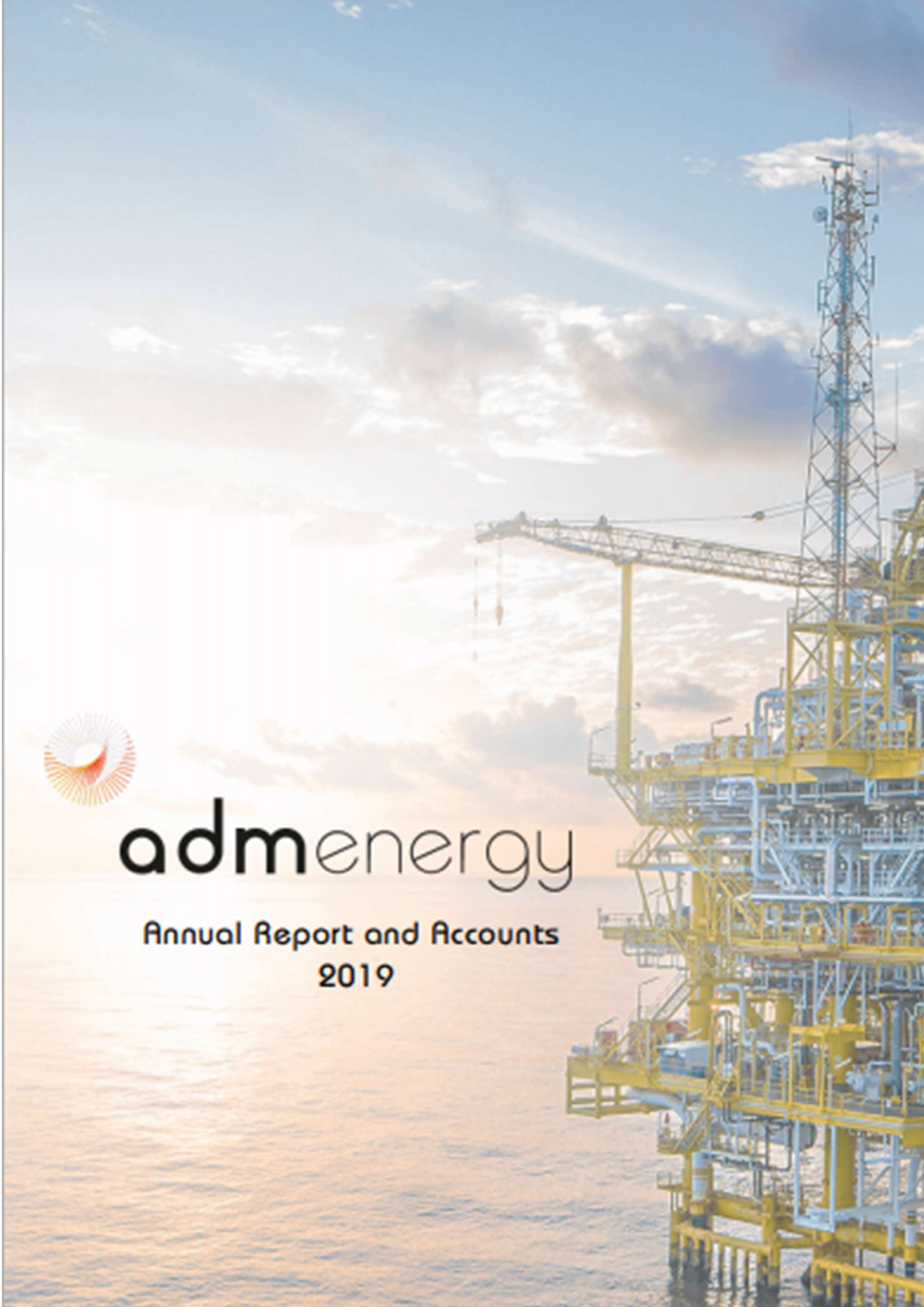

admenergy

Annual Report and Accounts 2019

WHO WE ARE

ADM Energy is a natural resources investment company with an existing asset base in Nigeria. We hold a 5% profit interest in the Aje Field, part of OML 113, and have entered into an agreement to acquire a further 4.2% profit interest in the asset.

We are seeking to build on our existing asset base and target other investment opportunities across the West African region in the oil and gas sector. These will be based on attractive risk reward profiles such as proven nature of reserves, level of historic investment, established infrastructure, route to early cash flow and exploration upside.

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COMPANY INFORMATION

DIRECTORS:	Peter Francis (Non-Executive Chairman) Osamede Okhomina (Chief Executive Officer) Richard Carter (Chief Operating Officer) Sergio Lopez (Non-Executive Director) Manuel Lamboley (Non-Executive Director)
REGISTERED OFFICE:	60 Gracechurch Street London EC3V 0HR
COMPANY NUMBER:	05311866
SECRETARY:	Shakespeare Martineau LLP
NOMINATED ADVISER:	Cairn Financial Advisers LLP Cheyne House Crown Court 62-63 Cheapside London, EC2V 6AX
LEAD BROKER	Hybridan LLP 2 Jardine House The Harrovian Business Village Beesborough Road, Harrow Middlesex HA1 3EX
JOINT BROKER:	Pello Capital Limited 10 Lower Thames Street London, EC3R 6AF
REGISTRARS:	Computershare Investor Services Plc The Pavilions Bridgwater Road Bristol, BS99 7NH
SOLICITORS:	Locke Lord (UK) LLP Second Floor 201 Bishopsgate London EC2M 3AB
INDEPENDENT AUDITOR:	Haysmacintyre LLP Statutory Auditor Chartered Accountants 10 Queen Street Place London, EC4R 1AG
FINANCIAL PR	Luther Pendragon 48 Gracechurch Street London, EC3V 0EJ

2019 OVERVIEW

OML 113 Investment Highlights

- Aje Field asset in OML 113 continued to perform well:
  - Oil is being produced at a stable rate from two wells in the Aje Field (Aje-4 and Aje-5ST2)
  - Two wells achieved a total produced volume of 890,203 barrels of oil in 2019
  - Combined average barrels of oil per day from the two wells of 2,967 bopd (148 bopd net to ADM Energy)
  - Field Development Plan for the Turonian Aje gas project is in the initial planning stages with the partners, aimed at tripling production to 9,000 bpd
  - An increase in reserves outlined by the Competent Person's Report updated in April 2019
- Aje partnership fully paid the $9.8m licence renewal fee, securing a 20-year extension of the OML 113 licence

Financial and Corporate Highlights

- Revenue was £2.5m (2018: £3.1m)
- Loss after tax £1,673,000 (2018: £968,000 loss)
- Successfully raised additional equity of £2.0 million in three fundraisings in 2019
- Strengthened Board and Management team with the following appointments:
  - Osamede Okhomina as CEO in July 2019
  - Peter Francis as Non-Executive Chairman and Manuel Lamboley as Non-Executive Director in October 2019

Post Period

- In February 2020, entered into an agreement with EER (Colobos) Nigeria Limited to increase its revenue interest in OML 113 from 5% to 9.2%, significantly increasing ADM's net 2P reserves from 8.9 MMboe to 16.4 MMboe, expected to complete in Q3 2020.
- Signed MoU in February 2020 with Trafigura Pte Ltd for strategic alliance to develop investment opportunities in the African energy sector
- OML 113 operational costs reduced by 37.5% – break even reduced to US$28 per barrel
- In H1 2020, raised £250k in two fundraisings for working capital and converted £152k of debt to equity
- In June 2020, added dual listings on the Berlin and Frankfurt stock exchanges to support growth and broaden investor base

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 December 2019

I am delighted to report on the Company's audited results for the year ended 31 December 2019, my first set of full year results as Chairman of ADM Energy, since joining in October 2019. In that time, my conviction in the potential of the Company has only strengthened, both from working with the management team and assessing the excellent growth opportunities that exist in the market.

With a focus on West Africa and a quality oil producing asset offshore Nigeria, ADM is an oil and gas investing company with an aggressive growth strategy to increase shareholder value by acquiring undervalued 2P reserves without the risks associated with high cost exploration. We evaluate investments at various stages of the production cycle focused on appraisal, development and producing assets where the risk factor is significantly reduced.

Our strategy today is focussed solely on West Africa where we have good experience of the operating environment and a deep knowledge of the proven hydrocarbon basins and assets. We have an excellent team in place under the leadership of our CEO Osa Okhomina, who joined the Company in July 2019. I have known Osa personally for over 10 years and he has an excellent track record of negotiating and successfully closing deals across West Africa. Osa also has intimate knowledge of the Aje project having been heavily involved in its development for many years prior to joining ADM Energy. We continually look for opportunities to refresh key management positions to ensure that the Company has the team in place to deliver on its high growth strategy. In the main, our strategy is governed by four guiding principles:

- To focus on high quality acquisition of 2P reserves without overpaying.
- To secure access to capital and financial liquidity.
- To build the best in class management team.
- To operate in a safe and environmentally responsible manner.

COVID-19 has had a devastating impact globally including oil markets, but as economies begin to re-open we are beginning to see oil prices recover from their recent lows. With its strategy to increase oil and gas reserves and production, ADM is well positioned to take advantage of the recovery. In addition, as oil majors continue to look to divest assets, this presents a buyer's market with attractive opportunities emerging at depressed valuations, even more so in the current macro environment.

The Company and its partners have also taken action to cut costs at both the FPSO Front Puffin operating level and at Headquarters. At Asset level the costs have been reduced to breakeven $28 per barrel. This has put ADM Energy in a position to withstand market uncertainties with cash reserves to enable safe operations through to the end of 2020.

