	2,396
At 31 December 2023	**22,757**	23,719
Amortisation		
At 1 January 2023	**5,820**	5,174
Charge for year	**57**	65
Impairment	**16,843**	–
Foreign currency exchange translation difference	**(320)**	581
At 31 December 2023	**22,400**	5,820
Net book value at 31 December 2023	**357**	17,899

Development costs are amortised on a useful economic basis which is aligned with output in a given financial period compared to total proven and possible production.

11 **INVESTMENT IN SUBSIDIARIES**

ADM Energy PLC (the Company) together with its below mentioned subsidiaries are the Group.

On 10 August 2016, the Group completed the agreement for the acquisition of Jacka Resources Nigeria Holdings Limited, now renamed ADM 113 Limited ("ADM 113"), a BVI registered company, in which Jacka Resources Limited ("JRL") held the single issued share. ADM 113's sole asset is its wholly owned subsidiary, P R Oil & Gas Nigeria Limited ("PROG"), a Nigerian registered company which holds a 9.2% revenue interest in the OML 113 licence, offshore Nigeria, which includes the Aje Field ("Aje"), where oil production commenced in May 2016. During the year, the investment was impaired to nil.

In April 2021 the Group acquired 51% of the equity in K.O.N.H. (UK) Limited for a nominal fee.

On 1 May 2023, the Group acquired 100% of the equity of Blade Oil V, LLC for £668,416. Further details can be found in note 25.

	2023	2022
	£'000	£'000
Balance at beginning of period	**12,343**	12,335
Advances to PROG	**-**	8
Acquisition of Blade V	**668**	-
Impairment of PROG	**(12,343)**	-

Balance at end of period	**668**	**12,343**

The Group's subsidiary companies are as follows:

Name	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
ADM 113 Limited	Holding company	British Virgin Islands Maples Corporate Services (BVI) Ltd Kingston Chambers P.O. Box 173, Road Town, Tortola	100% of ordinary shares
*P R Oil & Gas Nigeria Limited	Oil exploration & production	Nigeria 1, Murtala Muhammed Drive Ikoyi, Lagos	100% of ordinary shares
K.O.N.H. (UK) Limited	Dormant	60 Gracechurch Street, London, United Kingdom, EC3V 0HR	51% of ordinary shares
Geo Estratos MXOil, SAPI de CV	Dormant	Mexico Lago Alberto 319, Piso 6 IZA Punto Col. Granada, Del. Miguel Hidalgo CP 11520, Ciudad de Mexico	100% of ordinary shares
ADM Asset Holdings Limited	Dormant	60 Gracechurch Street, London, United Kingdom, EC3V 0HR	100% of ordinary shares
ADM 113 One Limited	Dormant	60 Gracechurch Street, London, United Kingdom, EC3V 0HR	100% of ordinary shares
ADM Energy Services Limited	Dormant	60 Gracechurch Street, London, United Kingdom, EC3V 0HR	100% of ordinary shares
ADM Energy USA Inc	Dormant	4001 Shady Valley Court, Arlington, Texas 76013	100% of ordinary shares
Blade Oil V, LLC	Oil exploration & production	4001 Shady Valley Court, Arlington, Texas 76013	100% of ordinary shares

12 INVESTMENT IN ASSOCIATES

On 1 November 2023, the Group acquired 53% of the equity of OFX Technologies, LLC for £1,062,148. Of this amount, £860,355 was recognised as share consideration for 86,035,489 ordinary shares of 1p each. The shareholding subsequently dropped to 46.8%. By virtue of its shareholding, ADM owned 46% of the voting rights of OXFT and 51.2% of the non-voting right. Therefore, the investment in OFX Technologies, LLC has been recognised as an associate using the equity method of accounting.

	2023	2022
	£'000	£'000
Balance at beginning of period	**-**	-
Investment in OFX Technologies, LLC	**1,062**	-
Balance at end of period	**1,062**	-

The Group's associate companies are as follows:

OFX Technologies, LLC	Holding company	4001 Shady Valley Court, Arlington, Texas 76013	46.8% of ordinary shares
* Efficient Oilfield Solutions, LLC	Oil exploration & production	4001 Shady Valley Court, Arlington, Texas 76013	100% of ordinary shares

*Indirectly held

13 INVESTMENTS HELD FOR TRADING

The table of investments sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset.

