

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.

30 September 2019

## ADM Energy plc

("ADM Energy", the "Group" or "Company")

### Half-yearly report

*Continued stable production at the Aje Field*

*ADM Energy on track to become cash flow positive in H1 2020*

ADM Energy plc (AIM: ADME), an oil and gas investing company quoted on AIM, announces its unaudited half-yearly results for the six months ended 30 June 2019.

#### Financial Highlights:

	H1 2019	H1 2018	Change
<b>Group level</b>			
Revenue	£2.2m	£968k	Increased by 124%
Loss after tax	£448k	£1.1m	Reduced by 61%

#### Investment Highlights:

*The Aje Field, part of OML 113, in which ADM Energy holds a 5% equity investment*

- Oil continues to be produced at a broadly stable rate from two wells (Aje-4 and Aje-5) at an average of 3,009 bopd
- In June 2019, Aje completed its 11th lifting, equating to 297,581 barrels sold by the joint operators at \$64.844 per barrel
- Total produced volume of approximately 662,448 barrels of oil from January to August 2019
- Significant increase in recoverable oil reserves outlined by the Competent Person's Report ("CPR") updated in April 2019 as a result of better than expected production levels
- Aje partnership fully paid the \$9.8m licence renewal fee, thereby securing a 20-year extension of the OML 113 licence
- Technical work has largely been concluded to support a decision on Aje Phase 2 development; targeting estimated gross production of 8-12,000 bopd

#### Post Period Highlights:

- Appointed Osamede Okhomina as Chief Executive Officer of ADM Energy in mid-July
- Raised additional equity of c.£1.33 million gross in two fundraisings

#### Osamede Okhomina, CEO of ADM Energy, commented:

"During this period, there have been two liftings and sales from Aje which continues to produce at a stable rate. The revenues generated from the Aje Field means ADM Energy remains on track to become cash flow positive in H1 2020, subject to continued production, sustained oil prices and no unforeseen expenditure at the asset level. This is a key milestone for the Company and provides us with a strong platform from which to expand the business. Our confidence in the Aje Field has been enhanced, particularly by the partners' renewal of the production licence for a further twenty years, and discussions are taking place for further development drilling in 2020.

"We continue with our plans to build a larger investment portfolio of undervalued projects by leveraging on our extensive network across Africa and originating deals for appraisal, development and producing assets. The Board looks forward to the future with confidence."

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## **Operating Review**

It has been another period of strong oil production at the Company's investment in Nigeria, the Aje Field, where the two wells within block OML 113 have continued to produce at very steady rates. As a result, ADM Energy remains on track to become cash flow positive in 2020, providing a platform from which the Company can expand its portfolio of projects.

### **Aje Field Investment**

ADM Energy holds a 5% equity investment in his field in OML 113, which covers an area of 835 sq km offshore Nigeria. Aje has multiple oil, gas and gas condensate reservoirs in the Turonian, Cenomanian and Albian sandstones with five wells drilled to date. It currently has two producing wells, Aje-4 in the Cenomanian and Aje-5 in the Turonian.

In the first six months of 2019, operations at the OML 113 licence continued to make good progress, underpinned by strong performance of the Turonian and Cenomanian reservoirs which continue in line with the operating partners' expectations.

In March 2019, the operating partners successfully completed the 10<sup>th</sup> cargo lifting from the Aje Field, with the Company's share of the lifting equating to 17,323 barrels. The lifting was sold by the joint operators at an oil price of \$66.97 per barrel meaning that, at the project level, the Company's investment produced \$1.16 million revenue and net profit of approximately \$600,000 from the 10<sup>th</sup> lifting. The profit from the lifting was used to significantly reduce the project level debt allocated to all the partners.

In June 2019, Aje completed its 11<sup>th</sup> lifting, equating to 297,581 barrels sold by the joint operators at \$64.844 per barrel representing a Company share of 14,879 barrels. At the project level, the Company's investment produced \$0.96 million revenue and a net profit of approximately \$550,000 from 11<sup>th</sup> lifting. The profit from lifting was used to reduce project level debt allocated to all partners.

Project level operating costs remain as forecast and there is no planned or required capital expenditure anticipated in the short term. As a result, it is expected that the project will only require two further liftings (being October 2019 and January 2020) and sales of the oil to repay the liabilities at project level and to start generating free cash flow for the investors. This assumption is based on normal operating conditions, the current price of oil and continued production from Aje remaining stable.

