Annual Report and Accounts 2020

WELCOME TO ADM ENERGY
ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ADM Energy is a natural resources investment company with an existing asset base in Nigeria. We hold a 9.2% profit interest in the Aje Field, part of OML 113.

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:	Oliver Andrews (Non-Executive Chairman) Osamede Okhomina (Chief Executive Officer) Richard Carter (Chief Operating Officer) Manuel Lamboley (Non-Executive Director) Lord Bellingham (Non-Executive Director) Dr Stefan Liebing (Non-Executive Director)
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COMPANY NUMBER:	05311866
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2020 OVERVIEW

OML 113 Investment Highlights

- Delivered strategic agreement with EER (Colobos) Nigeria Limited to increase ADM's interest in the field – revenue interest nearly doubled from 5% to **9.2%** and ADM's share of net 2P reserves increased from 8.9 MMboe to **16.4 MMboe**
- Worked closely with operating partners to safely manage the impact of the pandemic and navigate the temporary low oil price environment:
    - Production from both the Aje-4 and Aje-5ST2 wells continued uninterrupted aside from planned maintenance work, with oil stored on the FPSO while prices recovered
    - Reduced operating costs at a project level by **42%** on average, including a decrease in the FPSO lease cost
    - Breakeven cost of production reduced to **US$28** per barrel, comfortably below the prevailing crude oil price – ensuring Aje remained profitable at a project level
- Total oil production in 2020 of **698,649 bbls** and barrels of oil per day of **1,909 bopd** (99.2 bopd net to ADM*). The drop in volume reflected the decision by the JV partners to carry out a more thorough and extended period of maintenance on the FPSO while oil prices were depressed
- Post period, disposed of **188,778 shares** in Superdielectrics Ltd for a total consideration of **£849,501,** a profit of **£656,003** on ADM's original investment

* Includes increase in revenue interest from 5% to 9.2% after 9 December 2020

698 K+ bbls

Total oil production in 2020

16.4 MMboe

Net 2P Reserves

Financial and Corporate Highlights

- Revenue was **£0.8m** (2019: £2.5m) reflecting the decision not to participate in the 13th lifting in March 2020, a lower oil volume lifted from the FPSO as well as a lower realised oil price during the period
- Operating costs reduced by 42% to **£1.4m** (2019: £2.4m)
- Loss before and after tax was **£6.9m** (2019: £1.7m)
- Raised **£0.85m** for general working capital purposes and issued additional short-term debt of £0.3 million. Post
- period, in March 2021, the Group announced an equity fundraising of approximately **£1,220,000**.
- Signed an MOU with Trafigura Pte Ltd, the multi-billion-dollar global trading house, for a strategic alliance to develop investment opportunities in the African energy sector
- Strengthened the Board and technical team with industry expertise and high-level contacts
    - Appointed Sir Henry Bellingham, former UK Government Minister for Africa, and Dr Stefan Liebing, Chairman of the German-African Business Association, as Non-executive Directors
    - Post period, appointed Oliver Andrews, former Chief Investment Officer at the Africa Finance Corporation, as Non-executive Chairman
    - Added two oil and gas veterans, Darrell McKenna and Dr Satinder Purewal, to the technical team, and post-period Dr Babatunde Pearse appointed Chief Engineer with responsibility to oversee next phase of the Aje development
- Dual listed on the Berlin and Frankfurt stock exchanges to support growth and increase visibility to investors in Germany, Europe's largest retail investment market

£0.8 mln

Revenue in 2020

£1.2 mln

Equity Fundraising

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

OLIVER ANDREWS
NON-EXECUTIVE CHAIRMAN

Dear Stakeholders,

As the newly appointed chairman, I am pleased to report in this, my first address, that ADM Energy ("ADM") has emerged from this global pandemic with a solid foundation for future growth. The year was inevitably influenced by COVID-19 and the impact of the pandemic was felt on individual lives and businesses across the globe, but it was also a year that demonstrated the remarkable resilience shown by business, industry and national economies to withstand the short-term impact and identify new opportunities. With vaccination programmes now well underway globally we are seeing significant progress as restrictions are lifted and business reverts to normality.

A Year of Challenges and Opportunities

By taking advantage of an auspicious market, the Company was able to acquire additional 2P reserves at heavily discounted prices. The dramatic drop in oil prices last year presented an opportunity to acquire attractive assets at substantially depressed valuations. Under the direction of our Chief Executive Officer, Osa Okhomina, ADM completed multiple assessments in 2020, increasing the Company's interest in the Aje Field. After dual-listing ADM shares in Frankfurt and Berlin this year, we have commenced trading and increased our visibility to investors in Europe's largest retail investment market, Germany.

Following completion in December, the EER (Colobos) Nigeria Limited ("EER") transaction increased ADM's share in the Aje Field from 5% to 9.2% and we anticipate this to materially increase attributable revenues from the asset in 2021. The acquisition effectively doubles our interest in the 2P reserve base from 8.9 MMboe to 16.4 MMboe and positions ADM to benefit from a scale- up in production, with field development plans being progressed to access the prized liquid reserves.

Despite successfully completing these transactions, we must recognise that 2020 was a challenging year for the oil and gas sector as well as the wider market. Accordingly, the Board took several measures to steer the business through the low oil price environment, including cutting production costs, storing oil on board the floating production storage and offloading ("FPSO") and deferring participation in the 13th Lifting. On the corporate side, the Company raised additional equity and debt of £672,500 through a placing and subscription, with five participating directors, and converted £395,798 of debt to equity.

An impairment of £4.6 million was recognised (2019: nil) on our share of the Aje asset due to a change to a 'fair value' implied by the purchase price (excluding contingent portion) of the recently announced Petronor/Panoro transaction.

Evolving the Board and Technical Team

On behalf of the Board and all shareholders, I commend my predecessor, Peter Francis, for his tenure as chairman of ADM. He departs due to personal circumstances with our very best wishes. As the new chairman, I look forward to steering ADM further towards its mandate and delivering to favourable outcomes to our shareholders. I would also like to thank Sergio Lopez for his service as he too stepped down from the Board to pursue other interests.

The change in personnel brought about in 2020 saw ADM further enhance the vast expertise and contacts of the Board to oversee the Company's ambitious growth strategy. Lord Henry Bellingham, the former UK Government Minister for Africa, joined as a Non- Executive Director along with Dr Stefan Liebing, Chairman of the prestigious German-African Business Association. Lionel Therond has also joined the ranks as Chief Financial Officer (a non-Board role).

In addition, we have bolstered our technical team to advance our existing assets and evaluate new prospects. We have enlisted non- Board advisers, Darrell McKenna and Dr Satinder Purewal as Lead Technical consultants and, most recently, Dr Babatunde Pearse, as Chief Engineer. All three are industry experts with extensive experience in the world's most prominent International Oil Companies ("IOC") and field development projects. Dr Pearse is primarily responsible for planning the next phase of the Aje development and oversees Front End Engineering Design ("FEED") studies to support the Final Investment Decision.

Market Backdrop

ADM does not invest in high-risk exploration, but has an investment strategy centred on producing and near-term production assets intended to bridge the energy transition and meet the ongoing demand for oil and gas, particularly from developing economies. There has been a sharp rebound in energy demand and oil prices upon the re-opening of the global economy. Meanwhile, oil majors are in the process of realigning their strategies and embarking on wide-scale divestment programmes to meet carbon reduction targets. We are also open to renewable energy investments, such as solar and wind projects, following the Company's successful disposal of Superdielectrics post period for an ROI of more than four times its original investment.

Delivering for our Shareholders

As newly appointed chairman since August 2021, I am keen to oversee the Company's strategy and draw on my expertise in originating and evaluating transactions, as well as financing and developing projects across Africa. Over the last 35 years (including my time as Chief Investment Officer at Africa Finance Corporation, one of the largest investment funds in Africa), I have overseen investments of approximately US$10 billion and originated investments deals in natural resources and infrastructure across the continent, worth US$100 billion.