The investments held by the Group are designated as at fair value through profit or loss.

	GROUP AND COMPANY	
	2023	2022
	£'000	£'000

Fair value of investments brought forward	**28**	28
Impairment of investments	**(28)**	-
Fair value of investments held for trading	**-**	28
Investments held at the year end were categorised as follows		
Level 3	**-**	28
	-	28

The table of investments sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 valued using quoted prices in active markets for identical assets.

Level 2 valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Financial assets held at fair value through profit and loss". There are no Level 1 and Level 2 investments.

14 INVENTORY

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Inventory	**-**	36	–	–
Total inventory	**-**	36	–	–

Inventory represents the Group's share of the stock of oil lifted but unsold, stated at the lower of cost and market value. £36,000 was recognised as an expense during the year (2022 £Nil) as the inventory was unsaleable and written off during the year.

15 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Other receivables	**13**	18	**13**	13
Prepayments and accrued income	**5**	4	**5**	4
	18	22	**18**	17

The fair value of other receivables is considered by the Directors not to be materially different to carrying amounts. At the date of the Statement of Financial Position in 2023 and 2022 there were no trade receivables.

16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Cash at bank	**-**	25	**-**	25
Cash and cash equivalents	**-**	25		25

17 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023	2022	**2023**	2022
CURRENT PAYABLES	**£'000**	£'000	**£'000**	£'000
Trade payables	**668**	883	**660**	883
Tax and social security	**352**	414	**352**	414
Other payables	**29**	38	**30**	38
Short term loan finance	**155**	170	**155**	170
Accruals and deferred income	**574**	735	**543**	702
Contingent consideration	**495**	-	**495**	-
	[illegible]	[illegible]	[illegible]	[illegible]

	2,273	2,240	**2,235**	2,207
NON-CURRENT PAYABLES				
Amount owed in respect of OML 113 operating agreement	**1,303**	2,718	–	–
Long term loan finance	**283**	-	**282**	-
	1,586	2,718	**282**	-
Total current and non current payables	**3,859**	4,958	**2,517**	2,207

It is expected that the amount owed in relation to the Group's proportionate share of costs incurred as part of the OML 113 joint operating agreement will be offset against net revenues of the project.

The long term loan finance from Hessia Group Limited, is accruing interest at £200 per day. The principle loan amount was £120,000 and was originally due to be repaid by 29 August 2022. A default payment of £10,000 has been charged as the repayment date was missed, and an additional £60,000 has been charged as a finance fee.

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

18 BORROWINGS

Convertible loans ("CLNs")

On 25 May 2023, the Company issued secured convertible loan notes for up to1,500,000. The loan notes carry an interest rate of 15% per annum. Other key terms of the secured convertible loan notes are as follows:

- Date of maturity of 3 years
- Repayment in cash on the maturity date
- Conversion can take place at any time at 1p per share
- 12 months after completion, the loan will convert up to 29.9% of the Company's total shares

The net proceeds received from the issue of the CLNs have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

	GROUP AND COMPANY	
	2023	2022
	£'000	£'000
Liability component at 1 January	**-**	212
Nominal value of convertible Loans	**450**	–
Equity component	**(41)**	-
Interest charged	**18**	9
Repayments	**-**	(221)
Liability component at 31 December	**427**	-
Current portion of loans	**427**	-
Non-current portion of loans	**–**	–
	427	-

The interest charged for the year is calculated by applying an effective average interest rate of 15% to the liability component for the period since the loan notes were issued.

Other borrowings (non-current)

	2023	2022
	£'000	£'000
Other loans	**638**	287

£285,000 (2022: £247,000) of other borrowings is non-interest bearing and its repayment date was 15 May 2023. As this date has lapsed, interest is now accruing at 2% per month. The loan agreement gives the Group the right to convert the balance owed into shares at the ruling market rate at any time during the remaining term of the loan at the discretion of the Group. The loan is treated as a liability because while the value of equity to be issued on conversion is fixed, the number of shares is variable, meaning it meets the definition of a financial liability as set out by IFRS 9. The balance of other borrowings, £353,000 (2022: £40,000), is a loan that carries interest at 15% (2022: 6%) p.a and is repayable in full on 31 December 2025 (2022: 28 October 2024).