### *New CPR: Aje Recoverable Oil Reserve*

In April 2019, the Company received an updated CPR completed by AGR Tracs International Limited (“AGR TRACS”) which updated its previous CPR with the production data from May 2016 to 31 December 2018 from its two producing wells.

The reserves reported in the 2019 CPR are reported in the table below as compared to the 2018 CPR, also completed by AGR TRACS:

Reserves	2019	2019	2018	2018
	Gross MMboe	Net entitlement to ADM Energy MMboe	Gross MMboe	Net entitlement to ADM Energy MMboe
1P Proven Reserves	82.4	5.2	78.2	5.0
2P Proven and Probable Reserves	138.2	8.9	127.1	8.2
3P Proven, Probable and Possible Reserves	220.8	12.8	215.0	12.7

The CPR reported that 2P Proven and Probable Reserves showed an increase from 127.1 MMboe gross to 138.2 MMboe gross. Of note to the Company, as previously reported, was that recoverable oil reserves, which is one of the component elements of the estimated reserves figure, had risen from 2.96 MMbbls gross in 2018 to 4.73 MMbbls gross in 2019. This is a significant increase considering the field producing over 1 million gross barrels over the course of 2018.

In estimating reserves, contingent and prospective resources, AGR TRACS used the standard petroleum engineering techniques. These estimates are based on the joint definitions of the Society of Petroleum Engineers, the World Petroleum Congress, the American Association of Petroleum Geologists and the 2007 PRMS (Petroleum Resources Management System). The updated CPR announcement released by the Company on 30 April 2019 was reviewed by Wim Burgers, a qualified production geologist with more than 40 years' experience in the oil and gas industry, who also reviewed the AGR TRACS report to which it relates.

### *Field Development Plan*

In line with Phase 3 of the Field Development Plan approved by the Government of Nigeria, the operating partners are currently developing various plans for gas production from condensate reservoirs in the Turonian sandstones at Aje. Discussions are taking place with potential off-takers and investors and an update will be provided soon.

### *Licence renewal*

Following consent from the Minister of Petroleum Resources, in April 2019, the Aje partners fully paid the \$9.8m licence renewal fee, thereby securing a 20-year extension of OML 113 licence. The renewal is subject to the satisfaction of certain conditions, including a commitment to develop the gas potential of the licence.

### **Strategy**

The Company's strategy is to seek to build an oil and gas investing company targeting projects with attractive risk reward profiles. Its investing strategy is to look at the natural resource sector, the oil services, power and energy sectors and in technology related to these sectors. The Company considers that it is likely to focus more on the natural resource sector in the coming period and plans to build a larger investment portfolio of undervalued projects by originating deals for appraisal, development and producing assets. The Company's primary approach to deal making will be to “option” appraisal assets where oil and gas has already been discovered, conduct a detailed evaluation, and then make a debt or equity contribution to access upside for all ADM Energy shareholders. The benefit of this approach is that the Company raises equity only after the asset has in principle been secured. This allows the Company to gear up its equity pre-commitment.

Predominantly, in respect of its focus on the natural resource sector, the Company would define the asset classes it will consider as follows:

### ***Asset Classes***

The asset classes that the Company intends to focus on are:

- Appraisal Assets
  - The Company will focus primarily on these assets which have been explored and have little by way of geological risk
- Development Assets
  - These are assets which have been appraised and are ready for development
- Producing Assets
  - The Company may also consider joining bidding syndicates to purchase these assets

The Company has formed alliances with key providers of debt within Africa which are supportive of natural resource deals. These relationships are mature and long standing and can potentially provide the Company with funding that preserves its equity which can later be deployed, post-investment, at higher, less dilutive valuations. Furthermore, the Company recently raised funds from Zark Capital Limited (“Zark”) and is developing a relationship with Zark to seek to source alternative funding for investment opportunities as they arise. The directors consider that this will give the Company a greater ability to source opportunities knowing that funding, including the terms of any such funding, may be available in advance.

### **Corporate Update**

On 10 June 2019, the Company changed its name to ADM Energy plc from MX Oil plc.

ADM Energy is reorganising its board of directors and senior management to bring in more financing industry specialists as well as technical expertise. This will further strengthen the Company’s position to successfully appraise and progress investment opportunities as part of its asset selection and development strategy.