Today, ADM is in a strong position to deliver value for our shareholders, particularly by ramping up production at Aje. In parallel, we continue to actively

assess other opportunities to accelerate our growth by adding de-risked 2P reserves at depressed valuations. By working closely with Osa and the team, I am confident that we can deliver on the Company's ambitious growth strategy. I thank the management team for their dedication and considerable efforts in this previous year.

Finally, I would like to extend my gratitude to our shareholders for their continued support during this truly extraordinary time. We look forward to continued growth in 2021 and beyond.

OLIVER ANDREWS
NON-EXECUTIVE CHAIRMAN

30 September 2021

CHIEF EXECUTIVE OFFICER'S REVIEW AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

OSAMEDE OKHOMINA
DIRECTOR

ADM successfully met the challenges of 2020, a year in which we ensured our operations continued in a safe and effective manner, while positioning the business for growth. Our aim is to be a multi-asset company with an interest in high-quality assets, which offer the potential for material production upside. We continued to execute on our strategy to build the Company by acquiring undervalued 2P reserves without the risks associated with high-cost exploration. This included increasing our interest in the Aje Field, a producing asset with substantial potential in the near and medium term.

Through our technical expertise and access to capital, we are in a strong position to significantly de-risk the development of our assets, thereby ensuring we unlock their underlying potential and create value for our shareholders.

Aje Field

The Aje Field on 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.

Completion of EER Transaction

ADM consolidated its interest in OML 113 during the financial year and nearly doubled its reserves, net revenue, and production share in the asset. The Group increased its revenue interest from 5% to 9.2% by acquiring 25% of the interest, rights, and obligations held by EER. This has increased ADM's share of net 2P reserves from 8.9 MMboe to 16.4 MMboe.

Operations

ADM worked closely with the operating partners to safely manage the impact of the pandemic and ensure that, aside from planned maintenance work, production continued uninterrupted at Aje.

Oil Production:

	2020	2019
Gross	698,649 bbls	890,203 bbls
	1,909 bopd	2,967 bopd
Net*	36,295 bbls	44,405 bbls
	99.2 bopd	148bopd

** Includes increase in revenue interest from 5% to 9.2% after 9 December 2020*

Two liftings took place during 2020. Due to the prevailing low oil price at the time, ADM elected to not participate in the 13th lifting in March 2020, a decision that has been vindicated by the recovery of brent crude to US$70+ per barrel. The Company participated in the 14th lifting in October 2020, which totalled 557,091 barrels with a net share of 33,056 barrels to ADM. Post period, the 15th lifting was completed in April 2021 for a total of 225,000 barrels, equating to an increased net share to ADM of 27,675 barrels post completion of the EER transaction. The drop in volume reflected the decision by the JV partners to carry out a more thorough and extended period of maintenance on the FPSO while oil prices were depressed.

The economic shutdowns imposed around the world in response to COVID-19 precipitated a sudden drop in oil demand and severely impacted crude prices. In light of the low oil price environment, the partners successfully reduced operating costs at project level by 42% on average, including a decrease in the FPSO lease cost. As a result, the breakeven cost of production was reduced to US$28 per barrel, comfortably below the prevailing crude oil price. This ensured that Aje remained profitable at a project level, even despite lower production volumes and crude oil prices. It also provided a base for operational leverage as prices increased during the year and post period, with production stored on the FPSO, which has a storage capacity of up to 755,808 barrels.

An impairment of £4.6 million was recognised (2019: nil) on our share of the Aje asset due to a change to a 'fair value' implied by the purchase price (excluding contingent portion) of the recently announced Petronor/Panoro transaction, which as at 31 December 2020 was considered by the Directors to represent the most relevant and reliable available indicator of value against a backdrop of market and operation uncertainty prevalent at the time.

The company has also recognised a Contingent Liability as per note 22 on page 73, this is to reflect an ongoing audit at project level on OML 113. We expect the audit findings in the second half of 2021 which will give us clarity going forward on project level debt.

Field Development Plan

The Partners are finalising discussions to reach a Final Investment Decision on a new development plan at Aje. This process will be supported by the appointment of Dr Babatunde Pearse as our new Chief Engineer. An industry veteran with an IOC background, Dr Pearse has been appointed to plan the next phase of the Aje development and oversee FEED studies to support the Final Investment Decision.

The development plan includes the drilling of three new wells, which could potentially significantly increase production of oil and gas liquids from 1,909 bopd in 2020 to up to 9,000 bopd (approximately 900 barrels per day net to ADM). It will also monetise the Dry Gas rich Aje field, where it has been estimated there is over 1.1 trillion cubic feet ("Tcf") of Gas initially in Place ("GIIP"). This is able to supply the Lagos market and can be sold to the West Africa Gas Pipeline. The Partners continue to explore various methods of financing, one of which is the US$100 million pre-offtake conditional pre-finance for approved projects that the Company may access with Trafigura.

The development plan has been delayed as PetroNor and Panoro Energy ASA agreed to a further extension of the completion long stop date from 30 June 2021, due to challenges related to COVID-19, for the previously announced purchase of Panoro's fully- owned subsidiaries that hold 100% of the shares in Pan Petroleum Aje Limited.

Financing and Pipeline

During the year, we signed an MoU with Trafigura Pte Ltd, the multi-billion-dollar global trading house. The intention is to create a strategic alliance where ADM will act as the sponsor for investment opportunities, with Trafigura providing up to US$100 million in approved project finance as well as up to US$20 million of convertible loan notes. We have engaged Trafigura on a number of potential deals to date and maintain a strong relationship, extending the agreement for a further 12 months post period.

Barracuda Field

Post period, we acquired a controlling interest in a Risk Sharing Agreement ("RSA") for the development of the large-scale Barracuda Field. Located in OML 141, the Barracuda Field is an existing discovery and near-term production asset, which covers 103 km^2 in the swamp/shallow waters of the Niger Delta. The Company announced in the period that it will commission a Competent Person's Report ("CPR") on the Barracuda Field. ADM has received a draft of a preliminary report however it is not yet finalised pending further technical appraisal. Once finalised, ADM will be in a better position to conclude the full CPR report as well as its strategy for the Barracuda field.

Nigerian Marginal Field Bid Round

In September 2020, ADM submitted a bid with the Nigerian Department of Petroleum Resources ("DPR") for a marginal field in the 2020 Marginal Field Bid Round ("Bid Round"). A total of 57 marginal fields are available to participating companies covering onshore, swamp and shallow offshore fields. The process of awarding certain fields commenced earlier this year and ADM remains in discussion with multiple prospective partners. The Company will assess all potential fields on their individual merits, however, in light of attractive opportunities elsewhere, the Bid Round is no longer a strategic priority.

Outlook

Our existing asset base gives ADM exposure to large-scale 2P reserves and a route to material production upside. The Group remains confident of the commercial viability of further development at Aje and will continue to engage proactively with the other partners to progress the Field Development Plan. The FEED studies to be overseen by Dr Pearse, our new Chief Engineer, will define the project requirements for detailed engineering, procurement, and construction of facilities to support the Final Investment Decision.

These projects provide a strong base from which to grow the business through additional acquisitions. With many IOCs embarking on large-scale divestment programmes, it remains a buyer's market and ADM is in a strong position to de-risk projects through our technical expertise and access to capital. In line with our investment strategy, we continue to seek high-quality assets in West Africa at depressed valuations with substantial upside for our shareholders.

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 2020	As at 31 December 2019
Net asset value	£11,002,000	£14,930,000
Net asset value – fully diluted per share	8.5p	20.7p
Closing share price	5.35p	4.85p
Market capitalisation	£6,568,000	£2,886,000

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 20 to the financial statements. The Group is currently funded through debt and equity investment and therefore there is a significant liquidity risk associated with lack of funding. This is discussed further as part of the going concern note in the relevant section of this report.

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.

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 19.

Going Concern

At 31 December 2020, the Group recorded a loss for the year of £6,904,000 and had net current liabilities of £3,392,000, after allowing for cash balances of £30,000.