19 DECOMMISSIONING PROVISION

In accordance with the agreements and legislation, the wellheads, production assets, pipelines and other installations may have to be dismantled and removed from oil and natural gas fields when the production has ceased. The exact timing of the obligations is uncertain and depends on the rate the reserves of the field are depleted. However, based on the existing production profile of the OML 113 licence area and the size of the reserves, it is expected that expenditure on retirement is likely to be after more than ten years. The current basis for the provision is a discount rate of 10%.

The following table presents a reconciliation of the beginning and ending aggregate amounts of the obligations associated with the decommissioning of oil and natural gas properties

	2023 £'000	2022 £'000
Balance brought forward	**1,557**	1,264
Arising during the year	**147**	138
Foreign currency exchange translation difference	**(83)**	155
As at 31 December	**1,621**	1,557

20 CALLED UP SHARE CAPITAL

	Number of Ordinary shares	**Value £'000**	**Number of deferred shares**	**Value £'000**	**Total value £'000**	**Share Premium £'000**
Issued and fully paid						
At 1 January 2022 (ordinary shares of 1p)	**204,480,863**	**2,045**	**8,222,439,370**	**8,222**	**10,267**	**38,014**
Shares issued	**92,666,667**	**927**	–	–	**927**	**134**
Issue of warrants	-	-	-	-	-	**(2)**
Share issue costs	–	–	–	–	–	**(56)**
At 31 December 2022	**297,147,530**	**2,972**	**8,222,439,370**	**8,222**	**11,194**	**38,090**
Shares issued (see notes below)	**187,791,081**	**1,878**	–	–	**1,878**	**146**
At 31 December 2023	**484,938,611**	**4,850**	**8,222,439,370**	**8,222**	**13,072**	**38,236**

The deferred shares have restricted rights such that they have no economic value.

Share issues in the year ended 31 December 2023

On 25 May 2023, 15,714,667 ordinary shares of 1p each were issued at 1.2p as consideration for the investment in Blade Oil V, LLC, for a total of £188,576.

On 25 May 2023, 56,926,417 ordinary shares of 1p each were issued at 1.2p in exchange for the conversion of outstanding contractual liabilities, for a total conversion of £683,117 debt to equity.

On 14 November 2023, 29,114,508 ordinary shares of 1p each were issued as settlement of certain outstanding trade and other creditors, for a total of £291,145.

On 29 November 2023, 86,035,489 ordinary shares of 1p each were issued as consideration for the investment in OFX Technologies, LLC, for a total of £860,355.

Share issues in the year ended 31 December 2022

On 21 January 2022, 51,000,000 ordinary shares of 1p each were issued at 1.11p each as a result of a placing, raising £561,000 before expenses.

On 28 October 2022, 41,666,667 ordinary shares of 1p each were issued at 1.2p each as a result of a placing, raising £500,000 before expenses.

21 OTHER RESERVES

	Reserve for options/ warrants issued £'000	**Convertible loan note reserve £'000**	**Other reserves £'000**
Balance at 1 January 2022	**941**	**19**	**960**
Warrants issued in settlement of fees	**2**	**–**	**2**
Balance at 31 December 2022	**943**	**19**	**962**
Issue of options	**18**	**-**	**18**
Issue of warrants	**15**	**–**	**15**
Convertible loan note equity reserve	**–**	**41**	**41**
Balance at 31 December 2023	**976**	**60**	**1,036**

22 SHARE OPTIONS & WARRANTS

Options issued during the year ended 31 December 2023

On 25 May 2023, the Company issued 44,374,630 share options to Directors and employees. The options are

22 SHARE OPTIONS & WARRANTS

Options issued during the year ended 31 December 2023

On 25 May 2023, the Company issued 44,374,630 share options to Directors and employees. The options are exercisable at 1.2p per share for a period of 5 years from the date of issue.

Warrants issued during the year ended 31 December 2023

On 1 November 2023, the Company issued 39,959,017 investor warrants and 16,000,000 incentive warrants. The warrants are exercisable at 1p per share for a period of 3 years from the date of issue.

