



Operational update



Key Data

Listing:	AIM
Ticker:	ADME
Shares Outstanding:	74.3m
Share Price:	£0.028
Market Cap:	£2.1m
Estimated Valuation:	US\$13.7m
Asset Location:	Nigeria

Reserves (MMBOE) (100%)

1P	2P	3P
5.2	8.9	12.8

Resources (MMBOE) (100%)

1C	2C	3C
0.2	0.5	0.9

Prospective Resources (BCF) (100%)

Low Estimate	Best Estimate	High Estimate
n/a	n/a	n/a

Summary

ADM Energy (“ADME”) published an operational update on the Aje Field in which they have a 9.2% interest.

Production from the field has continued uninterrupted during Q1 and Q2 despite a difficult macro environment. The focus has been and remains on cost discipline, with break-even cost of production now at US\$28 /bbl after a 37.5% reduction on average throughout the operations. Oil produced remains stored on the FPSO, with the JV partners anticipating higher oil prices later in the year.

ADME recently settled the payment of the US\$250,000 deposit, relating to the purchase of interest in OML 113 from EER, and is awaiting consent from the Nigerian Minister of Petroleum Resources for the transfer of the interest from EER to ADME.

ADME now has a cash balance of £200,000 and has access to a further £100,000 from a new loan facility, which should be sufficient to maintain its operations until the end of 2020 after the significant corporate cost reductions implemented in early Q2.

Management remains focused on cash discipline and on evaluating any further internal (OML113) and external growth opportunities.

ADME shares trade at a large discount to a peer group of companies with assets in Nigeria and we believe the current share price offers a multiple return opportunity from existing operations and future growth opportunities (**Exhibit 1**).

Analyst

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EXHIBIT 1: PEER GROUP COMPARISON

Name	Price (local)	FX	EV (US\$M)	2P (MMboe)	EV/2P (US\$/boe)
Africa Oil	1.1	CAD	239.5	80.6	3.0
Lekoil	2.5	GBp	17.6	22.7	0.8
Oando PLC	2.8	NGN	646.9	479.8	1.3
San Leon Energy	23.9	GBp	114.9	124	0.9
Seplat	61.6	GBp	821.1	481.0	1.7
Median					1.3
ADM Energy	2.8	GBp	2.3	8.9	0.3

Source: FDC, Bloomberg

Research Disclosures

Lionel Therond CFA

Lionel has 30 years of experience in Oil & Gas and Banking. He is currently a Director of Fox-Davies Capital and a Director of Blue Oak Advisory, a London-based corporate finance boutique.

Until 2016, Lionel was Head of Oil & Gas Equity and Commodity Research and a Managing Director at Standard Bank, focusing on the financing of mid-size Oil & Gas companies in Emerging and Frontier Markets, in particular sub-Saharan Africa. Lionel joined Standard Bank from Fox-Davies Capital where he was Head of Oil & Gas Research. Prior to that, Lionel was an equity fund manager and buyside analyst with JPMorgan Asset Management in London, specialised in the Oil & Gas, Industrials and Media sectors. His oil industry experience includes nine years as a geoscientist with Royal Dutch Shell managing exploration projects internationally.

Lionel has an MBA from INSEAD, a DEA in Geology and Geophysics from Institut National Polytechnique de Lorraine and a Diplôme d'Ingénieur Géologue from Ecole Nationale Supérieure de Géologie (Nancy, France). He is a CFA Charterholder and a Fellow of the Geological Society of London.

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Research disclosure as of 16 June 2020

Company Name	Disclosure
ADM Energy Plc	2, 3, 7

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Authorised and Regulated by the Financial Conduct Authority.
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ADM Energy Plc



Picture: Front Puffin FPSO