Since the year end, the Group has raised additional equity funding of £1,220,000 and realised £850,000 from the sale of investments to provide for working capital requirements, and the Directors have prepared cashflow forecasts for the period to 30 September 2022 to assess whether the use of the going concern basis for the preparation of the financial statements is appropriate. In the short term, the Group will require further additional funding in order to meet its liabilities as they fall due and continue to operate as a going concern. The Directors have taken into consideration the level and timing of the Group's working capital requirements (which takes into account recent reductions in costs and control of discretionary spending to preserve cash flow) and has 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.

On behalf of the Board,

OSAMEDE OKHOMINA
DIRECTOR

30 September 2021

CHIEF FINANCIAL OFFICER’S REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2020

LIONEL THEROND
CFO

The financial results of the Group were negatively impacted by lower oil prices due to the Covid crisis and lower lifting volume due to maintenance activities on the FPSO. Despite these challenges, lower operating costs somewhat mitigated the impact whilst continued assessment of mergers and acquisitions opportunities provide a solid foundation to build from in the future. We also recognised an impairment on the carrying value of our Aje asset.

Revenue and profit

For the year ended 31 December 2020, the Group’s revenue decreased by 68% to £0.8 million (2019: £2.5 million). The lower revenue reflects a lower oil volume lifted from the FPSO as well as a lower realised oil price during the period.

Operating costs decreased by 42% to £1.4 million (2019: £2.4 million) as cost-cutting initiatives were taken by the Aje partnership to mitigate the impact of low oil prices.

However, administrative expenses increased by 52% to £2.6 million (2019: £1.7 million) as M&A evaluation activity increased substantially.

An impairment of £4.6 million was recognised (2019: nil) on our share of the Aje asset due to a change to a 'fair value' implied by the purchase price (excluding contingent portion) of the recently announced PetroNor E&P Ltd/Panoro Energy ASA (“Petronor/Panoro”)transaction, which as at 31 December 2020 was considered by the Directors to represent the most relevant and reliable available indicator of value against a backdrop of market and operation uncertainty prevalent as at 31 December 2020.

An unrealised gain of £0.7 million was recognised (2019: nil) to reflect a 339% appreciation of the Group's minority stake in Superdielectrics implied by their October 2020 equity raise since the purchase of our stake in 2017-2018. This gain was realised post period end.

As a result, the loss after taxation increased to £6.9 million (2019: £1.7 million loss). The Directors do not propose a dividend (2019: £nil).

Cash flows and liquidity

After adjusting for the conversion of warrants issued in settlement of fees and working capital movements, cash outflow from operating activities decreased to £0.95 million (2019: £1.5 million outflow).

During the period, the Group raised additional equity of £0.85 million for general working capital purposes, and issued additional short-term debt of £0.3 million.

As of 31 December 2020, the Group had cash and cash equivalents of £30,000 (31 December 2019: £15,000).

Post period, in March 2021, the Group announced an equity fundraising of approximately £1,220,000.

Outlook

Following the successful acquisition of an additional interest in the Aje field from EER and of an indirect controlling interest in a risk-sharing contract for the development of the Barracuda discovery, the Group remains committed to pursuing other value-accretive acquisitions focused on producing and near-term production assets.

In doing so, the Group will play to its strength by relying on our robust and highly experienced technical team, a deep-rooted presence in Nigeria and across Africa, and the unyielding support of our solid and committed funding partners.

To this end, the Directors continue to review and assess acquisition opportunities and they are confident in the future expansion and enhancement of the Group's portfolio for the benefit of all shareholders. Despite the continued derating of the oil sector in the equity market, this strategy has the potential to deliver substantial value through cash flow distribution to shareholders.

LIONEL THEROND
CFO

30 September 2021

BOARD OF DIRECTORS

OLIVER ANDREWS

Non-Executive Chairman

Oliver has over 35 years' experience in infrastructure development, investing, public-private partnerships and strategic advisory work such as advising and partnering with governments, regional and international corporations and development finance institutions. During his career, he has overseen the investment of approximately US$10bn and originated US$100bn of investments in natural resources and infrastructure deals across the African continent on behalf of investee institutions. Oliver was formerly Executive Director and Chief Investment Officer at the Africa Finance Corporation, one of the biggest investors in natural resources and infrastructure solutions in Africa, where he oversaw the growth of assets under management from US$1bn to over US$8.4bn including significant investments in the oil and gas sector.

OSAMEDE OKHOMINA

Chief Executive Officer

A Cambridge Philosophy graduate turned oil man, 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.

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.

DR STEFAN LIEBING

Independent Non-Executive Director

Dr Stefan Liebing is the Chairman of Afrika-Verein der deutschen Wirtschaft e.V., the prestigious German- African Business Association, where as part of his role, he advises the German Government on investment in Africa. He chaired the G20 Compact with Africa investment summits in 2018 and 2019, held under the patronage of Chancellor Angela Merkel. Dr Liebing is the CEO of Conjuncta GmbH, a boutique investment and project development company. Previously, Dr Liebing was a Director of International Gas Business at EnBW Energie Baden-Wuerttemberg AG, one of the largest energy supply companies in Europe. Previously he held various senior positions at Royal Dutch Shell.

LORD BELLINGHAM

Independent Non-Executive Director

Lord Bellingham has enjoyed a distinguished Parliamentary career of almost 40 years and held a number of senior positions including: Foreign Office Minister for Africa, The UN, Caribbean, Overseas Territories and Conflict Issues; Chairman of the Westminster Foundation for Democracy; Chairman of the All-Party Group on the Commonwealth; and the Prime Minister`s Trade Envoy to Libya. In 2016, he was Knighted in the New Year Honours list for Parliamentary and Political Service. He sits in the House of Lords after being awarded a Life Peerage in 2020.In addition to his Parliamentary career, Lord Bellingham has held several non-executive roles on AIM companies and, until recently, was Non-executive Chairman of Pathfinder Minerals plc since 2014. Prior to entering Parliament, Lord Bellingham practised as a barrister having graduated from Magdalene College, Cambridge with a master's degree in Law.

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.

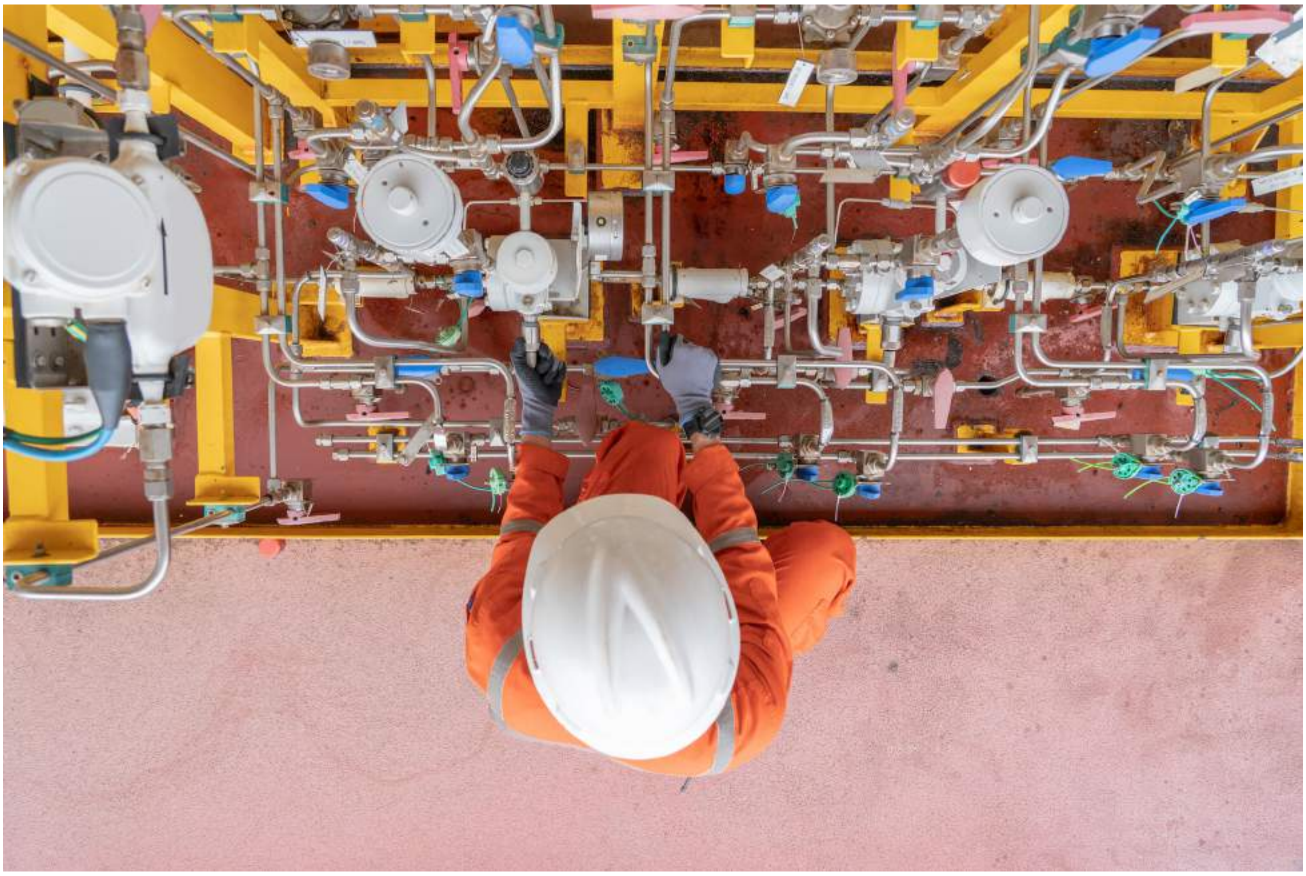
The Company intends to utilise industry experts in the analysis of proposed investments, and it is intended that the decision-making process will be a collegiate, team-based approach, driven by intrinsic value or informed opinion.