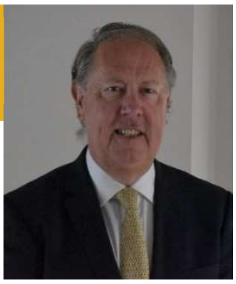
Good progress has been made during the first quarter of 2020 to complete the 25% acquisition of EER's 16.8% share within the Aje field. In May 2020 we met the $250,000 consideration required to complete the first phase of the purchase and are now actively seeking the transfer of title from the Government of Nigeria. We expect this to be achieved by Q3 2020 whereupon we will complete the transaction by the payment of a further $2.75 million in cash and shares. This will increase ADM's share in the Aje field from 5% to 9.2% effectively doubling the 2P reserve base from 8.9 MMboe to 16.4 MMboe. We have several other transactions in the pipeline which, similar to the EER deal, will be highly accretive to the Company.

In the first quarter 2020 we have been successful in two fundraisings providing £300K in working capital. We have also secured an MOU with Trafigura for up to $100 million of project finance, a strong endorsement of the Company's management team and strategy. We continue to work closely with Trafigura in presenting new projects in which they have the option to participate and we are confident that we will be able to work together to fund our aggressive growth strategy. Project plans in 2021 to drill three new wells in the Aje field and increase production from 3,000 bpd to 9,000 bpd are on track and we are finalising plans within the Aje consortium to competitively bid the drilling and well completion services. We are also looking at options to commercialise Aje gas to fuel the growing power markets in Nigeria, Benin and Togo.

We have recently applied and then been admitted to trade on the Frankfurt and Berlin Stock Exchanges under the ticker P4JC. The dual listing in Frankfurt and Berlin, which does not affect the trading of the Group's shares on AIM, will further increase the visibility of ADM Energy's shares in continental Europe and build relationships with a wider group of new investors.

Finally, I would like to extend my thanks to my fellow Board colleagues and management team for their dedication, professionalism, and tireless efforts towards ADM Energy. I would also like to thank our shareholders for their continued support. With the new team in place, I am confident that the next 12 months will be an exciting and transformative year for ADM as we deliver on our growth goals and targets.

PETER FRANCIS
Non-Executive Chairman
29 June 2020

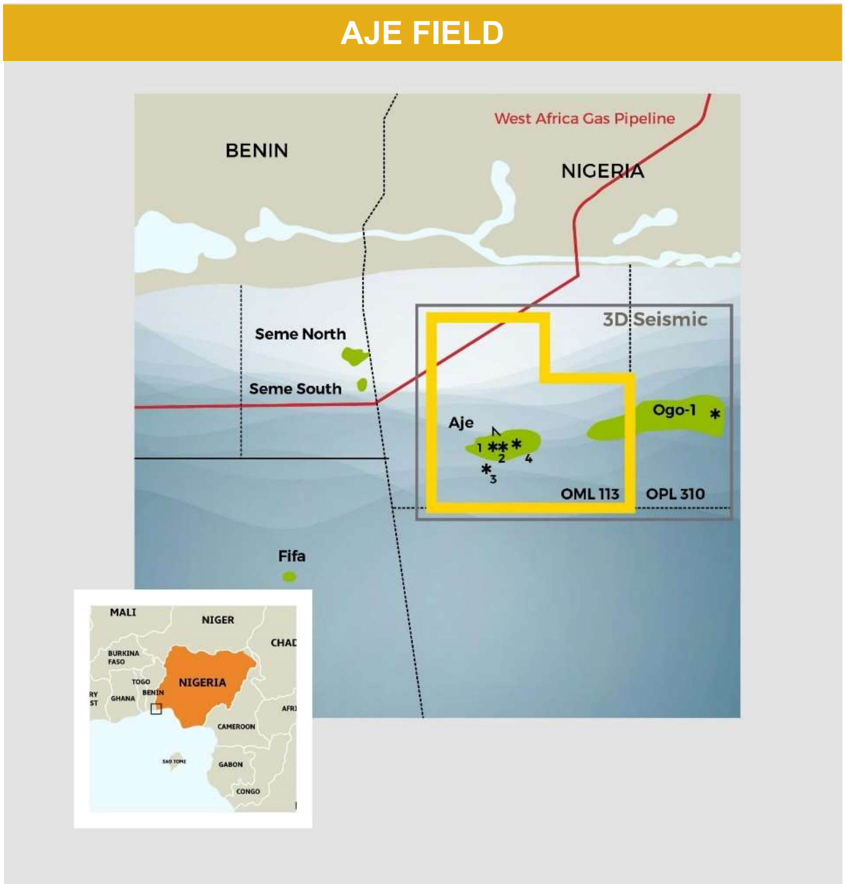


STRATEGIC REPORT

FOR THE YEAR ENDED 31 December 2019

The Directors present their Strategic Report for the Group for the year ended 31 December 2019. The Chairman's Report on page 4 forms part of this report.

Aje Field



The Aje Field in OML 113 offshore Nigeria is an oil producing asset which is rich in gas and condensate reserves. It is strategically located 24km offshore Lagos where it benefits from increasing local energy demand, particularly for gas which is viewed as a replacement fuel for diesel and commands a premium. The field is also within close proximity to the West African Gas Pipeline which presents a potential opportunity for gas monetisation in neighbouring countries such as Benin and Togo.

In February 2020, the Group entered into an agreement with EER (Colobos) Nigeria Limited, subject to completion, to increase its revenue interest in OML 113 from 5% to 9.2%. Upon completion, ADM's net 2P reserves will increase from 8.9 MMboe to 16.4 MMboe with net daily reserves, based on current production, rising from 148 bopd to approximately 273 bopd.

Operations

Oil continues to flow at a stable rate from the two producing wells, Aje-4 and Aje-5ST2. Annual net production in 2019 totalled 890,203 barrels of oil (2018: 1,200,000 barrels). The reduction was caused by both routine maintenance work on the floating production storage and offloading facility ("FPSO") and significant equipment upgrades on the gas lift modules in the second half of the year. Average barrels of oil per day ("bopd") was 2,967 (2018: 3,100 bopd), of which 148 bopd was net to ADM (2018:155 bopd).

In 2019, the joint venture partners successfully reduced operating costs to mid-US$30 per barrel. In light of the unprecedented macro conditions post period, the partners successfully reduced operational and maintenance costs by 35%, and FPSO lease costs by 40%. As a result, the breakeven cost of production decreased to US$28 per barrel, while operations have continued largely uninterrupted. The Directors anticipate a recovery in crude oil prices in Q3-Q4 2020 and production is therefore currently being stored on the FPSO, which has up to 755,808 barrels of storage capacity, in order to benefit from a positive forward curve in the oil price.

Field Development Plan

A new Field Development Plan for the Turonian Aje gas project is in the initial planning stages with the joint venture partners. By drilling three wells in 2021, the partners intend to triple daily production of oil and gas liquids from 3,000 bpd to 9,000 bpd and thereafter develop the dry gas which could be supplied to the Lagos market and sold to the West Africa Gas Pipeline.

In Q4 2019, PetroNor acquired a 12.2% revenue interest in OML 113 (subject to completion) and formed a special purpose vehicle with the operator, Yinka Folawiyo Petroleum, to focus on the revitalisation and further development of the Aje Field. PetroNor brings renewed impetus to the project, adding technical expertise and de-risking the execution of the Field Development Plan.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 December 2019

Updated CPR: Aje Recoverable Oil Reserve

In April 2019, the Company received an updated Competent Person's Report ("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 CPR reported that 2P Proven and Probable Reserves showed an increase from 127.1 MMboe gross to 138.2 MMboe gross.

Corporate Development and Strategy

The Group restructured its Board and management team in 2019 to take advantage of the substantial oil and gas opportunities being made available across Nigeria and West Africa. Osamede Okhomina was appointed as CEO in July 2019, bringing his expertise and contacts with a track record of originating, structuring and closing deals across Africa. Then in October 2019, Peter Francis, whose background years of experience with the oil majors strengthens the Group's position in negotiations with them, was appointed Non-Executive Chairman and Manuel Lamboley, a seasoned Swiss financier, was appointed as a Non-Executive Director. The Group will look to maximise and leverage the experience and network these high-calibre appointments bring to the Group's stated growth strategy of acquiring highly accretive 2P reserve assets. The Board is confident that their industry expertise and experience will accelerate the Group to its next phase of growth.

By leveraging its extensive network across Africa, the new management team has identified a number of investment opportunities. This includes assets from both IOC divestment programmes and the Nigerian government's Marginal Oil field round. The Group is continuing to evaluate new potential investments in assets at varying stages of the production cycle focusing on appraisal, development and producing assets. These asset types are preferable as they offer significant investment returns with a decreased level of geological risk. ADM has also actively engaged in conversations with a number of parties including potential funding partners, off-takers and local project partners to further support the Company in the development of its asset portfolio.

A key development in the Group's phased growth strategy has been the strategic partnership signed with Trafigura in February 2020. The new management team agreed a memorandum of understanding with the multi-billion dollar global trading house to provide up to US$100 million in approved project finance and up to US$20 million of convertible loan notes. This endorsement with such a high-profile partner has given the Group confidence to evaluate and acquire highly accretive assets as well as making progress on the new Field Development plan at Aje.