On 9 November 2023, the Company issued 34,410,000 warrants in respect of the debt restructure. The warrants are exercisable at 1.5p per share for a period of 3 years from the date of issue.

Warrants issued during the year ended 31 December 2022

In the following paragraphs the number of warrants issued prior to 31 December 2022 have been adjusted to reflect the 1 for 100 share consolidation.

On 26 January 2022, the Company issued 15,300,000 share warrants to subscribers in respect of a private placing. The warrants are exercisable at 4.5p per share for a period of 2 years from the date of issue

The fair value of the share options and warrants at the date of issue was calculated by reference to the Black-Scholes model. The significant inputs to the model in respect of the warrants issued in the year were as follows:

Issue date	25 May 2023	1 November 2023	9 November 2023	26 January 2022
Issue date share price	0.68p	0.5p	0.5p	1.11p
Exercise price per share	1.2p	1p	1.5p	4.5p
No. of options/ warrants	**44,374,630**	**55,959,017**	**34,410,000**	15,300,000
Risk free rate	2%	2%	2%	1%
Expected volatility	50%	50%	50%	50%
Expected life of option/warrant	5 years	3 years	3 years	2 years
Calculated fair value per share	0.1968p	0.076p	0.038p	0.0144p

The share warrants outstanding at 31 December 2023 and their weighted average exercise price are as follows:

	2023 Number	**2023 Weighted average exercise price (pence)**	2022 Number	2022 Weighted average exercise price (pence)
Outstanding at 1 January	**38,076,372**	**4.89**	31,581,012	5.15
Issued	**97,369,017**	**0.73**	15,300,000	4.50
Lapsed or cancelled	**(7,000,000)**	**-**	(8,804,640)	-
Outstanding at 31 December	**128,445,389**	**2.99**	38,076,372	4.89

The fair value of the share warrants recognised as part of the premium paid in respect of the share subscriptions in the year was £15,586. This amount was credited to the share warrant reserve and of this £10,175 (2022: nil) was recognised in the profit and loss account as these warrants were issued in exchange for credit facility fees. In 2022, £2,000 was recognised in the financial statements as the fair value of warrants issued.

23 RISK MANAGEMENT OBJECTIVES AND POLICIES

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

Management review the Group's exposure to currency risk, interest rate risk, liquidity risk on a regular basis and consider that through this review they manage the exposure of the Group on a near term needs basis

There is no material difference between the book value and fair value of the Group's cash.

MARKET PRICE RISK

The Group's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Group manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Group's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Group's net asset value and statement of comprehensive income increasing or decreasing by £185,000 (2022: £60,000).

comprehensive income increasing or decreasing by £[illegible] (2022: £[illegible]).

INTEREST RATE RISK

The Group and Company manage the interest rate risk associated with the Group's cash assets by ensuring that interest rates are as favourable as possible, whilst managing the access the Group requires to the funds for working capital purposes.

The Group's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

CREDIT RISK

The Group's financial instruments, which are exposed to credit risk, are considered to be mainly loans and receivables, and cash and cash equivalents. The credit risk for cash and cash equivalents is not considered material since the counterparties are reputable banks. The maximum exposure to credit risk for loans and receivables is as set out in the table below, and relates to the financing of the Group's joint venture interests.

The Group's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	2023	2022
	£'000	£'000
Cash and cash equivalents	**-**	25
Loans and receivables	**13**	18
	13	43

LIQUIDITY RISK

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Group's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk. Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Group's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk. In the current financial year and subsequent to the year end the Group has been carefully managing limited cash flows to ensure that working capital commitments can be met. Crucial to this is additional funding secured to ensure the continued going concern of the Group. Further details of this are included in the going concern accounting policy on page 35.

24 FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising cash to provide funding for the Group's operations.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IFRS 9 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2023	2022
	£'000	£'000
FINANCIAL ASSETS:		
Cash and cash equivalents	**-**	25
Investments held for trading (see fair value measurements below)	**-**	28
FINANCIAL ASSETS BY IFRS 7 FAIR VALUE HIERARCHY		
Level 3 - Investments held for trading	**-**	28
	-	28

FAIR VALUE MEASUREMENTS

The Group holds quoted investments that are measured at fair value at the end of each reporting period using the IFRS 7 fair value hierarchy as set out below.