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'S REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements for the year ended 31 December 2020.

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.

Oliver Andrews	(Appointed 2 August 2021)
Osamede Okhomina	
Richard Carter	
Manuel Lamboley	
Lord Bellingham	(Appointed 29 July 2020)
Dr Stefan Liebing	(Appointed 22 July 2020)
Peter Francis	(Resigned 2 August 2021)
Sergio Lopez	(Resigned 22 July 2020)

DIRECTORS' INTERESTS

Set out below are the Directors' beneficial holdings of ordinary shares in the Company as at 31 December 2020. 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 %
Peter Francis	1,946,212	1.59%
Osamede Okhomina	1,015,909	0.83%
Richard Carter	627,575	0.51%
Dr Stefan Liebing	136,364	0.11%
Lord Bellingham	186,364	0.15%

As referred to in Post year-end events, subsequent to the year-end Peter Francis, Osamede Okhomina, Richard Carter and Dr Stefan Liebing participated in a fund raising on 24 March 2021, and on 4 May 2021 Osamede Okhomina acquired a further 480,446 shares. 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 %
Peter Francis	3,122,683	1.98%
Osamede Okhomina	2,676,826	1.70%
Richard Carter	1,098,163	0.70%
Dr Stefan Liebing	489,305	0.31%
Lord Bellingham	186,364	0.12%

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 27 September 2021 were as follows:

Name of shareholder	Ordinary shares of 1p each Number	Percentage of capital %
Hessia Group Limited	28,982,636	18.39%
Align Research Limited & related parties – RS & CA Jennings	11,813,122	7.50%
Euro Americas Securities Limited	6,000,000	3.81%
Calabar Capital Limited	5,657,912	3.89%

POST YEAR END EVENTS

On 29 January 2021, the company announced that it had extended its strategic alliance with Trafigura Pte Ltd for conditional financing of up to $120 million by twelve months.

On 24 March 2021, the Company announced that it had raised approximately £1,220,000 of equity issuing 28,710,250 ordinary shares at a price of 4.25 pence per share.

On 8 April 2021, the Company announced that it had issued 443,627 ordinary shares to a participant of the £200,000 loan facility announced on 27 April 2020 and the £200,000 loan facility announced on 25 August 2020 to settle the £15,000 interest accrued on the loans. 208,333 ordinary shares were issued at a price of 2.4 pence per share and 235,294 ordinary shares were issued at a price of 4.25 pence per share.

On 28 April 2021, the Company announce the completion of the Barracuda Field transaction acquiring a 51% interest in KONH (UK) Ltd which holds a 70% interest in the rights, benefits and obligations under the risk sharing agreement for the development of the large-scale Barracuda Field in OML 141. As part of the consideration 5,657,912 ordinary shares were issued at a price of 7 pence per share.

On 4th May 2021, the Company announced that CEO Osa Okhomina purchased 480,446 ordinary shares at 3.45 pence per share.

On 20 May 2021, the company announced the disposal of its interest in Superdielectrics Ltd selling 188,778 shares at a price of £4.50 per share.

On 22 June 2021, the Company announced that it had extended 2 loan agreements. £100,000 had been extended to 31 December 2021, and £100,000 had been extended to 30 June 2022. 4,705,882 new warrants were issued in respect of the loan extension.

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.

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

30 September 2021

CORPORATE GOVERNANCE REPORT

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.

- **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 9-13, 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 Oliver Andrews, CEO Osamede Okhomina, COO Richard Carter, and Non-Executive Directors Lord Henry Bellingham, Dr Stefan Liebing and 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 pages 16-17. 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.

• 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 pages 16-17.

- ### 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

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 six directors, four 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 Oliver Andrews (Committee Chairman) and Manuel Lamboley. 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 2020. This report sets out the activities of the Remuneration Committee during 2020.

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.

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 Oliver Andrews (Committee Chairman) and Richard Carter. 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 2020. This report sets out the activities of the Audit Committee during 2020.

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 2020

The Committee met three times in 2020 to execute its responsibilities. 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.

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.

OLIVER ANDREWS
NON-EXECUTIVE CHAIRMAN

30 September 2021

REPORT ON DIRECTORS' REMUNERATION

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 29.

DIRECTORS' EMOLUMENTS

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

Director	2020 Fees and emoluments £'000	2020 Pension contributions	2020 Termination payment £'000	2020 Total remuneration £'000	2019 Total remuneration £'000
Peter Francis*	50	–	–	50	2
Osamede Okhomina	240	35	–	275	106
Richard Carter	184	24	–	208	149
Manuel Lamboley	30	–	–	30	8
Lord Bellingham	13	–	–	13	–
Dr Stefan Liebing	13	–	–	13	–
Directors who left during year:					
Sergio Lopez	47	–	–	47	76
Stefan Olivier	–	–	10	10	399
	577	**59**	**10**	**646**	**740**

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2020 (2019: £nil).

*Peter Francis stepped down from his Board position in 2021.

On behalf of the Board,

OLIVER ANDREWS
NON-EXECUTIVE CHAIRMAN
30 September 2021

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

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 2020 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, the 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 2020 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

We draw attention to note 2 in the financial statements, which discloses that the Group requires additional funding in the immediate future to meet its liabilities as they fall due, and that such funding has not yet been secured. These events or conditions, along with other matters set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included reviewing and challenging cash flow forecasts prepared by management covering the period to 30 September 2022, considering the completeness of forecast expenditure and cash flow requirements for the forecast periods and assessing the availability of stated sources of funding for the Group.

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

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 significant risks of material 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 in this report.

The Group comprises a parent holding company and trading subsidiary (PR Oil & Gas Nigeria Limited) together with two dormant subsidiaries.

Our audit scope included all components and was performed to group materiality, which is different to parent company materiality (as laid out below). All components included the group financial statements were subject to audit by Haysmacintyre LLP either on a statutory basis or at group level.

We did not identify any key audit matters relating to irregularities, including fraud. We introduced variability into our audit tests and assessed the risk of management override on internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Based on our understanding of the Group our audit was focused on the key risks as described below.

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 matters described below to be the key audit matters to be communicated in our report.

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 2020 may be adversely affected by various factors such as there being a sustained decline in global oil and gas prices, and difficulties in obtaining investment to fund further site development.
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 various valuation methodologies, including value in use calculations, competent persons' reports and observable market transactions. ▸ We considered and challenged the appropriateness of management's selection of the most reliable valuation methodology and how this related to the carrying value of intangible assets in the Group's Statement of Financial Position.