To date, the Group has made its first highly accretive acquisition under new management: the increased stake in OML 113, which should complete in Q3 2020. Guided by its strategy of purchasing producing and near-term production assets, the Group is in negotiations with multiple other parties as it seeks low-risk, highly-accretive assets.

Post Period Event

As announced on 25 June 2020, the Group added dual listings on the Berlin and Frankfurt stock exchanges to support its growth and enable ADM to broaden its investor base and create new demand centres for the Group's shares. As a result, the Company is in a strengthened position to withstand the current market uncertainties and grow its investment portfolio in the year ahead.

Financial Review

Results and Dividends

For the year ended 31 December 2019, the Group's revenue decreased by 19% to £2.5 million (2018: £3.1 million). The loss after taxation increased to £1.7 million (2018: £1.0 million loss). The Directors do not propose a dividend (2018: £nil). As of 12 June 2020, the Group had cash and cash equivalents of £200,000 with access to a further £100,000 from a new loan facility (31 December 2019: £15,000; 31 December 2018: £216,000).

Funding

During the period, the Group raised additional equity of £2.0 million in three fundraisings. In April 2019, the Group raised £680,000, before expenses, through a subscription for general working capital purposes. In August, 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 Limited ("Zark") and other investors in September 2019.

Post period, On 27 April 2020, the Group announced a loan facility of £200,000 before expenses, a £50,000 equity subscription by certain Directors and the conversion of £152,000 of debt to equity.

COVID-19 and Outlook

COVID-19 represents an unprecedented global public health emergency which has impacted many aspects of our daily lives and which ADM hopes to see resolved quickly. The primary concern and focus for the Company is the health and safety of its employees, contractors and other stakeholders.

The Company has taken action to cut costs at both the FPSO Front Puffin operating level and at Headquarters, including reductions in Director pay. This has put ADM in a position to withstand market uncertainties with cash reserves to enable safe operations through to the end of 2020.

While COVID-19 has had a devastating impact globally including oil markets, as economies begin to re-open oil prices are beginning to recover from their recent lows. With the Company's strategy to increase oil and gas reserves and production, ADM is well positioned to take advantage of the recovery. In addition, as oil majors continue to look to divest assets, attractive opportunities are emerging at depressed valuations, even more so in the current macro environment.

Production at the Aje Field asset continues at a stable rate, with progress in the Field Development Plan for 2021 reiterating the near-term potential of the oil and gas field. Based on the current performance of wells Aje-4 and Aje-5ST2, the Group is confident of the commercial viability of further development, and this is further supported by the abundance of reserves as well the very low geological risk associated with the Aje Field. This asset provides the Group with the a very stable base from which to build a wider portfolio of highly accretive assets and take advantage of current market conditions to aggressively build up production and reserves at an attractive price.

Key Performance Indicators ("KPIs")

The Group's activity is that of an investing group and the Directors focus principally on the development of the Group's net asset value.

The key performance indicators are therefore set out below:

GROUP STATISTICS	**As at 31 December 2019**	**As at 31 December 2018**
Net asset value	£14,930,000	£14,908,000
Net asset value – fully diluted per share	20.7p	53.8p
Closing share price	4.85p	6.00pp
Market capitalisation	£2,886,000	£1,663,000

Key Risks and Uncertainties

Early stage investments in the natural resources sector carry a high level of risk and uncertainty, although the rewards can be outstanding. At this stage, there can be no certainty of outcome and, in addition, there is often a lack of liquidity in the Group's investments which can be either unquoted or quoted, such that the Group may have difficulty in realising the full value in a forced sale. Accordingly, a commitment is only made after thorough research into both the management and the business of the target, both of which are closely monitored thereafter. Details of other financial risks and their management are given in Note [XX] to the financial statements.

Oil prices are subject to international supply and demand and margins can be volatile. Political developments, increased supply from new oil sources, technological change, global economic conditions and the influence of OPEC can impact supply and demand and prices for our oil. Decreases in oil prices could have an adverse effect on revenue, margins, profitability and cash flows. Exchange rate fluctuations can also create currency exposures and impact underlying costs and revenues.

We are pleased to report that operations at OML 113 have been largely uninterrupted by COVID-19, which is a consequence of the safety procedures in place to protect workers. To steer ADM through the current low oil price environment, we have taken appropriate measures with a significant cost reduction plan, both at a corporate level and on the asset side, to streamline our operations while maintaining production levels. This flexibility ensures we remain profitable at an asset level and allows us to benefit from a positive forward curve in the oil price. As a result of these actions, ADM is now better positioned to execute its growth investment strategy, supported by a strong foundation of our quality oil producing asset

STRATEGIC REPORT
FOR THE YEAR ENDED 31 December 2019

Promotion of the Company for the benefit of the members as a whole

S172 of the Companies Act 2006 requires the Board to promote the Company for the benefit of the members as a whole. In particular, the requirements of S172 are for the Directors to:

- Consider the likely consequences of any decision in the long term
- Act fairly between the members of the Company
- Maintain a reputation for high standards of business conduct
- Consider the interests of the Company's employees
- Foster the Company's relationships with suppliers, customers and others and
- Consider the impact of the Company's operations on the community and the environment.

The Directors believe that during the year they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole and have adhered to the requirements set out above that are applicable to the Company given its scope of operations. Through its financing activities, the Board has ensured that the Company is sufficiently capitalised and has cash resources for its requirements, to ensure that the Company has a viable operating plan for the long term. Given the nature of the Company's business, it has very few employees and the majority are themselves directors. The Board recognises that the Company's employees are, nevertheless, critical to the success of the Company and takes steps to ensure that the interests of employees are protected. The Company does not deal directly with customers or suppliers in relation to its oil and gas field interests, save for its relationship with the operator for the OML 113 licence. The Company acknowledges the importance of maintaining good relations with its suppliers and aims to settle all invoices in a timely manner. The Company's approach to its responsibilities in respect of the impact of its operations on the community and environment is set out in "Our Sustainable Approach" on page 10.

Going Concern

Since the year end, the Group has raised additional equity funding of £50,000 and has agreed a loan facility of £200,000 to provide for its immediate working capital requirements and converted £152,000 of debt to equity, and the Directors have prepared cashflow forecasts for twelve months following the date of approval of these financial statements to assess whether the use of the going concern basis of their preparation is appropriate. In the short term, the Group will require further additional funding in order to meet its liabilities as they fall due. The Directors have taken into consideration the level and timing of the Group's working capital requirements and have also considered the likelihood of successfully securing funding to meet these needs. In particular, consideration has been given to ongoing discussions around further third-party investment and the extent to which these discussions are advanced both in respect of short and longer term funding. The Directors acknowledge that while they have an expectation that funding will be secured based on this assessment, at the date of approval of these financial statements, no such funding has been unconditionally committed. Therefore, as disclosed in Note 2, while the Directors have a reasonable expectation that the Group has the ability to raise the additional finance required in order to continue in operational existence for the foreseeable future, the uncertainty surrounding the ability and likely timing of securing such finance indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Were no such funding to be secured, the Group would have no realistic alternative but to halt operations and prepare its financial statements on a non-going concern basis.

On behalf of the Board.

OSAMEDE OKHOMINA
Director
29 June 2020

BOARD OF DIRECTORS

PETER FRANCIS
Non-Executive Chairman

Peter has over 35 years of experience working with major international oil companies. He spent 30 years with ExxonMobil in a number of executive, treasury and government related positions across the US, Europe, Russia and Africa. More recently, he worked for Royal Dutch Shell in Abuja and served as CEO of Oracle Energy, a Canadian TSX exploration and producing company focused on oil and gas activities in West Africa. Peter has extensive knowledge of working in developing and transition economies, building relationships with senior government officials and developing strategies to support new business entry. Peter is a member of the Board of Africare, the largest Africa/US Development Agency supporting health, education and food security in Sub-Sahara Africa.

OSAMEDE OKHOMINA
Chief Executive Officer

Osamede was appointed CEO of ADM Energy in July 2019. He has more than 20 years' experience in the global oil and gas industry, particularly in Africa, financing projects and growing businesses. Osamede started his career at Terra Energy Services, helping to introduce new deep-water technologies in Nigeria. He is a founding partner of Africa-focused Energy Equity Resources, a partner investor of ADM Energy, where he has secured more than $300 million of direct foreign investment into Nigerian oil and gas. He brings considerable government expertise and connections to the ADM Energy board.

RICHARD CARTER
Chief Operating Officer

Richard is a qualified accountant with extensive experience of raising funds for public and private companies. He has worked and advised across media, telecoms, engineering and energy sectors in various corporate finance and investor relations roles. As Chief Operating Officer, Richard supports the CEO and management team with its regulatory functions.

SERGIO LOPEZ
Independent Non-Executive Director

Sergio has been in the oil and gas industry for the last 13 years with experience ranging from finances to operations. Lewis Energy Group appointed Sergio as its Mexico Country Manager to coordinate a 15 year E&P contract with Pemex, which represented the first move by an American independent oil and gas company into Mexico since 1938. He negotiated a special budget to drill the first exploratory Eagle Ford Shale well in Mexico, named Emergente-1. This resulted in the first and only producer in the Eagle Ford Shale in Mexico called Habano.

MANUEL LAMBOLEY
Independent Non-Executive Director

Manuel is a financier with over 30 years' experience in international broking and investment banking. He previously served as Head of the Geneva office of Williams de Broe and has held senior positions at Bank Julius Bar, Kidder Peabody, Paine Webber International and Prudential-Bache Securities. Manuel has long-standing relationships with major investors and financial advisers worldwide, with a particular focus on the natural resources sector. He is a non-executive director of Alba Minerals plc and has been a non-executive director of several other listed companies in the mining and energy sectors, including International Mining & Infrastructure Corporation plc, and was also previously an independent director of UK-based African Aura Resources Limited.