In July 2019, ADM Energy appointed Osamede Okhomina as Chief Executive Officer and a board member of the Group. Mr Okhomina brings over 20 years of experience in the global oil and gas industry, with a track record of financing projects and growing businesses. He has considerable business connections and has secured over \$300 million of direct foreign investment into the Nigerian oil and gas sector in addition to working all across Africa.

As previously announced, the Company is looking to make further appointments to the Board and further announcements will be made in due course.

### **Financial Review**

In the six months ended 30 June 2019, two oil lifts were conducted in Aje Field, generating Oil Sales revenue of £2.2 million, compared to H1 2018 (£968,000) when only one oil lift was conducted. This amounted to an increase in revenues of 124% in H1 2019.

Operating costs were £2.1 million (H1 2018: £1.4 million) and the Group successfully lowered administrative expenses to £511,000 (H1 2018: 693,000), a decrease of 26%.

As a result, loss after taxation for the period was reduced to £448,000 (H1 2018: £1.1 million loss).

The Directors do not propose a dividend (H1 2018: £nil). Cash and cash equivalents as at 30 June 2019 was £84,000 (30 June 2018: 94,000).

### ***Funding***

In April 2019, the Group raised £680,000, before expenses, through a subscription for general working capital purposes.

Post-period end, the Group raised c.£500,000 gross from a placing with Pello Capital Limited and PrimaryBid offer, and a further £832,000 gross from a conditional subscription by Zark Capital and other investors.

## **Outlook**

The Company's confidence in the Aje Field has been enhanced, particularly by the partners' renewal of the production licence for a further twenty years, and discussions are taking place for further development drilling in 2020.

The Company expects the current production volume of wells Aje-4 and Aje-5 to continue in the second half of the year and into 2020. With sustained oil prices and no planned or unforeseen expenditure needed at project level, it is expected that Aje will only require sales from two further liftings (October 2019 and January 2020) to generate positive cash flow. As a result, ADM Energy expects to achieve the significant milestone of becoming cash flow positive in H1 2020.

It is the Company's intention to build a larger, balanced portfolio of projects, in line with its investment strategy, and the board and senior management team will look to be strengthened to add both financial oversight and technical expertise.

## **UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Notes	<b>Unaudited 6 months ended 30 June 2019 £'000</b>	Unaudited 6 months ended 30 June 2018 £'000	Audited Year ended 31 December 2018 £'000
<b>Continuing operations</b>				
Revenue		<b>2,171</b>	968	3,127
Operating costs		<b>(2,094)</b>	(1,422)	(2,356)
Administrative expenses		<b>(511)</b>	(693)	(1,620)
<b>Operating loss</b>		<b>(434)</b>	(1,147)	(849)
Finance costs		<b>(14)</b>	–	–
<b>Loss on ordinary activities before taxation</b>		<b>(448)</b>	(1,147)	(849)
Taxation		–	–	–
<b>Loss for the period</b>		<b>(448)</b>	(1,147)	(849)
<b>Other Comprehensive income:</b>				
Exchange translation movement		<b>45</b>	150	404
<b>Total comprehensive loss for the period</b>		<b>(403)</b>	(997)	(445)
<b>Basic and diluted loss per share</b>	2			
From continuing and total operations		<b>(1.28)p</b>	(6.58)p	(4.36)p