Valuation of liabilities	
Key audit matter	The Group recognises liabilities in respect of its cost sharing obligations under the joint operating agreement governing its interest in the OML 113 offshore license. These liabilities have increased with the Group's acquisition of an additional interest during the year. There is a risk that changes in the Group's interest arising during the year and calculation errors may result in the balance being materially misstated.
Audit response	Our audit work included, but was not restricted to the following: ▸ We reviewed management's reconciliation of its OML 113 cost sharing liabilities and sought external confirmation as to their validity. ▸ We agreed a selection of inputs into this reconciliation to supporting audit evidence. ▸ We assessed the adequacy of disclosure of any uncertainties associated with this balance.

EMPHASIS OF MATTER

We draw attention to notes 2 and 22 of the financial statements which disclose the uncertainty with, and the use of judgement and estimation associated with an ongoing audit of historic cash calls on the OML 113 project and that accordingly, prospective changes in the Group's liability position may arise.

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 £280,000 which was set at 1.5% of draft gross assets. Parent Company materiality was set at £210,000 on the same basis.

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 £210,000. Parent Company performance materiality was set at £206,250 on the same basis.

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 £14,000 (£13,370 for the Parent Company). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Materiality was reassessed during the audit and it was considered reasonable to maintain materiality at the levels outlined above.

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 21, 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.

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.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Based on our understanding of the Group, we identified that the principal risks of non-compliance with laws and regulations related to compliance with AIM listing regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular by obtaining a complete list of journals and reviewing entries which showed key risk characteristics; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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: 30 September 2021

GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Continuing operations			
Revenue	3	799	2,519
Operating costs		(1,423)	(2,444)
Administrative expenses		(2,616)	(1,721)
Impairment of investment	9	(4,628)	–
Consultancy fee income		353	–
Operating loss	4	(7,515)	(1,646)
Movement in fair value of investments	11	678	–
Finance costs	5	(67)	(27)
Loss on ordinary activities before taxation		(6,904)	(1,673)
Taxation	7	–	–
Loss for the year		(6,904)	(1,673)
Other Comprehensive income:			
Exchange translation movement		(233)	(272)
Total comprehensive income for the year		(7,137)	(1,945)
Basic and diluted loss per share:	8		
From continuing and total operations		(8.7)p	(3.8)p

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		GROUP		COMPANY	
		2020	2019	**2020**	2019
	Notes	**£'000**	£'000	**£'000**	£'000
NON-CURRENT ASSETS					
Intangible assets	**9**	**16,007**	15,708	**–**	–
Investment in subsidiaries	**10**	**–**	–	**12,316**	14,983
		16,007	15,708	**12,316**	14,983
CURRENT ASSETS					
Investments held for trading	**11**	**878**	200	**878**	200
Inventory		**32**	–	**–**	–
Trade and other receivables	**12**	**109**	562	**109**	562
Cash and cash equivalents	**13**	**30**	15	**30**	15
		1,049	777	**1,017**	777
CURRENT LIABILITIES					
Trade and other payables	**14**	**4,206**	1,555	**1,429**	1,331
Convertible loans	**15**	**235**	–	**235**	–
		4,441	1,555	**1,664**	1,331
NET CURRENT LIABILITIES		**(3,392)**	(778)	**(647)**	(554)
NON-CURRENT LIABILITIES					
Convertible loans	**15**	**284**	–	**284**	–
Other borrowings	**15**	**297**	–	**297**	–
Decommissioning provision	**16**	**1,032**	–	**–**	–
		1,613	–	**581**	–
NET ASSETS		**11,002**	14,930	**11,088**	14,429

	Notes	GROUP 2020 £'000	GROUP 2019 £'000	COMPANY 2020 £'000	COMPANY 2019 £'000
EQUITY					
Share capital	**17**	**9,450**	8,817	**9,450**	8,817
Share premium	**17**	**36,591**	34,012	**36,591**	34,012
Other reserves	**18**	**817**	870	**817**	870
Currency translation reserve		**(850)**	(617)	–	–
Retained deficit		**(35,006)**	(28,152)	**(35,770)**	(29,270)
Equity attributable to owners of the Company and total equity		**11,002**	14,930	**11,088**	14,429

The financial statements were approved by the Board and ready for issue on 30 September 2021.

OSA OKHOMINA
DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £'000	Share premium £'000	Exchange translation reserve £'000	Other reserves £'000	Retained deficit £'000	Total equity £'000
At 1 January 2019	**8,499**	**32,833**	**(345)**	**955**	**(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	–	449	–	**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**	**(617)**	**870**	**(28,152)**	**14,930**
Loss for the year	–	–	–	–	(6,904)	**(6,904)**
Exchange translation movement	–	–	(233)	–	–	**(233)**
Total comprehensive expense for the year	–	–	(233)	–	(6,904)	**(7,137)**
Issue of new shares	633	2,544	–	(134)	–	**3,043**
Share issue costs	–	(21)	–	–	–	**(21)**
Issue of convertible loans	–	–	–	17	–	**17**
Warrants issued in settlement of fees	–	–	–	170	–	**170**
Warrants exercised	–	56	–	(106)	50	–
At 31 December 2019	**9,450**	**36,591**	**(850)**	**817**	**(35,006)**	**11,002**

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained deficit £'000	Total equity £'000
At 1 January 2019	**8,499**	**32,833**	**955**	**(28,208)**	**14,079**
Loss for the period and total comprehensive expense	–	–	–	(1,617)	**(1,617)**
Issue of new shares	318	1,322	449	–	**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**	**870**	**(29,270)**	**14,429**
Loss for the period and total comprehensive expense	–	–	–	(6,550)	**(6,550)**
Issue of new shares	633	2,544	(134)	–	**3,043**
Share issue costs	–	(21)	–	–	**(21)**
Issue of convertible loans	–	–	17	–	**17**
Warrants issued in settlement of fees	–	–	170	–	**170**
Warrants exercised	–	56	(106)	50	–
At 31 December 2019	**9,450**	**36,591**	**817**	**(35,770)**	**11,088**

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		GROUP		COMPANY	
	Note	2020	2019	2020	2019
		£'000	£'000	£'000	£'000
OPERATING ACTIVITIES					
Loss for the period		**(6,904)**	(1,673)	**(6,550)**	(1,617)
Adjustments for:					
Fair value adjustment to investments		**(678)**	–	**(678)**	–
Warrants issued in settlement of fees		**170**	–	**170**	–
Finance costs		**67**	27	**67**	27
Impairment of intangible assets		**4,628**		**4,996**	
Depreciation and amortisation		**85**	112	–	–
Operating cashflow before working capital changes		**(2,632)**	(1,534)	**(1,995)**	(1,590)
Increase in inventories		**(32)**	–	**–**	–
Decrease/(increase) in receivables		**303**	(383)	**303**	(383)
Increase/(decrease) in trade and other payables		**1,410**	(115)	**783**	200
Net cash outflow from operating activities		**(951)**	(2,032)	**(909)**	(1,773)
INVESTMENT ACTIVITIES					
Development costs		**(181)**	–	**–**	–
Loans to subsidiary operation		**–**	–	**(181)**	(245)
Net cash outflow from investment activities		**(181)**	–	**(181)**	(245)
FINANCING ACTIVITIES					
Continuing operations:					
Issue of ordinary share capital		**848**	1,939	**848**	1,939
Share issue costs		**(21)**	(122)	**(21)**	(122)
Proceeds from short term loans		**278**	–	**278**	–
Net cash inflow from financing activities		**1,105**	1,817	**1,105**	1,817

		GROUP		COMPANY	
	Note	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net (decrease)/increase in cash and cash equivalents from continuing and total operations		**(27)**	(215)	**15**	(201)
Exchange translation difference		**42**	14	**–**	–
Cash and cash equivalents at beginning of period		**15**	216	**15**	216
Cash and cash equivalents at end of period	13	**30**	15	**30**	15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2020

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 and oil and gas projects. The registered office of the Company is as detailed in the Company Information on page 3.