INVESTMENT APPROACH

Investment Policy

"The Company will seek to invest in opportunities within the natural resources sector, the oil services, power and energy sectors and in technology opportunities related to these sectors that the Directors believe either are of strategic value or represent a significant value opportunity. The Company is prepared to take an active role in its investments where it is deemed to be appropriate.

The Directors plan to adopt a flexible approach, both as to the form of the Company's investments and the subject of its investments. The investments may be in quoted and unquoted companies. This includes making investments in other quoted investment companies focused on the natural resources, power and energy sectors or related technologies, including those with no significant assets other than cash. The Directors believe that investing in these other investing companies will provide the Company with greater scope to make and support its investment strategy.

The Company's investments may take the form of equity, debt, convertible instruments, options and licence rights. Possible investments could include direct or indirect investments in permits and licences, exploration, mining and production operations and processing and development projects.

The Company may make direct investments in private or quoted companies and indirect investments via quoted companies, unquoted companies seeking a public quotation and candidates for reverse transactions into quoted investment companies. The Company may invest in these types of opportunities through acquisitions, partnerships, joint venture arrangements, as finance for management buy-outs or buy-ins, as finance for pre-IPO, seed and underwriting positions.

Such investments may result in the Company acquiring the whole or part of a company or project. The Company will consider opportunities anywhere in the world.

The Company expects to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment. In respect of other, principally more substantial opportunities, the Company expects to be a passive investor.

The Company intends to invest for the medium to long-term. However, should an opportunity arise to realise its investments, the Company will consider these on a case-by-case basis and seek to maximise value for shareholders. The Directors intend to hold all investments for a minimum of 30 days. Other than set out above, there are no restrictions on the Company's investment policy.

The Company intends to utilise industry experts in the analysis of proposed investments, and it is intended that the decision-making process will be a collegiate, team-based approach, driven by intrinsic value or informed opinion."

Our Sustainable Approach

ADM Energy is committed to the highest standards of corporate social responsibility in its investing policy. Working alongside its partners, the Company strives to ensure the safety of all staff and contractors, while minimising environmental impact, for the benefit of the communities in which it works and all its stakeholders.

ADM conducts its investment operations in a responsible and transparent manner. Being socially responsible is a key component in the Company's business and its achievements. This includes not only adherence to Government legislation and Company policies, but must extend to acceptance that ADM is, in all the projects in which it holds an investment, a neighbour in established communities and environments.

The Company is conscious of the impact to the environment and local communities that oil and gas activities may have and aims to minimise and constantly reduce these effects. The projects in which ADM invests comply with all existing laws, regulations and permits. By making continuous improvements, the Company's ambition is to set a good example in the markets where it is active. ADM's focus in its projects is environmental protection, pollution prevention and human health. The Company's actions are characterised by respect for the cultures of the regions in which it operates. ADM is committed to maintaining an open dialogue over the environmental aspects of its investments and the operations of the partners in these projects with all stakeholders.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 December 2019

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2019.

Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes principal activity, future developments and principal risks and uncertainties.

DIRECTORS

The Board comprised the following directors who served throughout the year and up to the date of this report unless otherwise stated.

Peter Francis	Appointed 21 October 2019
Osamede Okhomina	Appointed 15 July 2019
Richard Carter	
Sergio Lopez	
Manuel Lamboley	Appointed 21 October 2019
Stefan Olivier	Resigned 21 October 2019
Nigel Bruce McKim	Resigned 13 January 2019

DIRECTORS' INTERESTS

Set out below are the Directors' beneficial holdings of ordinary shares in the Company as at 31 December 2019. Their interests in the Company's share warrants are included in the Report on Directors' Remuneration.

Name of director	Ordinary shares of 1p each Number	Percentage of capital %
Richard Carter	120,000	0.16%

As referred to in Post year-end events, subsequent to the year-end Richard Carter, Peter Francis and Osamede Okhomina participated in a fund raising on 27 April 2020. The resulting shareholdings of the directors at the date of this report are:

Name of director	Ordinary shares of 1p each Number	Percentage of capital %
Richard Carter	536,666	0.72%
Peter Francis	1,041,667	1.40%
Osamede Okhomina	625,000	0.84%

SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 25 June 2020 were as follows:

Name of shareholder	Ordinary shares of 1p each Number	Percentage of capital %
Peel Hunt LLP	8,856,879	11.92%
Euro Americas Securities Limited	6,000,000	8.07%
Hessia Group Limited	4,242,696	5.71%
Mrs Olanike Olakunmi Ananani	3,572,428	4.81%
Align Research Limited	3,500,000	4.71%
Hao Zhang	3,098,479	4.17%

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2019

POST YEAR END EVENTS

On 8 January 2020, the fundraising announced on 30 September 2019 was completed raising £150,000 by way of the issue of 2,148,000 new ordinary shares of 1 pence each at a price of 7 pence per share.

On 3 February 2020, the Company entered into a non-binding memorandum of understanding with Trafigura Pte Ltd to create a proposed strategic alliance to develop investment opportunities in the African energy sector.

On 24 February 2020, the Company entered into a sale and purchase agreement with EER (Colobus) Nigeria Limited ("EER") to acquire, subject to satisfaction of certain conditions, a participating interest of 2.25% from EER in oil mining lease no. 113, which includes the Aje field. The consideration for the acquisition is $3,000,000, to be satisfied by the issue of $2,000,000 of new ordinary shares at 7 pence per share and $1,000,000 in cash at the time of completion.

On 27 April 2020, the Company entered into an agreement with a consortium of investors to raise £200,000 through unsecured loan facilities for working capital purposes.

On 27 April 2020, the Company's Non-Executive Chairman, Peter Francis, CEO Osamede Okhomina and COO, Richard Carter, agreed to subscribe for an aggregate 2,083,333 new ordinary shares of 1 pence each in the capital of the company at a price of 2.4 pence per share, raising approximately £50,000.

Also on 27 April 2020, the Company announced that it had converted £152,000 of debt to equity issuing 6,350,000 ordinary shares to certain creditors for old debts at a price of 2.4 pence per share.

On 14 May 2020 the Company reached an agreement with EER for the payment, in cash and shares, of the $250,000 deposit due as part of the sale and purchase agreement to acquire a further interest of 2.25% in oil mining lease no. 113 from EER.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each person who was a director at the time, this report was approved:

- so far as that director is aware there is no relevant audit information of which the Group's auditor is unaware; and
- that director has taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2019

CORPORATE GOVERNANCE

Corporate governance regulations apply to all AIM quoted companies and require the Company to:

- provide details of a recognised corporate governance code that the board of directors has decided to apply; and
- explain how the Company complies with that code, and where it departs from its chosen corporate governance code provide an explanation of the reasons for doing so.

The Directors recognise the importance of sound corporate governance while taking into account the Group's size and stage of development and the following two sections explain the Company's compliance with these regulations.

AUDITORS

A resolution to re-appoint Haysmacintyre LLP as auditors will be put to the AGM.

On behalf of the Board.

Osamede Okhomina
Director

29 June 2020

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 December 2019

INTRODUCTION

All members of the Board believe strongly in the value and importance of good corporate governance and in accountability to all of ADM Energy's stakeholders. The statement below, explains the approach to governance, and how the Board and its Committees operate.

The corporate governance framework which the Company operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the Group's values. Of the two widely recognised formal codes, we have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code.

- **Establish a strategy and business model which promotes long-term value for shareholders**

The Company is an investing company quoted on AIM. Its principal focus is investing in the natural resources sector, particularly in oil and gas where it believes that it can make an attractive return for shareholders. The Company expects to generate returns for shareholders through the development of its investments. Currently, the Company's principal investment is in the Nigerian offshore licence OML 113 and to date the Company has been involved with maintaining and progressing its investment in OML 113 together with the joint operators from the development stage through to production. It is therefore expected that a return to shareholders will be delivered principally through capital growth.

The Board recognises that a challenge of the natural resource sector is the significant time and financial investment often required to commercialise a resource or reserve. In respect of OML 113, the Company is a small but important stakeholder and therefore a key challenge is to continually appraise the OML 113 opportunity from a financial and technical standpoint and to ensure that all further investment in this asset delivers realistic value opportunities for all shareholders.

- **Seek to understand and meet shareholder needs and expectations**

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Shareholders have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting ("AGM"). Investors also have access to current information on the Company through its website, www.admenergyplc.com and via Osamede Okhomina, CEO who is available to answer investor relations enquiries and can be contacted on osamede@admenergyplc.com or hello@admenergyplc.com.

- **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board recognises that the long-term success of the Company is reliant upon the efforts of its directors and employees, the efforts and activities of the joint operation partners and upon their contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

As an investing company, the Company recognises that it is likely further investment will be required as it develops the OML 113 asset and its portfolio of other investments. Accordingly, ensuring that the Company continually understands the requirements of shareholders in the context of the broader developments in its sector of operation is extremely important.