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Group are explained in the accounting policy note, "Investments held for trading".

FINANCIAL LIABILITIES AT AMORTISED COST:

The IFRS 9 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2023	2022
	£'000	£'000
Trade and other payables	**3,542**	4,193
Borrowings	**793**	457

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest repayment date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000
2023					
Interest bearing:					
Borrowings	–	–	155	638	–
Non-interest bearing:					
Trade and other payables	–	1,664	–	1,303	–
2022					
Interest bearing:					
Borrowings	–	–	170	287	–
Non-interest bearing:					
Trade and other payables	–	1,475	–	2,718	–

As at 31 December 2023 the Group had net debt (defined as cash less borrowings) of £795,000 (2022: net debt of £432,000).

The movement arose from cash flows.

25 CONTINGENT LIABILITIES

OML 113 joint agreement

The Group recognises a liability in respect of its participation in the OML 113 Joint Operating Agreement. The liability disclosed in these accounts is based on a reconciliation of the amounts owed under the operating agreement entered into by the Group and other participators in the OML 113 operation. The reconciliation is based on returns and reconciliations provided by the project's operator, which references the Group's share of revenue received and costs incurred.

Liabilities subject to dispute

The Group and company's statement of financial position includes some liabilities subject to dispute with the counterparty. The Directors have taken the decision to accrue the maximum plausible exposure in each case in order to ensure the financial statements are not prepared on a materially misleading basis. Due to commercial and legal sensitivities no further specific details with respect to these disputes can be included here.

Other contingent liabilities

Due to financial solvency circumstances relating to a former director a claim of up to £150,000 could potentially be made against the company in the future. As the outcome of this situation is considered to be highly uncertain the directors have made no provision in the financial statements at this time.

26 ACQUISITION

Blade Oil V, LLC

On 25 May 2023, the Company purchased 100% of the membership interest of Blade Oil V, LLC fromOFX Holdings, LLC. Blade Oil V,LLC has five on-shore US oil leases.

The total consideration payable was £999,208. This comprised of US 235,720 (£188,576) financed via the issuance of 15,714,667 new ordinary shares at a price of 1.2p per share, US 235,720 (£190,557) loan note issued by ADM Energy USA, the issue of warrants over 7 million ordinary shares in the Company and contingent deferred consideration of £618,432.

The contingent deferred consideration will be payable on the first 180,000 barrels of oil produced. The production payment will be US 5.00 per barrel if the realised price is greater than US 70.00 per barrel and US 3.50 if the realised price is greater than US 50.00 per barrel and less than US 70.00 per barrel. There will be no payment in periods when the realised oil price is less than US 50.00 per barrel. It was determined that there was a 50% probability of achieving either benchmark. This resulted in the contingent deferred consideration being valued at £618,432.

On 9 November, 2023, the Company returned all of the leases with the exception of the Altoona lease to OFX Holdings, LLC. The total consideration was reduced by the cancellation of US 250,000 of debt obligations owed to OFX Holdings, LLC., the reduction of the contingent deferred consideration of US 150,000 and the 7 million warrants were terminated. After returning the leases, the investment in Blade Oil V, LLC reduced by £836,047.

The following table summarises the consideration paid for Blade Oil V,LLC and the fair values of the assets and equity assumed at the acquisition date and then after the remaining leases were returned:

	£
Total proceeds from share issue	188,576
Total proceeds from loan facility	190,557
Total proceeds from warrants issue	1,643
Total proceeds from contingent liability	618,432
Less proceeds from warrants terminated	(1,643)
Less reduction on loan facility	(156,326)
Less reduction in total consideration due	(49,366)
Less reduction in contingent liability	(123,416)
Total consideration payable	**668,457**

Recognised assets and liabilities acquired:	
Intangible assets - Exploration asset	41,900
Altoona lease	121,261
Other leases	505,296
Total identifiable net assets	**668,457**
Goodwill	-

In accordance with IFRS 3, the Group conducted a Purchase Price Allocation (PPA) analysis to split out separately identifiable assets from acquired goodwill. Upon completing this analysis, the Group acknowledged a £161,926 decrease to goodwill and a corresponding uplift in exploration assets.