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, International Accounting Standards and interpretations issued by the International Accounting Standards Board (IASB) International Financial Reporting Standards as adopted by the European Union (adopted IFRSs). The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The current period covered by these financial statements is the year to 31 December 2020. The comparative figures relate to the year ended 31 December 2019. The financial statements are presented in pounds sterling (£) which is the functional currency of the Group.

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

GOING CONCERN

At 31 December 2020, the Group recorded a loss for the year of £6,904,000 and had net current liabilities of £3,392,000, after allowing for cash balances of £30,000.

Since the year end, the Group has raised additional equity funding of £1,220,000 and realised £850,000 from the sale of investments to provide for working capital requirements, and the Directors have prepared cashflow forecasts for the period to 30 September 2022 to assess whether the use of the going concern basis for the preparation of the financial statements is appropriate. In the short term, the Group will require further additional funding in order to meet its liabilities as they fall due and continue to operate as a going concern. The Directors have taken into consideration the level and timing of the Group's working capital requirements (which takes into account recent reductions in costs and control of discretionary spending to preserve cash flow) and has 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.

2.PRINCIPAL ACCOUNTING POLICIES (continued)

GOING CONCERN (continued)

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.

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 2020:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement – Amendments to IAS 19;

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 2021:

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.

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.

2.PRINCIPAL ACCOUNTING POLICIES (continued)

KEY ESTIMATES AND ASSUMPTIONS

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

USEFUL ECONOMIC LIFE OF INTANGIBLE ASSETS

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

IMPAIRMENT OF ASSETS

Note 10 summarises the cumulative cost less amortisation of Group's indirect investment in the Aje Field (OML 113). During the year, the Directors noted indicators of impairment related to this asset. They have therefore reviewed the value of the Group's proportionate share of the Aje fixed assets (which as a cash generating unit is represented by the intangible asset relating to the cumulative cost of its acquisition and funding of its interest in the Aje Field) and have determined that it is appropriate to impair the asset down to the fair value as implied by the value of the recent Petronor/Panoro transaction which as at 31 December 2020 was considered by the Directors to represent the most relevant and reliable available indicator of value against a backdrop of market and operation uncertainty prevalent at the time. The Directors have considered other valuation indicators such as value in use calculations and fair value assessments based on seismic reports, but these are not considered to give the same reliable indication of value as a publicly announced transaction between two third parties. It should be noted that the referenced Petronor/Panoro transaction is subject to adjustments to take into account it is a corporate transaction rather than a valuation of a group of assets identified as a cash generating unit. Such adjustments are subject to judgement and estimation by the directors, as are adjustments for other implied factors such as contingent consideration associated with the transaction. The carrying value of the parent company's investment in subsidiaries is also derived using the same valuation techniques, judgements and estimations, but modified for the fact it represents the valuation of an investment in a legal entity.

CONTINGENT LIABILITIES

The assessment of contingent liabilities inherently involves the exercise of significant judgment and estimates of the outcome of future events. This judgement involves the Directors making assessment as to whether an economic outflow relating to a past event is considered probable, possible or remote, and the extent to which its outcome can be reliably estimated. In making this judgement, the Directors make

2.PRINCIPAL ACCOUNTING POLICIES (continued)

CONTINGENT LIABILITIES (continued)

reference to correspondence with parties relevant to the contingent liability and make their own assessment of whether they have sufficient information from such correspondence to reliably predict an outcome.

INVESTMENTS HELD FOR TRADING

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

The Directors regularly review the valuation of such investments against both ongoing results of the business in which it has made investments and the price at which any further investment has taken place if such investment is considered to give sufficient and appropriate indication of fair value.

DECOMMISSIONING PROVISION

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

SHARE BASED PAYMENTS

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

The fair value of options and warrants are determined by reference to the fair value of the options and warrants granted, excluding the impact of any non-market vesting conditions. In accordance with IFRS 2 'Share Based Payments', the Group has recognised the fair value of options and warrants, calculated using the Black-Scholes option pricing model. The Directors 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 19.

2.PRINCIPAL ACCOUNTING POLICIES (continued)

ACCOUNTING POLICIES

SALES REVENUE

The Group's revenue is derived from its share in oil and gas licence OML 113, offshore Nigeria Revenue, as outlined in the Joint Operating Agreement. Revenue from the sale of crude oil is the Group's share of proceeds from liftings net of any direct taxes and is recognised when a customer obtains control ("sales" or "lifting" method), normally this is when title passes at point of delivery. Revenues from production of oil properties are recognised based on actual volumes lifted and sold to customers during the period.

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 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.

2.PRINCIPAL ACCOUNTING POLICIES (continued)

INTANGIBLE ASSETS

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

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

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

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. There were no development costs recognised as an expense during the year (2019: £Nil).

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

IMPAIRMENT OF INTANGIBLE ASSETS

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

FINANCIAL ASSETS

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

The Group's financial assets are classified into the following specific categories: 'investments 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.

2.PRINCIPAL ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS (continued)

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 at which shares have been issued and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IFRS 9 Financial Instruments. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

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.

JOINT OPERATIONS (OML 113 OPERATING AGREEMENT)

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

2.PRINCIPAL ACCOUNTING POLICIES (continued)

JOINT OPERATIONS (OML 113 OPERATING AGREEMENT) (continued)

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

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

CASH AND CASH EQUIVALENTS

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

EQUITY

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

Equity comprises the following:

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

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.

DECOMMISSIONING LIABILITY

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

CONTINGENT LIABILITIES

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

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

SHARE BASED PAYMENTS

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

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

2.PRINCIPAL ACCOUNTING POLICIES (continued)

SHARE BASED PAYMENTS (continued)

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.

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.

	2020	2019
	£'000	£'000
Revenue from share in oil and gas licence offshore Nigeria	**799**	2,519
	799	2,519

4.OPERATING LOSS

	2020 £'000	2019 £'000
Loss from continuing operations is arrived at after charging:		
Directors' remuneration (see note 6)	**646**	824
Employee salaries and other benefits	**35**	34
Amortisation	**85**	112
Impairment of intangible assets	**4,628**	–
Auditors' remuneration:		
fees payable to the principal auditor for the audit of the Group's financial statements	**28**	21

5.FINANCE COSTS

	2020 £'000	2019 £'000
Short term loan finance costs	**67**	27
	67	27

6.EMPLOYEE REMUNERATION

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

	2020 £'000	2019 £'000
Wages and salaries (including directors and employee benefits)	**671**	531
Directors' termination payments	**10**	240
Social security costs	**66**	87
	747	858
Directors' remuneration:		
Wages and salaries (including benefits)	**646**	740
Social security costs	**64**	84
	710	824

Further details of Directors' remuneration are included in the Report on Directors' Remuneration on page 21.

Only the directors are deemed to be key management. The average number of employees (including directors) in the Group was 5 (2019:5).

7.INCOME TAX EXPENSE

	2020 £'000	2019 £'000
Current tax – continuing operations	–	–

	2020 £'000	2019 £'000
Loss before tax from continuing operations	**(6,904)**	(1,673)
Loss before tax multiplied by rate of corporation tax in the UK of 19% (2019: 19%)	**(1,312)**	(318)
Expenses not deductible for tax purposes	**890**	6
Unrelieved tax losses carried forward	**422**	312
Total tax charge for the year	–	–

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

8.EARNINGS AND NET ASSET VALUE PER SHARE

Earnings

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

	2020 £'000	2019 £'000
Loss attributable to owners of the Group		
- Continuing operations	**(6,904)**	(1,673)
Continuing and discontinued operations	**(6,904)**	(1,673)
	2020	2019
Weighted average number of shares for calculating basic and fully diluted earnings per share	**79,594,655**	44,280,670
	2020 pence	2019 pence
Earnings per share:		
Loss per share from continuing and total operations	**(8.7)**	(3.8)

The weighted average number of shares used for calculating the diluted loss per share for 2020 and 2019 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.

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.