The Company's CEO is in regular dialogue with a number of the Company's shareholders, and feedback from this contact is used to shape subsequent communication with shareholders as a whole and the market more generally.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 December 2019

- **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

In addition to its other roles and responsibilities, the Audit and Compliance Committee (see composition details in Corporate Governance section of website, www.admenergyplc.com, is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Company. Within the scope of the annual audit, specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

In terms of investment appraisal, this process is usually led by the CEO and COO. The opportunities are then presented and discussed by the Board as a whole. Where necessary, the Company will also involve third party experts in the overall appraisal process.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. In addition, there are a range of Company policies that are reviewed at least annually by the Board. These policies cover matters such as share dealing and insider legislation. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Directors. However, the Board will continue to monitor the need for an internal audit function.

The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded, given the current size and transparency of the operations of the Company, that an internal audit function was not required.

As noted in the Strategic Report on pages 5-8, the Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:

- a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- the performance of investments;
- selection criteria of new investments; and
- reports prepared by third parties.

- **Maintain the Board as a well-functioning, balanced team led by the Chair**

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent.

The Board comprises Non-Executive Chairman Peter Francis, CEO Osamede Okhomina, COO Richard Carter, Non-Executive Director Sergio Lopez and Non-Executive Director Manuel Lamboley. The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. Biographical details of the current directors are set out within Principle Six below and on page 9. Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting, one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Directors' receive fees for their services as directors which are approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board meets as regularly as necessary. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. Appointments to the Board are made by the Board as a whole and so the Company has not created a Nominations Committee.

The Board retains full control of the Company with day-to-day operational control delegated to the CEO and other Directors.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 December 2019

- **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

All members of the Board bring either relevant sector experience or public market's experience which the Company considers to be fundamentally important in its chosen area of operation and investment appraisal process. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Please see biographies of the Board of Directors on page 8.

- **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Internal evaluation of the Board, its Committees and individual directors is important and will develop as the Company grows in the future. The expectation is that Board reviews will be undertaken on an annual basis to determine the effectiveness and performance in various areas as well as the directors' continued independence

- **Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals, open dialogue within the Company and a commitment to best practice.

The Company has also adopted an anti-bribery policy which is clearly set out on the Company's website.

- **Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board schedule provides for six board meetings per annum and, in addition, meets ad-hoc as required. Notwithstanding the above, the Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

The **Audit and Compliance Committee** monitors the integrity of financial statements, oversees risk management and control, and reviews external auditor independence. It also ensures that the Company is compliant with its relevant regulatory requirements.

The **Non-Executive Chairman** has overall responsibility for corporate governance and in promoting high standards throughout the group. He leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The **Executive Directors** are responsible for implementing and delivering the strategy and operational decisions agreed by the board, making operational and financial decisions required in the day-to-day operation of the group, providing executive leadership to managers, championing the group's core values and promoting talent management.

The **Non-Executive Directors** contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the group is operating within the governance and risk framework approved by the Board.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the group evolves.

- **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Company communicates with shareholders through its period announcement, the Annual Report and Accounts, full-year and half-year announcements, the AGM and one-to-one meetings with large existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, www.admenergyplc.com.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 December 2018

The Board is committed, where practicable, to developing and applying high standards of corporate governance appropriate to the Company's size and stage of development. The Board seeks to apply where appropriate the QCA Code as devised by the Quoted Companies Alliance.

The QCA Code is constructed around ten broad principles and a set of disclosures. The Code states what is considered to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

BOARD STRUCTURE

The Board has five directors, three of whom are non-executive. The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the Directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal controls and risk management. The non-executive directors bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each non-executive director is assessed at least annually, and all of the non-executive directors are considered to be independent at the date of this report.

The roles of the Chairman and CEO are separate, with their roles and responsibilities clearly divided and recorded. A summary of their roles is as follows:

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is sufficient and effective communication with shareholders to understand their issues and concerns.

The CEO is responsible for executing the strategy agreed by the Board and developing the Group objectives through leadership of the senior executive team. He will recommend to the Board any investment or new business opportunities which meet this strategy. He also ensures that the Group's risks are adequately addressed and appropriate internal controls are in place. The CEO is responsible for meeting with shareholders and ensuring effective communication.

ATTENDANCE AT MEETINGS

It is expected that all Directors attend Board and relevant Committee meetings, unless they are prevented from doing so by prior commitments, and that all Directors will attend the AGM.

During the year the Board met 8 times and all the Directors attended the meetings.

BOARD COMMITTEES

Remuneration Committee

The Remuneration Committee consists of Peter Francis (Committee Chairman) and Sergio Lopez. It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The Committee makes recommendations to the Board, within agreed terms of reference regarding the levels of remuneration and benefits.

Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee report for the financial period ended 31 December 2019. This report sets out the activities of the Remuneration Committee during 2019.

The Committee met twice during the year to determine the remuneration arrangements of the Directors and senior employees.

Remuneration policy

The Committee aims to ensure that total remuneration is set at an appropriate level for the Group and its operations. The objectives and core principles of the remuneration policy are to:

- ensure remuneration levels support the Group's strategy;
- ensure that there is an appropriate link between performance and reward;
- ensure alignment of Directors, senior management and shareholder interests;
- ensure that long-term incentives are linked to shareholder return;
- enable the Group to recruit, retain and motivate individuals with the skills, capabilities and experience to achieve its objectives; and
- strengthen teamwork by enabling all employees to share in the success of the business.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 December 2019

There are four elements of the remuneration package for Executive Directors and senior management:

- basic annual salary;
- benefits in kind;
- discretionary annual bonus; and
- long-term incentive plan.

Audit Committee

The Audit Committee consists of Peter Francis (Committee Chairman) and Sergio Lopez. The Audit Committee meets at least twice a year to consider the annual and interim financial statements and the audit plan. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the financial statements and internal control systems.

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee report for the financial period ended 31 December 2019. This report sets out the activities of the Audit Committee during 2019.

The Audit Committee is governed by terms of reference which are agreed by the Board and subject to annual review.

Principle responsibilities of the committee:

- Ensuring the financial performance of the Group is properly reviewed, measured and reported;
- Monitoring the quality and adequacy of internal controls and internal control systems implemented across the Group;
- Receive and review reports from the Group's management and auditors relating to the interim and annual accounts;
- Reviewing risk management policies and systems;
- Advising on the appointment, re-appointment and remuneration of independent external auditors, besides scheduling meetings with external auditors independent of management for discussions and reviews; and
- Reviewing and monitoring the extent and independence of non-audit services rendered by external auditors.

Areas of focus during 2019

The Committee met three times in 2019 to execute its responsibilities, two of which included the new Chair. Meetings focussed on audit planning, risk management, internal controls and the approval of the interim and final results including the key judgements associated with acquisition accounting, asset impairment review assumptions and calculations, creditor completeness reviews and the going concern requirements and statement.

Internal controls and risk

The Board assigns to the Committee the responsibility of monitoring and improving the Group's internal controls governing the finances of the business. The system of internal controls is vital in managing the risks that face the Group and safeguarding shareholders' interests.

Audit Process

The Committee reviews the findings of Haysmacintyre LLP and then approves the scope of work to be undertaken for the next financial reporting year, including the associated audit fees. In addition, a review of the effectiveness of the external audit process is undertaken and an annual assessment of the external auditor's independence is made. The audit partner retired by rotation during the year to preserve independence.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 December 2019

COMPANY CULTURE AND ETHICS

The Board of Directors seeks to embody and promote a corporate culture that is based on sound ethical values and behaviours. A culture of ethics and compliance is at the core of a strong risk management program.

The Board of Directors of ADM Energy plc has adopted this code of ethics, to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; promote the full, fair, accurate, timely and understandable disclosure of the Company's financial results in accordance with applicable disclosure standards; promote compliance with applicable governmental laws, rules and regulations; and deter wrongdoing.

Peter Francis
Non-Executive Chairman

29 June 2020

REPORT ON DIRECTORS' REMUNERATION
FOR THE PERIOD ENDED 31 December 2019

REMUNERATION

The remuneration of the Directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Group, which reflects current market rates.

The Board is responsible for the overall remuneration package for the Executive and Non-Executive Directors. The Company's remuneration policy is set out on page 17.

DIRECTORS' EMOLUMENTS

Details of the remuneration package of each Director for the year are set out below:

	2019	2019	2019	2018
Director	**Fees and emoluments £'000**	**Termination payment £'000**	**Total remuneration £'000**	**Total remuneration £'000**
Peter Francis	2	–	2	–
Osamede Okhomina	106	–	106	–
Richard Carter	149	–	149	74
Sergio Lopez	76	–	76	81
Manuel Lamboley	8	–	8	–
Stefan Olivier	159	240	399	282
Nigel Bruce McKim	–	–	–	210
Nicholas Lee	–	–	–	79
	500	**240**	**740**	**726**

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2019 (2018: £nil).

On behalf of the Board.

Peter Francis
Non-Executive Chairman

29 June 2020

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ADM ENERGY PLC

FOR THE YEAR ENDED 31 December 2019

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 2019 which comprise the group income statement and statement of comprehensive income, the group and company statements of financial position, the group statement of changes in equity, company statement of changes in equity, the group and company statements of cash flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 FRC'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 RELATED TO GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the group and parent company's ability to continue as a going concern. The disclosures indicate that in the short term the group requires additional funding to meet its liabilities as they fall due.

In response to this, we:

- Evaluated the Directors' plans for future actions in relation to the going concern assessment;
- Reviewed cash flow forecasts produced by management and considered the reasonableness of their underlying accuracy. This included relevant challenge of management's key assumptions around future costs, funding opportunities and other cash flow variables;
- Considered existing financing facilities in place and their interaction with the forecasted cash flow;
- Assessed the availability and expectation around further funding being made available and the status of discussions around securing this funding at the date of approval of these financial statements; and
- Considered the appropriates of disclosures made in the financial statements with respect to the going concern basis of preparation.