27 RELATED PARTY TRANSACTIONS

The remuneration of the Directors, who are key management personnel of the Group, is set out in the report on Directors' Remuneration.

OFX Holdings, LLC

OFX Holdings, LLC is a substantial shareholder of the Company. Stefan Olivier and Claudio Coltellini are nominee directors for OFX Holdings, LLC.

On 25 May 2023, the Company purchased Blade Oil V, LLC from OFX Holdings, LLC. The details of this transaction are in note 25. On the same date, the Company entered into a 'USA loan facility' agreement with OFX Holdings, LLC, for235,720 (£190,557) at 9% interest per annum. A secured convertible loan note was issued to OFX Holdings, LLC for a total of250,000 (£209,410). On 9 November 2023, OFX Holdings, LLC discounted and converted 275,000 (£226,000) of the outstanding loan with the company to 15,820,000 ordinary shares for a total of £158,200 and 7,910,000 3 year warrants, resulting in a gain to the company of £65,024 (note 9). A further 26,500,000 warrants of 1.5p each with an expiry date of 3 years were issued to OFX Holdings, LLC. On 14 November 2023, the remaining loan amounts of £352,990 outstanding with OFX Holdings, LLC was consolidated onto one loan agreement with a 15% interest rate per annum and a maturity date of 31 December 2025.

On 29 November 2023, the company acquired 53.1% of the economic interest in OFX Technologies, LLC from OFX Holdings, LLC for a total consideration of £801,553, made up 79,918,033 shares are 1p each, 39,959,017 restricted warrants at 1p each with a 3 year term, and a further 16 million incentive warrants at the same price and terms.

Directors

On 25 May 2023, the Company issued a secured convertible loan note to Oliver Andrews, who was a director of the Company during the year, for a total of 100,000 (£78,905). On the same date, £100,000 of ordinary shares were issued to Oliver Andrews in exchange for his services to the Company during the year.

On 25 May 2023, ordinary shares of 1p each were issued to Stefan Olivier and Richard Carter as an incentive, for £50,000 to each of them.

28 ULTIMATE CONTROLLING PARTY

- The Directors do not consider there to be a single ultimate controlling party.

29 POST PERIOD END EVENTS

Post period events are detailed in the Directors' Report

On 1 January 2024, the Company acquired 100% of SW Oklahoma Reclamation, LLC from Bargo Capital, LLC and OFX Holdings, LLC. As a result of the investment, the Company will have a 30.6% interest in JKT Reclamation LLC. The total consideration was US 827,500 comprising; 43,200,000 ordinary shares of 1p each for US 540,000, a cash investment of US 287,500 and the grant of 14,640,000 3-year, 1.0p warrants.

In April 2024, Concepta Consulting AG entered into an investment agreement with the Company. 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. A further 6,050,000 new ordinary shares at 1p per share were also issued. In aggregate £220,500 was raised. Concepta Consulting AG now holds 5.4% of the enlarged share capital of the Company.

The remaining contingent payment of up to US 615,000 associated with the Blade Oil V, LLC assets debt reduction was terminated by OFX Holdings, LLC.

On 1 June 2024, the Company acquired 100% of the equity interest of Vega Oil and Gas, LLC for a consideration of US 150,000 capital commitment by ADM USA, a US 100,000 borrowing facility and the issuance of 20 million, 5-year warrants in the Company with an exercise price of 1.0 pence.

ADM USA has entered into a financing agreement with OFX Holdings, LLC, who will provide up to US 600,000 financing, with an interest rate of 12.0% per annum.

£532,752 total debt with OFX Holdings, LLC; Ventura Energy Advisors, LLC; and, Catalyse Capital, Ltd was converted into 53,275,200 ordinary shares in the Company at a price of 1.0p per share. A further £100,000 due to Catalyse Capital, Ltd has been settled by the issue of an additional 10,000,000 shares at a price of 1.0p per share.

On 1 July 2024, the Company was temporarily suspended from trading on AIM. The suspension will be lifted once these audited accounts are published.

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