	2020 £'000	2019 £'000
Total net assets of the Group	**11,002**	14,930
Cost of exercise of warrants	**1,715**	1,261
Total net assets for calculation of fully diluted NAV	**12,717**	16,191
	2020	2019
Number of shares in issue at the reporting date	**122,769,073**	59,501,210
Number of extant warrants (see note below)	**27,726,241**	18,801,601
Total number of shares for calculation of fully diluted NAV	**150,594,655**	78,302,811
	2020	2019
NAV – Basic (pence per share)	**9.0p**	25.1p
NAV – Fully diluted (pence per share)	**8.5p**	20.7p

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. During the year the Group paid $3 million (£2,256,000) to acquire a further interest in the Aje which increased its revenue interest to 9.2% and 12.3% cost share.

	Development costs	
	2020	2019
	£'000	£'000
Cost		
At 1 January	**16,071**	16,362
Additions	**5,287**	–
Foreign currency exchange translation difference	**(282)**	(291)
At 31 December	**21,076**	16,071
Amortisation		
At 1 January 2018	**363**	256
Charge for year	**85**	112
Impairment	**4,628**	–
Foreign currency exchange translation difference	**(7)**	(5)
At 31 December 2018	**5,069**	363
Net book value at 31 December	**16,007**	15,708

Development costs are amortised on a useful economic basis which is aligned with output in a given financial period compared to total proven and possible production. Production is expected to continue until 2039. The adoption of the units of production method of amortisation means amortisation will not accrue evenly to this date, rather it will vary according to production levels which are considered to equate to consumption of the cost of the asset.

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 Jacka Resources Limited ("JRL") held the single issued share. ADM 113's sole asset is its wholly owned subsidiary, P R Oil & Gas Nigeria Limited ("PROG"), a Nigerian registered company. At the beginning of the year PROG had a 5% revenue interest in the OML 113 licence, offshore Nigeria, which includes the Aje Field ("Aje"), where oil production commenced in May 2016. During the year it paid US$4 million (£2,256,000) to acquire a further interest in Aje which increased its revenue interest to 9.2%.

	2020 **£'000**	2019 £'000
Balance at beginning of period	**14,983**	14,738
Advances to PROG	**2,329**	245
Impairment	**(4,996)**	–
Balance at end of period	**12,316**	**14,983**

The Group's subsidiary companies are as follows:

Name	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
ADM 113 Limited	Holding company	British Virgin Islands Maples Corporate Services (BVI) Ltd Kingston Chambers P.O. Box 173, Road Town, Tortola	100%
*P R Oil & Gas Nigeria Limited	Oil exploration & production	Nigeria 1, Murtala Muhammed Drive Ikoyi, Lagos	100%
Geo Estratos MXOil, SAPI de CV	Dormant	Mexico Lago Alberto 319, Piso 6 IZA Punto Polanco Col. Granada, Del. Miguel Hidalgo CP 11520, Ciudad de Mexico	100%
ADM Asset Holdings Limited	Dormant	60 Gracechurch Street, London, United Kingdom, EC3V 0HR	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	
	2020	2019
	£'000	£'000
Fair value of investments brought forward	**200**	200
Movement in fair value of investments	**678**	–
Fair value of investments held for trading	**878**	200
Investments held at the year end were categorised as follows		
Level 3	**878**	200
	878	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, "Financial assets held at fair value through profit and loss". There are no Level 1 and Level 2 investments.

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Other receivables	**42**	498	**42**	498
Prepayments and accrued income	**67**	64	**67**	64
	109	562	**109**	562

The fair value of Other receivables is considered by the Directors not to be materially different to carrying amounts. At the date of the Statement of Financial Position in 2020 and 2019 there were no trade receivables.

13. CASH AND CASH EQUIVALENTS

	GROUP AND COMPANY	
	2020	2019
	£'000	£'000
Cash at bank	**30**	15
Cash and cash equivalents	**30**	15

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Trade payables	**468**	327	**468**	327
Tax and social security	**395**	132	**395**	132
Amount owed in respect of OML 113 operating agreement	**2,766**	213	–	–
Other payables	**71**	678	**71**	678
Short term loan finance	**104**	–	**104**	–
Accruals and deferred income	**402**	205	**391**	194
	4,206	1,555	**1,429**	1,331

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

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

15.BORROWINGS

Convertible loans ("CLNs")

On 15 August 2020 the Group entered into 12 month convertible loan agreements for a total of £230,000 with interest payable at 10%. On 10 December 2020 the Company issued a convertible loan note for US$400,000 (£293,000) as part consideration for the acquisition of its additional interest in Aje. The loan note is repayable on 10 June 2022 and bears interest at 10% p.a.

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

	GROUP AND COMPANY	
	2020	2019
	£'000	£'000
Nominal value of convertible Loans	**523**	–
Equity component	**(17)**	–
Liability component at date of issue	**506**	–
Interest charged	**13**	–
Liability component at 31 December	**519**	–
Current portion of loans	**235**	–
Non-current portion of loans	**284**	–
	519	–

The interest charged for the year is calculated by applying an effective average interest rate of 12% to the liability component for the period since the loan notes were issued.

The directors estimate the fair value of the liability component of the convertible loan notes at 31 December 2020 to be approximately £519,000. The fair value has been calculated by discounting the future cash flows at the market rate of 12%.

Other borrowings

	2020	2019
	£'000	£'000
Other loan	**297**	–

15.BORROWINGS (continued)

Other borrowings (continued)

£50,000 of the other loan was converted into shares subsequent to the year end. The balance of the loan, which was shown as a current liability in 2019, is non-interest bearing and its repayment date is 15 May 2023. The loan agreement gives the Group the right to convert the balance owed into shares at the ruling market rate at a time at the discretion of the Group. The balance has been re-presented as non-current due to a modification affected during the year which reduced the balance to £297,000 from £650,000, which also clarified the terms of the agreement. The loan gives the Group the right to convert the outstanding balance into the equivalent value of equity at any time during the term. The loan is treated as a liability because while the value of equity to be issued on conversion is fixed, the number of shares is variable, meaning it meets the definition of a financial liability as laid out by IFRS 9.

16.DECOMMISSIONING PROVISIO0N

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

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

	2020 £'000	2020 £'000
Balance brought forward	–	–
Arising during the year	**1,032**	–
As at 31 December 2020	**1,032**	–

In previous years it has been considered that the required decommissioning provision was not material, but following the acquisition of the additional share in the OML 113 licence the Directors have reassessed the materiality of the required provision.

17.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 2019 (ordinary shares of 0.01p)	2,771,349,664	277	8,222,439,370	8,222	8,499	32,833
Shares issued	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**
Shares issued (see notes below)	**63,267,863**	**633**	–	–	**633**	**2,560**
Warrants issued in connection with equity subscriptions	–	–	–	–	–	(16)
Share issue costs	–	–	–	–	–	(21)
Warrants exercised	–	–	–	–	–	56
	122,769,073	**1,228**	**8,222,439,370**	**8,222**	**9,450**	**36,591**

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

17.CALLED UP SHARE CAPITAL (continued)

Share issues in year

On 8 January 2020, 2,148,000 ordinary shares of 1p were issued at 7p each as a result of a placing, raising £150,360 before expenses.

On 27 April 2020, 2,083,333 ordinary shares of 1p were issued at 2.4p each as a result of a placing, raising £50,000 before expenses, and 6,350,000 shares were issued at 2.4p each to settle liabilities totaling £152,400.

On 14 May 2020, 4,242,696 shares of 1p were issued to the Hessia Group at 2.4p each to settle US$ 150,000 (£101,825) of the deposit in respect of the acquisition of a further interest in the Aje field.

On 17 July 2020, 2,083,333 ordinary shares of 1p were issued at 2.4p each as a result of the exercise of warrants, raising £50,000, and 208,333 ordinary shares were issued also at 2.4p each to settle a liability of £5,000.

On 25 August 2020, 8,590,906 ordinary shares of 1p were issued at 5.5p each as a result of a placing, raising £472,500 before expenses, and 7,196,322 ordinary shares were issued also at 5.5p in settlement of liabilities totaling £395,798.