As stated in note 2, these circumstances indicate the existence of a material uncertainty which may cast significant doubt on the group and parent company's ability to continue as a going concern for at least the next twelve months following the date of approval of these financial statements. The financial statements do not include any adjustments that would result if the company or group was unable to continue as a going concern.

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) 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. In addition to going concern, described in the material uncertainty related to going concern section above, we determined the matter described below to be the key audit matters to be communicated in our report.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ADM ENERGY PLC

FOR THE YEAR ENDED 31 December 2019

Valuation of the intangible asset

Key audit matter	The ability of the Group to realise the carrying value of its intangible assets held at 31 December 2019 may be adversely affected by various factors such as oil reserves at the Aje field being lower than expected and / or there being a sustained drop in global oil prices.
Audit response	Our audit work included, but was not restricted to the following: We reviewed a valuation of the Group's development assets prepared by management in conjunction with a competent person's report prepared during the year. We considered the reasonableness of oil and gas price assumptions, associated operating costs the group is required to contribute to and consistency of projected production against relevant studies. Where independent research has been relied upon by management, we considered whether such research had been prepared by a suitably independent and competent expert.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We consider gross assets to be the financial metric of most interest to shareholders and other users of the financial statements, accordingly this consideration influenced our judgement of materiality.

We determined materiality for the Group to be £330,000 which is approximately 2% of gross assets.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Group was set at £250,000.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £15,000. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ADM ENERGY PLC

FOR THE YEAR ENDED 31 December 2019

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our audit approach is based on obtaining and maintaining a thorough understanding of the group's business, structure and scope in order to undertake a risk based audit approach. This approach requires us to identify relevant and appropriate key and significant risks of misstatement and determine the most appropriate tailored responses to this risk assessment. The extent of our work is determined by the level of risk in each area and our assessment of materiality as discussed above.

Our audit scope included all components and was performed to component materiality. Our audit work therefore considered 100% of group revenue, group profit and group assets and liabilities. It was performed to the materiality levels set out above. The audit of P R Oil & Gas Nigeria Limited was performed by a component auditor in accordance with our group audit instructions.

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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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; and
- 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 the knowledge and understanding of the Group and the 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 12, 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 the 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 the parent Company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ADM ENERGY PLC

FOR THE YEAR ENDED 31 December 2019

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Christopher Cork (Senior statutory auditor)
for and on behalf of Haysmacintyre LLP,
Statutory Auditor
10 Queen Street Place
London
EC4R 1AG

Date: 29 June 2020

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2019

	Note	2019 £'000	2018 *Restated £'000
Continuing operations			
Revenue	3	**2,519**	3,127
Operating costs		**(2,444)**	(2,356)
Administrative expenses		**(1,721)**	(1,739)
Operating loss	4	**(1,646)**	(968)
Finance costs	5	**(27)**	–
Loss on ordinary activities before taxation		**(1,673)**	(968)
Taxation	7	–	–
Loss for the year		**(1,673)**	(968)
Other Comprehensive income:			
Exchange translation movement		**(272)**	401
Total comprehensive income for the year		**(1,945)**	(567)
Basic and diluted loss per share:	8		
From continuing and total operations		**(3.8)p**	(5.0)p

*The 2018 comparative figures have been restated as a result of a change in accounting policy, adopted retrospectively, as explained in note 2 on page 30.

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 December 2019

		GROUP		COMPANY	
		2019	2018 *Restated	**2019**	2018
	Notes	**£'000**	£'000	**£'000**	£'000
NON-CURRENT ASSETS					
Intangible assets	**9**	**15,708**	16,106	–	–
Investment in subsidiaries	**10**	–	–	**14,983**	14,738
		15,708	16,106	**14,983**	14,738
CURRENT ASSETS					
Investments held for trading	**11**	**200**	200	**200**	200
Trade and other receivables	**12**	**562**	29	**562**	29
Cash and cash equivalents	**13**	**15**	216	**15**	216
		777	445	**777**	445
CURRENT LIABILITIES					
Trade and other payables	**14**	**1,555**	1,643	**1,331**	1,104
		1,555	1,643	**1,331**	1,104
NET CURRENT LIABILITIES		**(778)**	(1,198)	**(554)**	(659)
NET ASSETS		**14,930**	14,908	**14,429**	14,079
EQUITY					
Share capital	**15**	**8,817**	8,499	**8,817**	8,499
Share premium	**15**	**34,012**	32,833	**34,012**	32,833
Shares to be issued		**150**	–	**150**	–
Reserve for options granted		–	172	–	172
Reserve for warrants issued		**720**	783	**720**	783
Currency translation reserve		**(617)**	(345)	–	–
Retained deficit		**(28,152)**	(27,034)	**(29,270)**	(28,208)
Equity attributable to owners of the Company and total equity		**14,930**	14,908	**14,429**	14,079

*The 2018 comparative figures for the Group have been restated as a result of a change in accounting policy, adopted retrospectively, as explained in note 2 on page 30.

The financial statements were approved by the Board and ready for issue on 29 June 2020.

Osa Okhomina
Director

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2019

	Share capital	Share premium	Shares to be issued	Reserve for options granted	Reserve for warrants issued	Exchange translation reserve *restated	Retained deficit *restated	Total equity *restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	**8,389**	**31,533**	–	**172**	**783**	**(746)**	**(25,932)**	**14,199**
*Adjustment (see note below)	–	–	–	–	–	–	(134)	**(134)**
At 1 January 2018 (restated)	**8,389**	**31,533**	–	**172**	**783**	**(746)**	**(26,066)**	**14,065**
Loss for the year	–	–	–	–	–	–	(968)	**(968)**
Exchange translation movement	–	–	–	–	–	401	–	**401**
Total comprehensive expense for the year	–	–	–	–	–	401	(968)	**(567)**
Issue of new shares	110	1,390	–	–	–	–	–	**1,500**
Share issue costs	–	(90)	–	–	–	–	–	**(90)**
At 31 December 2018	**8,499**	**32,833**	–	**172**	**783**	**(345)**	**(27,034)**	**14,908**
Loss for the year	–	–	–	–	–	–	(1,673)	**(1,673)**
Exchange translation movement	–	–	–	–	–	(272)	–	**(272)**
Total comprehensive expense for the year	–	–	–	–	–	(272)	(1,673)	**(1,945)**
Issue of new shares	318	1,322	150	–	299	–	–	**2,089**
Share issue costs	–	(143)	–	–	21	–	–	**(122)**
Share options lapsed	–	–	–	(172)	–	–	172	–
Share warrants lapsed/cancelled	–	–	–	–	(383)	–	383	–
At 31 December 2019	**8,817**	**34,012**	**150**	–	**720**	**(617)**	**(28,152)**	**14,930**

*The 2018 figures for "Exchange translation reserve", "Retained deficit" and "Total equity" have been restated as a result of a change in accounting policy, adopted retrospectively, as explained in note 2 on page 30.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2019

	Share capital	Share premium	Shares to be issued	Reserve for options granted	Reserve for warrants issued	Retained deficit	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	**8,389**	**31,533**	–	**172**	**783**	**(26,588)**	**14,289**
Loss for the period and total comprehensive expense	–	–	–	–	–	(1,620)	**(1,620)**
Issue of new shares	110	1,390	–	–	–	–	**1,500**
Share issue costs	–	(90)	–	–	–	–	**(90)**
At 31 December 2018	**8,499**	**32,833**	–	**172**	**783**	**(28,208)**	**14,079**
Loss for the period and total comprehensive expense	–	–	–	–	–	(1,617)	**(1,617)**
Issue of new shares	318	1,322	150	–	299	–	**2,089**
Share issue costs	–	(143)	–	–	21	–	**(122)**
Share options lapsed	–	–	–	(172)	–	172	–
Share warrants lapsed/cancelled	–	–	–	–	(383)	383	–
At 31 December 2019	**8,817**	**34,012**	**150**	–	**720**	**(29,270)**	**14,429**

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 December 2019

	Note	GROUP 2019	GROUP 2018 *Restated	COMPANY 2019	COMPANY 2018
		£'000	£'000	**£'000**	£'000
OPERATING ACTIVITIES					
Loss for the period		**(1,673)**	(968)	**(1,617)**	(1,620)
Adjustments for:					
Finance costs		**27**	–	**27**	–
Depreciation and amortisation		**112**	119	–	–
Operating cashflow before working capital changes		**(1,534)**	(849)	**(1,590)**	(1,620)
Decrease in receivables		**(383)**	6	**(383)**	6
Increase/(decrease) in trade and other payables		**(115)**	593	**200**	495
Net cash outflow from operating activities		**(2,032)**	(250)	**(1,773)**	(1,119)
INVESTMENT ACTIVITIES					
Proceeds from disposal of investments		–	4	–	4
Purchase of investments held for trading		–	(25)	–	(25)
Development costs		–	(952)	–	–
Loans to subsidiary operation		–	–	**(245)**	(104)
Net cash outflow from investment activities		–	(973)	**(245)**	(125)
FINANCING ACTIVITIES					
Continuing operations:					
Issue of ordinary share capital		**1,939**	1,500	**1,939**	1,500
Share issue costs		**(122)**	(90)	**(122)**	(90)
Net cash inflow from financing activities		**1,817**	1,410	**1,817**	1,410
Net (decrease)/increase in cash and cash equivalents from continuing and total operations		**(215)**	188	**(201)**	166
Exchange translation difference		**14**	(22)	–	–
Cash and cash equivalents at beginning of period		**216**	50	**216**	50
Cash and cash equivalents at end of period	13	**15**	216	**15**	216

*The 2018 comparative figures for the Group have been restated as a result of a change in accounting policy, adopted retrospectively, as explained in note 2 on page 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

1 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 is an investment company, mainly investing in natural resources, minerals, metals, and oil and gas projects. The registered office of the Company is as detailed in the Company Information on page 2.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 2019. The comparative figures relate to the year ended 31 December 2018. 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'.