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Share capital £'000	Share premium £'000	Reserve for options granted £'000	Reserve for warrants issued £'000	Exchange translation reserve £'000	Retained deficit £'000	Total equity £'000
<b>At 1 January 2018</b>	<b>8,389</b>	<b>31,533</b>	<b>172</b>	<b>783</b>	<b>(746)</b>	<b>(25,932)</b>	<b>14,199</b>
Loss for the year	–	–	–	–	–	(849)	(849)
Exchange translation movement	–	–	–	–	404	–	404
Total comprehensive expense for the year	–	–	–	–	404	(849)	(445)
Issue of new shares	110	1,390	–	–	–	–	6,575
Share issue costs	–	(90)	–	–	–	–	(449)
<b>At 31 December 2018</b>	<b>8,499</b>	<b>32,833</b>	<b>172</b>	<b>783</b>	<b>(342)</b>	<b>(26,781)</b>	<b>15,164</b>
Loss for the period	–	–	–	–	–	(448)	(448)
Exchange translation movement	–	–	–	–	45	–	45
Total comprehensive expense for the period	–	–	–	–	45	(448)	(403)
Issue of new shares	188	564	–	–	–	–	752
Share issue costs	–	(40)	–	–	–	–	(40)
<b>At 30 June 2019</b>	<b>8,687</b>	<b>33,357</b>	<b>172</b>	<b>783</b>	<b>(297)</b>	<b>(27,229)</b>	<b>15,473</b>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Unaudited 6 months ended 30 June 2019 £'000	Unaudited 6 months ended 30 June 2018 £'000	Audited Year ended 31 December 2018 £'000
<b>NON-CURRENT ASSETS</b>			
Development costs	16,403	15,561	16,362
	<b>16,403</b>	15,561	16,362
<b>CURRENT ASSETS</b>			
Investments held for trading	200	200	200
Trade and other receivables	41	31	29
Cash and cash equivalents	84	94	216
	<b>325</b>	325	445
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,255	2,244	1,643
	<b>1,255</b>	2,244	1,643
<b>NET CURRENT LIABILITIES</b>	<b>(930)</b>	(1,919)	(1,198)
<b>NET ASSETS</b>	<b>15,473</b>	13,642	15,164
<b>EQUITY</b>			
Ordinary share capital	8,687	8,399	8,499
Share premium	33,357	31,963	32,833

Reserve for options granted	172	172	172
Reserve for warrants issued	783	783	783
Exchange translation reserve	(297)	(596)	(342)
Retained deficit	(27,229)	(27,079)	(26,781)
Equity attributable to owners of the Company and total equity	15,473	13,642	15,164

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Unaudited 6 months ended 30 June 2019 £'000</b>	Unaudited 6 months ended 30 June 2018 £'000	Audited Year ended 31 December 2018 £'000
<b>OPERATING ACTIVITIES</b>			
Loss for the period	<b>(448)</b>	(1,147)	(849)
Adjustments for:			
Finance costs	<b>14</b>	–	–
Operating cashflow before working capital changes	<b>(434)</b>	(1,147)	(849)
(Increase)/decrease in receivables	<b>(12)</b>	4	6
(Decrease)/increase in trade and other payables	<b>(84)</b>	882	594
Net cash outflow from operating activities	<b>(530)</b>	(261)	(249)
<b>INVESTMENT ACTIVITIES</b>			
Proceeds on disposal of investments	–	4	4
Purchase of investments	–	(25)	(25)
Development costs	<b>(318)</b>	(104)	(952)
Net cash outflow from investment activities	<b>(318)</b>	(125)	(973)
<b>FINANCING ACTIVITIES</b>			
Issue of ordinary share capital	<b>752</b>	500	1,500
Share issue costs	<b>(40)</b>	(60)	(90)
Net cash inflow from financing activities	<b>712</b>	440	1,410
<b>Net increase/(decrease) in cash and cash equivalents from continuing and total operations</b>	<b>(136)</b>	54	188
Exchange translation difference	<b>4</b>	(10)	(22)
Cash and cash equivalents at beginning of period	<b>216</b>	50	50
Cash and cash equivalents at end of period	<b>84</b>	94	216

**NOTES TO THE HALF-YEARLY REPORT**

- The financial information set out in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the period ended 31 December 2018, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2018. The interim financial statements have not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

The financial statements have been prepared on a going concern basis under the historical cost convention. The Directors believe that the going concern basis is appropriate for the preparation of the financial statements as the Company is in a position to meet all its liabilities as they fall due.

## 2. Earnings per share

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

	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Year ended 31 December 2018 (audited)
Weighted average number of shares in the period	34,911,287	17,431,729	19,492,450
Loss from continuing and total operations	(£448,000)	(£1,147,000)	(£849,000)
<b>Basic and diluted loss per share:</b>			
From continuing and total operations	(1.28)p	*(6.58)p	*(4.36)p

\*Figure adjusted for consolidation purposes.

- No interim dividend will be paid.
- Copies of the interim report can be obtained from: The Company Secretary, ADM Energy plc, 17th Floor, Dashwood House, 69 Old Broad Street, London, EC2M 1QS and are available to view and download from the Company's website: [www.admenergyplc.com](http://www.admenergyplc.com).

### Glossary

BOPD	barrels of oil per day
MMBoe	million barrels of oil equivalent