On 26 August 2020, 5,083,333 ordinary shares of 1p were issued at 2.4p each as a result of the exercise of warrants, raising £122,000, and 416,667 ordinary shares were issued also at 2.4p each to settle a liability of £10,000.

On 14 May 2020, 21,344,262 shares of 1p were issued at 7p each and 3,395,678 ordinary shares were issued at 5.5p each, all to the Hessia Group, to settle US$ 2,250,000 (£1,680,861) being the balance due for the acquisition of a further interest in the Aje Field.

18. OTHER RESERVES

	Shares to be issued £'000	Reserve for options granted £'000	Reserve for warrants issued £'000	Convertible loan note reserve £'000	Other reserves £'000
Balance at 1 January 2019	–	172	783	–	955
Issue of new shares	150	–	299	–	155
Share issue costs	–	–	21	–	21
Share options lapsed	–	(172)	–	–	(172)
Share warrants lapsed/ cancelled	–	–	(383)	–	(383)
Balance at 31 December 2019	**150**	–	**720**	–	**870**
Issue of new shares	**(150)**	–	**16**	–	**(134)**
Warrants issued in settlement of fees	–	–	**170**	–	**170**
Warrants exercised	–	–	**(106)**	–	**(106)**
Issue of convertible loans	–	–	–	**17**	**17**
Balance at 31 December 2020	–	–	**800**	**17**	**817**

19. 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.

On 8 January 2020, the Company issued 2,148,000 share warrants to advisers in respect of a private placing. The warrants are exercisable at 8p per share for a period of 2 years from the date of issue.

On 6 May 2020, the Company issued 8,333,333 share warrants in respect of arrangement fees. The warrants are exercisable at 2.4p per share for a period of 2 years from the date of issue.

On 25 August 2020, the Company issued 4,705,882 share warrants in respect of arrangement fees. The warrants when issued were exercisable at 5.5p per share for a period of 2 years from the date of issue. In accordance with the warrant agreement the exercise price of these warrants has subsequently been amended to 4.25p per share. On the same date 909,091 warrants were issued in settlement of consultancy fees, exercisable at 5.5p per share for a period of 2 years from the date of issue. Also on the same date 120,000 warrants were issued in connection with an equity subscription, exercisable at 5.5p per share for a period of 5 years from the date of issue.

19.SHARE WARRANTS (continued)

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	8 Jan 2020	6 May 2020	25 Aug 2020	25 Aug 2020	25 Aug 2020	10 April 2019	Oct/Nov 2019
Issue date share price	4.75p	2.4p	5.5p	5.5p	5.5p	5.5p	5.025p
Exercise price per share	8p	2.4p	4.25p	5.5p	5.5p	4p	8p
No. of warrants	2,148,000	8,333,333	4,705,882	909,091	120,000	8,000,000	12,726,001
Risk free rate	1%	1%	1%	1%	1%	1%	1%
Expected volatility	50%	50%	50%	50%	50%	50%	50%
Expected life of warrant	2 years	2 years	2 years	2 years	5 years	5 years	2 years
Calculated fair value per share	0.58612p	0.68054p	2.09916p	1.55958p	2.41010p	2.9133p	0.6896p

The share warrants outstanding at 31 December 2020 and their weighted average exercise price are as follows:

	2020		2019	
	Number	**Weighted average exercise price (pence)**	Number	Weighted average exercise price (pence)
Outstanding at 1 January	**18,801,601**	6.71	866,667	123.00
Issued	**2,148,000**	8.00	8,000,000	4.00
Issued	**8,333,333**	2.40	12,726,601	8.00
Issued	**4,705,882**	4.25	-	-
Issued	**1,029,091**	5.50	-	-
Exercised	**(7,291,666)**	2.40	(1,925,000)	4.00
Lapsed or cancelled	**-**	-	(866,667)	123.00
Outstanding at 31 December	**27,726,241**	6.18	18,801,601	6.71

19.SHARE WARRANTS (continued)

The fair value of the share warrants recognised as part of the premium paid in respect of the share subscriptions in the year was £16,000 and in respect of the share warrants issued in settlement of fees £170,000 was recognised as the fair value expense in the income statement. Both these amounts were credited to the share warrant reserve. In 2019, £320,000 was recognised in the financial statements as the fair value of warrants issued.

20.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 £88,000 (2019: £20,000).

20.RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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:

	2020	2019
	£’000	£’000
Cash and cash equivalents	30	15
Loans and receivables	42	498
	72	513

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.

21.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:

	2020	2019
	£'000	£'000
FINANCIAL ASSETS:		
Cash and cash equivalents	**30**	15
Investments held for trading (see fair value measurements below)	**878**	200
FINANCIAL ASSETS BY IFRS 7 FAIR VALUE HIERARCHY		
Level 3 - Investments held for trading	**878**	864
	878	864

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”.

21.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:

	2020 **£'000**	2019 £'000
Trade and other payables	**3,700**	1,350
Borrowings	**920**	–

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

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	Over 5 years £'000
2020					
Interest bearing:					
Borrowings	–	–	339	581	–
Non-interest bearing:					
Trade and other payables	–	934	–	2,766	–
2019					
Interest bearing:					
Borrowings	–	–	–	–	–
Non-interest bearing:					
Trade and other payables	–	1,350	–	–	–

As at 31 December 2020 the Group had net debt (defined as cash less borrowings) of £890,000 (2019: net cash of £15,000). The movement arose entirely through cash flows with the exception of £297,000 which has been re-classified as non-current debt (see note 15).

22. CONTINGENT LIABILITIES

OML 113 joint agreement

The Group recognises a liability in respect of its participation in the OML 113 Joint Operating Agreement. The liability disclosed in these accounts is based on a reconciliation of the amounts owed under the operating agreement entered into by the Group and other participators in the OML 113 operation. The reconciliation is based on returns and reconciliations provided by the project's operator, which references the Group's share of revenue received and costs incurred. It is understood that some of the partners disagreed with the amounts shown in the reconciliation and so an audit is currently in progress to confirm the balances due by the partners in respect of the joint operating agreement. At this stage it is not possible to estimate what effect the result of the audit may have on the Group's liability, but when the audit is concluded, possibly within the next three months, it is possible that there may be a material change to the Group's liability. It remains the Directors expectation that the Group's liability will be settled against the Group's share of project revenues such that the Group will experience no additional cash outflow.

23. 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.

24. ULTIMATE CONTROLLING PARTY

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

25. POST PERIOD END EVENTS

- On 29 January 2021, the company announced that it had extended its strategic alliance with Trafigura Pte Ltd for conditional financing of up to $120 million by twelve months.
- On 24 March 2021, the Company announced that it had raised approximately £1,220,000 of equity issuing 28,710,250 ordinary shares at a price of 4.25 pence per share.
- On 8 April 2021, the Company announced that it had issued 443,627 ordinary shares to a participant of the £200,000 loan facility announced on 27 April 2020 and the £200,000 loan facility announced on 25 August 2020 to settle the £15,000 interest accrued on the loans. 208,333 ordinary shares were issued at a price of 2.4 pence per share and 235,294 ordinary shares were issued at a price of 4.25 pence per share.

25. POST PERIOD END EVENTS (continued)

- On 28 April 2021, the Company announce the completion of the Barracuda Field transaction acquiring a 51% interest in KONH (UK) Ltd which holds a 70% interest in the rights, benefits and obligations under the risk sharing agreement for the development of the large-scale Barracuda Field in OML 141. As part of the consideration 5,657,912 ordinary shares were issued at a price of 7 pence per share.
- On 4th May 2021, the Company announced that CEO Osa Okhomina purchased 480,446 ordinary shares at 3.45 pence per share.
- On 20 May 2021, the company announced the disposal of its interest in Superdielectrics Ltd selling 188,778 shares at a price of £4.50 per share.
- On 22 June 2021, the Company announced that it had extended 2 loan agreements. £100,000 had been extended to 31 December 2021, and £100,000 had been extended to 30 June 2022. 4,705,882 new warrants were issued in respect of the loan extension.