Change in accounting policy and restatement of comparative figures

During the year the Group enacted a change in accounting policy relating to licence and development costs treated as intangible assets. In accordance with IAS 38: Intangible assets, such assets were previously carried at fair value based on their expected realisable value with reference to an active market. During the course of the year, the Directors assessed there was no longer sufficient market liquidity to provide a reliable indication of fair value. As a result the Company has retrospectively adopted a policy of measuring intangible assets at historic cost less amortisation which is now considered to represent a more appropriate basis of remeasurement. The adoption of this policy has resulted in amortisation charges for 2016, 2017 and 2018. The resulting adjustments to the accounts are as follows:

		As previously reported £'000	Adjusment £'000	As restated £'000
2016	Amortisation charge	–	33	33
	Intangible assets	14,461	(33)	14,428
2017	Amortisation charge	–	101	101
	Intangible assets	14,984	(134)	14,850
2018	Amortisation charge	–	119	119
	Intangible assets	16,362	(257)	16,105

GOING CONCERN

At 31 December 2019, the Group recorded a loss for the year of £1,673,000 and had net current liabilities of £778,000, after allowing for cash balances of £15,000.

Since the year end, the Group has raised additional equity funding of £50,000 and has agreed a loan facility of £200,000 to provide for ongoing working capital and converted £152,000 of debt to equity, and the Directors have prepared cashflow forecasts for twelve months following the date of approval of these financial statements to assess whether the use of the going concern basis of their preparation is appropriate. However, in the short term the Group will require further additional funding in order to meet its liabilities as they fall due. The Directors have taken into consideration the level and timing of the Group's working capital requirements and have also considered the likelihood of successfully securing funding to meet these needs. In particular, consideration has been given to ongoing discussions around further third-party investment and the extent to which these discussions are advanced both in respect of short and longer term funding. The Directors acknowledge that while they have an expectation that funding will be secured based on this assessment, at the date of approval of these financial statements, no such funding has been unconditionally committed. Therefore, while the Directors have a reasonable expectation that the Group has the ability to raise the additional finance required in order to continue in operational existence for the foreseeable future, the uncertainty surrounding the ability and likely timing of securing such finance indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Were no such funding to be secured, the Group would have no realistic alternative but to halt operations and prepare its financial statements on a non-going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

STATEMENT OF COMPLIANCE

New standards, amendments and interpretations adopted by the Company

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019:

- IFRS 16, 'Leases';

There are several standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has not yet adopted. The most significant of these are as follows, which are all effective for the period beginning 1 January 2020:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement – Amendments to IAS 19;
- Interpretation 23 'Uncertainty over Income Tax Treatments'; and
- Definition of Material – Amendments to IAS 1 and IAS 8.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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.

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.

AVAILABLE FOR SALE INVESTMENTS

Note 10 summarises the Group's indirect investment in the Aje Field. The Directors have reviewed the value of the Group's investment and consider that the fair value of this investment should be stated at the original cost of the investment plus the value of the cash calls that the Group has paid and is liable for as at the year-end, which the Directors consider represents the fair value of the Group's interest.

INVESTMENTS HELD FOR TRADING

Investments held for trading are held at fair value through profit and loss. They are considered 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

KEY ESTIMATES AND ASSUMPTIONS (continued)

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 is determined by reference to the fair value of the options 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, calculated using the Black-Scholes option pricing model. 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 18.

SALES REVENUE

Sales of petroleum production are recognised when goods are delivered or the title has passed to the customer.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS

Intangible assets relate to expenditure incurred on the development and evaluation of mineral resources. These costs are recorded as intangible assets until the mineral resource reaches the production stage. Upon completion of development and commencement of production, capitalised development costs as well as evaluation expenditures are depreciated generally on a field-by-field basis using the unit-of-production method by reference to the ratio of production in the year and the related commercial (proved and probable) reserves of the field, taking into account future development expenditures necessary to bring those reserves into production.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible 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 intangible asset, and
- the expenditure attributable to the intangible 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.

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 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 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 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 IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

2 PRINCIPAL ACCOUNTING POLICIES (continued)

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.

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, 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 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 the Directors consider that the Group's operations comprise one segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

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.

4 OPERATING LOSS

	2019	2018
	£'000	£'000
Loss from continuing operations is arrived at after charging:		
Directors' remuneration (see note 6)	**824**	798
Employee salaries and other benefits	**34**	44
Amortisation	**112**	119
Auditors' remuneration:		
fees payable to the principal auditor for the audit of the Group's financial statements	**21**	20

5 FINANCE COSTS

	2019	2018
	£'000	£'000
Finance costs of other loans	**27**	–
	27	–

6 EMPLOYEE REMUNERATION

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

	2019	2018
	£'000	£'000
Wages and salaries (including directors and employee benefits)	**531**	766
Directors' termination payments	**240**	–
Social security costs	**87**	76
	858	842
Directors' remuneration:		
Wages and salaries	**740**	726
Social security costs	**84**	72
	824	798

Further details of Directors' remuneration are included in the Report on Directors' Remuneration on page 20.

Only the directors are deemed to be key management. The average number of employees (including directors) in the Group was 5 (2018:5).

7 INCOME TAX EXPENSE

	2019	2018
	£'000	£'000
Current tax – continuing operations	**–**	–

	2019	2018
	£'000	£'000
Loss before tax from continuing operations	**(1,673)**	(968)
Loss before tax multiplied by rate of corporation tax in the UK of 19% (2018: 19%)	**(318)**	(184)
Expenses not deductible for tax purposes	**6**	6
Unrelieved tax losses carried forward	**312**	178
Total tax charge for the year	**–**	–

There are unrelieved tax losses of approximately £22,100,000 (2018: £20,500,000) which may be available to offset against future taxable profits. No deferred tax asset has been recognised in respect of the losses as 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.

	2019	2018
	£'000	£'000
Loss attributable to owners of the Group		
- Continuing operations	**(1,673)**	(968)
Continuing and discontinued operations	**(1,673)**	(968)
	2019	2018
Weighted average number of shares for calculating basic and fully diluted earnings per share	**44,280,670**	19,491,579
	2019	2018
	pence	pence
Earnings per share:		
Loss per share from continuing and total operations	**(3.8)**	(5.0)

The weighted average number of shares used for calculating the diluted loss per share for 2019 and 2018 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. Comparative information presented for the year ended 31 December 2018 has been adjusted to take into account the 100:1 share consolidation of enacted during the course of the year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

8 EARNINGS AND NET ASSET VALUE PER SHARE (continued)

Net asset value per share ("NAV")

The basic NAV is calculated by dividing the loss total net assets attributable to the owners of the Group by the number of ordinary shares in issue at the reporting date. The fully diluted NAV is calculated by adding the cost of exercising any extant warrants and options to the total net assets and dividing the resulting total by the sum of the number of shares in issue and the number of warrants and options extant at the reporting date.

	2019	2018
	£'000	£'000
Total net assets of the Group	**14,930,253**	
Cost of exercise of warrants	**1,261,128**	(968)
Total net assets for calculation of fully diluted NAV	**16,191,381**	(968)

	2019	2018
Number of shares in issue at the reporting date	**59,501,210**	27,713,496
Number of extant warrants (see note below)	**18,801,601**	–
Total number of shares for calculation of fully diluted NAV	**78,302,811**	27,713,496

	2019	2018
NAV – Basic (pence per share)	**25.1p**	53.8p
NAV – Fully diluted (pence per share)	**20.7p**	53.8p

No extant warrants are included for 2018 as the exercise of the warrants would be antidilutive.

9 INTANGIBLE ASSETS

GROUP

The intangible asset relates to the Group's 5% revenue interest 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.

	Development costs	
	2019	**2018**
	£'000	**£'000**
Cost		
At 1 January	16,362	14,984
Additions	–	952
Foreign currency exchange translation difference	**(291)**	426
At 31 December	**16,071**	16,362
Amortisation		
At 1 January 2018	**256**	134
Charge for year	**112**	119
Foreign currency exchange translation difference	**(5)**	3
At 31 December 2018	**363**	256
Net book value at 31 December	**15,708**	16,106

During the year the Group changed its accounting policy relating to licence and development costs treated as intangible assets. In accordance with IAS 38: Intangible assets, such assets were previously carried at fair value based on their expected realisable value with reference to an active market. During the course of the year, the Directors assessed there was no longer sufficient market liquidity to provide a reliable indication of fair value. As a result the Company has retrospectively adopted a policy of measuring intangible assets at historic cost less amortisation which is now considered to represent a more appropriate basis of remeasurement.

10 INVESTMENT IN SUBSIDIARIES

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 Jack Resources Limited ("JRL") held the single issued share. JRNH's sole asset is its wholly owned subsidiary, P R Oil & Gas Nigeria Limited ("PROG"), a Nigerian registered company. PROG has a 5% revenue interest in the OML 113 licence, offshore Nigeria, which includes the Aje Field ("Aje"), where oil production commenced in May 2016.

	2019	2018
	£'000	£'000
Balance at beginning of period	**14,738**	14,634
Advances to PROG	**245**	104
Balance at end of period	**14,983**	14,738

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 (previously named Jacka Resources Nigeria Holdings Limited)	Holding company	British Virgin Islands Maples Corporate Services (BVI) Ltd Kingston Chambers P.O. Box 173, Road Town, Tortola	100%
*P R Oil & Gas Nigeria Limited	Oil exploration & production	Nigeria 1, Murtala Muhammed Drive Ikoyi, Lagos	100%
Geo Estratos MXOil, SAPI de CV	Oil exploration	Mexico Lago Alberto 319, Piso 6 IZA Punto Polanco Col. Granada, Del. Miguel Hidalgo CP 11520, Ciudad de Mexico	100%

*Indirectly held

11 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 as follows (see note 19)

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

	GROUP AND COMPANY	
	2019	2018
	£'000	£'000
Fair value of investments brought forward	**200**	179
Purchases of investments	–	25
Proceeds from the disposal of investments	–	(4)
Fair value of investments held for trading	**200**	200
Investments held at the year end were categorised as follows		
Level 3	**200**	200
	200	200

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, "Investments held for trading"..

12 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Other receivables	**498**	13	**498**	13
Prepayments and accrued income	**64**	16	**64**	16
	562	29	**562**	29

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts. Trade receivables are due in 30 days. At the date of the Statement of Financial Position in 2019 and 2018 there were no trade receivables past due.

13 CASH AND CASH EQUIVALENTS

	GROUP AND COMPANY	
	2019	2018
	£'000	£'000
Cash at bank	**15**	216
Cash and cash equivalents	**15**	216

The fair value of cash and cash equivalents is considered by the Directors not to be materially different to carrying amounts.

14 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Trade payables	**327**	52	**327**	52
Tax and social security	**132**	24	**132**	24
Other payables	**891**	843	**678**	316
Accruals and deferred income	**205**	724	**194**	712
	1,555	1,643	**1,331**	1,104

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

Included in other payables is £650,000 in relation to funds previously advanced for discontinued exploration operations. The Directors consider that this amount should continue to be recognised as a current liability, but the expectation is that it is only repayable upon reasonable notice.

15 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 2018 (ordinary shares of 0.01p)	1,671,349,664	167	8,222,439,370	8,222	8,389	31,533
Shares issued (see note below)	1,100,000,000	110	–	–	110	1,390
Share issue costs	–	–	–	–	–	(90)
At 31 December 2018	**2,771,349,664**	**277**	**8,222,439,370**	**8,222**	**8,499**	**32,833**
Shares issued (see notes below)	1,700,000,036	170	–	–	170	510
Share issue costs	–	–	–	–	–	(10)
	4,471,349,700	447	**8,222,439,370**	**8,222**	8,669	33,333
1 for 100 share consolidation (ordinary shares of 1p)	44,713,497	447	**8,222,439,370**	**8,222**	8,669	33,333
Shares issued (see notes below)	14,787,713	148	–	–	148	1,111
Warrants issued to share subscribers	–	–	–	–	–	(299)
Share issue costs	–	–	–	–	–	(133)
At 31 December 2019	**59,501,210**	**595**	**8,222,439,370**	**8,222**	**8,817**	**34,012**

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

Share issues in year

On 15 April 2019, 1,700,000,000 new ordinary shares of 0.01p were issued at 0.04p each as a result of a placing, raising £680,000 before expenses.

On 7 June 2019, 36 new ordinary shares of 0.01p were issued at par value, and the company put into effect a 1 for 100 share consolidation, resulting in a total of 44,713,497 new ordinary shares of 1p being in issue

On 24 June 2019, 1,800,000 new ordinary shares of 1p were issued at 4p each as a result of the exercise of share warrants, raising £72,000.

On 9 August 2019, 3,125,000 new ordinary shares of 1p were issued at 16p each as a result of a placing, raising £500,000 before expenses.

On 29 August 2019, 125,000 new ordinary shares of 1p were issued at 4p each as a result of the exercise of share warrants, raising £5,000.

On 17 September 2019, 3,852,000 new ordinary shares of 1p were issued at 7p each as a result of a placing, raising £269,640 before expenses.

On 9 October 2019, 4,049,311 new ordinary shares of 1p were issued at 7p each as a result of a placing, raising £286,452 before expenses.

On 17 September 2019, 1,836,402 new ordinary shares of 1p were issued at 7p each as a result of a placing, raising £128,548 before expenses.

On 7 January 2020, in settlement of a subscription agreement entered into in September 2019, 2,148,000 new ordinary shares of 1p were issued for cash at 7p each, raising £150,360. This amount has been included in equity in the Company's accounts as "Shares to be issued".

16 SHARE WARRANTS

In the following paragraphs the number of warrants issued prior to June 2019 have been adjusted to reflect the 1 for 100 share consolidation.

As at 31 December 2015, the Company had approved the issue of 1,625,000 warrants, of which 900,000 have not yet vested and it is unlikely that the conditions for vesting will be met in the foreseeable future. Of the vested warrants 32,500 have been exercised and 492,500 have lapsed, so that as at 31 December 2019 there were 200,000 warrants outstanding that were capable of being exercised. These warrants lapsed on 11 June 2020

In March 2016, the Company issued 666,667 warrants to the Company's broker and certain other parties. The warrants were exercisable at 1p per share for a period of 3 years from the date of issue and lapsed in March 2019.

On 10 April 2019, the Company issued 8,000,000 share warrants to the subscribers to a private placing. The warrants are exercisable at 4p per share for a period of 5 years from the date of issue.

In October and November 2019, the Company issued 9,737,713 share warrants to subscribers to share placings, and 2,988,888 share warrants to advisers in connection with the share placings. These warrants are exercisable at 8p per share for a period commencing 6 months after the date of issue and expiring 2 years after the date of issue.

The fair value of the share 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	10 April 2019	October/November 2019
Issue date share price	5.50p	5.025p
Exercise price per share	4p	8p
No. of warrants	8,000,000	12,726,001
Risk free rate	1%	1%
Expected volatility	50%	50%
Expected life of warrant	5 years	2 years
Calculated fair value per share	2.9133p	0.6896p

The share warrants outstanding at 31 December 2019 and their weighted average exercise price are as follows:

	2019		2018	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**866,667**	**123.0**	907,827	123.0
Issued	**8,000,000**	**4.0**	–	–
Issued	**12,726,601**	**8.0**	–	–
Exercised	**(1,925,000)**	**4.0**	–	–
Lapsed or cancelled	**(666,667)**	**123.0**	(41,160)	–
Outstanding at 31 December	**18,601,601**	**6.7**	866,667	123.0

The fair value of the share warrants recognised as part of the premium paid in respect of the share subscriptions in the year was £299,000 and in respect of the share warrants issued to advisers £21,000 was recognised as the fair value deduction from the share premium. Both these amounts were credited to the share warrant reserve. In 2018 no warrants were issued and the fair value recognised in the financial statements was £nil.

17 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 £20,000 (2018: £20,000).

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:

	2019	2018
	£'000	£'000
Cash and cash equivalents	**15**	216
Loans and receivables	**498**	13
	513	229

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

18 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:

	2019	2018
	£'000	£'000
FINANCIAL ASSETS:		
Cash and cash equivalents	**15**	216
Investments held for trading (see fair value measurements below)	**200**	200
Loans and receivables	**498**	13
FINANCIAL ASSETS BY IFRS 7 FAIR VALUE HIERARCHY		
Level 3 - Loans and receivables	**498**	13
Investments held for trading	**864**	200
	1,362	213

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".

18 FINANCIAL INSTRUMENTS continued

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:

	2019	2018
	£'000	£'000
Trade and other payables	**1,350**	919
Borrowings	–	–

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	1-3 months	3 months to 1 year	1-5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000
2019					
Interest bearing:					
Borrowings	–	–	–	–	–
Non-interest bearing:					
Trade and other payables	–	1,350	–	–	–
2018					
Interest bearing:					
Borrowings	–	–	–	–	–
Non-interest bearing:					
Trade and other payables	–	919	–	–	–

19 CONTINGENT LIABILITIES

As at 31 December 2019 the present value of decommissioning obligations based on development expenditure to date is not considered to be material.

There were no other contingent liabilities as at 31 December 2019 (2018: £Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2019

20 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.

21 ULTIMATE CONTROLLING PARTY

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

22 POST PERIOD END EVENTS

COVID-19

Operations at OML 113 have been largely uninterrupted by COVID-19, which is a consequence of the safety procedures in place to protect workers. To steer ADM through the current low oil price environment, appropriate measures have been taken with a significant cost reduction plan, both at a corporate level and on the asset side, to streamline the Group's operations while maintaining production levels. This flexibility should allow the Group to benefit from a positive forward curve in the oil price. As a result of these actions, ADM is now better positioned to execute its growth investment strategy, supported by the strong foundation of a quality oil producing asset.

Due to the uncertainty as to the long term effect of COVID-19 on the world economy the Directors continue to keep its impact on the carrying value of the Group's interest in OML 113 under review.

Further comment on the effect of COVID-19 on the Group's operations and the actions being taken by the company to mitigate those effects are contained in the Chairman's Report and the Strategic Report.

OTHER POST PERIOD EVENTS

Other events since the year end are detailed in the Report of the Directors.