



ADVANCEENERGY

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2021

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CHAIRMAN'S REPORT

I'm pleased to provide the following statement to support the final results for the year ended 30 April 2021. This was the first full year of Advance Energy, having established the rebranded company in February 2020 and set out our strategic objectives in March 2020. Those objectives focused on growing the Company through strategic partnerships on compelling projects where we could identify and unlock material upside with a view to establishing near-term cash flow and significant value accretion. I'm pleased to report that the Company made big strides towards our long-term objectives in this first year.

The reverse takeover transaction that saw Advance Energy farm into the Buffalo Field in East Timor alongside Carnarvon Petroleum is the perfect embodiment of our strategy given the proven resources and the highly material cash flow that we believe can be unlocked from that asset. It also saw us establishing a 50/50 joint venture alongside an Operator with a strong track record in the region and a shared vision for the potential that remains in the Buffalo Field.

We were delighted to complete that transaction in April of this year, having completed an equity placing of £21.8m with new and existing shareholders. The fact that we were able to raise that equity, at a time when the market conditions were particularly challenging, reflects the differentiated nature of our investment proposition and the quality of the opportunity that we presented to our shareholders and the market.

The focus since completion has been to work alongside Carnarvon Petroleum in order to prepare for the much anticipated Buffalo-10 well, which is designed to test the significant attic oil accumulation remaining after the original development, and to enable us to convert the 2C resources of 34.3 MMstb into 2P reserves following re-certification. In that regard we were delighted to recently announce the signing of a rig contract with Valaris that will see the joint venture spudding the Buffalo-10 well in late October or early November 2021. In the event that this well is successful and validates the current technical evaluation, it will be truly transformational for the Company and deliver significant cash flow over a short time frame.

At the time of announcing the farm-in, the oil price was US\$50/bbl Brent and the independently verified economics of the project were very compelling indeed. Pleasingly, the oil price has strengthened and stabilised through the calendar year, and at the current pricing of circa US\$70/bbl the project economics are even more compelling, resulting in the potential for exceptional cash flow generation and rates of return in a success case. The joint venture has also undertaken a lot of technical assessment with regards to the various development concepts that would be required to bring the Buffalo field on stream, including the possibility of a phased approach to deliver even earlier production and associated cash flow.

The Advance Energy team are, of course, pragmatic about the risks associated with the well. With multiple decades of combined industry experience between us, we are cognisant of the operational and geological hurdles in front of us. That said, the Buffalo project was selected on the strength of its risk versus reward ratio - with low geological risk relative to the upside achievable in the success case.

As well as progressing the Buffalo project to a drill ready status, the team has also been actively seeking to diversify the portfolio in line with the strategic vision. To support this, we have relinquished the legacy assets that we inherited in the UK, whilst also focusing on business development of opportunities that meet our investment criteria. We are actively screening numerous opportunities and hope to bring some of these into fruition in the current fiscal year. The market drivers for our business development strategy remain the same, as IOCs and larger independents continue to divest of assets to conform with their energy transition strategies. Smaller industry players are also more focused on innovative and technical solutions to unlock hidden value from existing resources, and the Advance Energy team brings specific capabilities in this regard. As such, we continue to position the Company as a highly competent industry counterparty that can support the objectives of our partners and look forward to providing more information on our business development activities as our ongoing discussions progress.

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From a corporate standpoint our focus has been on cost discipline and developing an appropriate ESG agenda. The first point is a core strategic objective for the Company, recognising the importance of cash preservation and financial efficiency. The second point is now a strategic priority for all companies, irrespective of sector, but is particularly important for energy companies given the increasing focus on climate change. Advance Energy seeks to balance its appreciation of climate change and commitment to environmental stewardship with the (still) growing demand for hydrocarbons and the positive socio-economic impact they play in developing economies such as Timor-Leste. It is for this reason that we prioritise ESG in our business development process, to ensure we are partnering with quality operators who have a firm commitment to operational excellence. We strive to consider all ESG factors when screening new opportunities to ensure they meet with our required standards and those of our wider stakeholders.

In summary, it has been a very eventful year for Advance Energy, and we are pleased to have delivered on all the objectives we set ourselves when we embarked on this journey in February 2020. The fact that we have managed to do so against the backdrop of a global pandemic and wildly volatile commodity environment is particularly satisfying and speaks volumes of the team we have assembled. We have built a good platform from which to grow and look forward to the future with much excitement and anticipation. Finally, I'd like to thank all our shareholders for their support and faith in the management team and our strategy. We look forward to providing regular updates throughout the Buffalo-10 well and hope to be issuing good news around the end of the calendar year.

Mark Rollins

Mark Rollins
Non-Executive Chairman
21 September 2021

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 April 2021.

Principal activities, business review and future developments

The principal activity of Advance Energy plc during the year was oil appraisal and development in the Democratic Republic of Timor-Leste. Further details on the activities of the Group are provided in the Review of Operations.

Impact of COVID-19

The global COVID-19 pandemic required us, like many of our peers, to alter our operational plans and implement strict safety protocols to protect our staff and our local community. Our operational activity was not affected. Ultimately the Company was able to continue with the day to day activities with minimal affect. Whilst there are still certain restrictions imposed on our activities by the crisis, we are confident of our ability to adapt to this dynamic situation and continue our day to day activities.

Results and dividends

Loss on ordinary activities after taxation amounted to US\$2,854,000 (30 April 2020: US\$1,231,000). The Directors do not recommend the payment of a dividend (30 April 2020: US\$Nil).

Review of Operations and Business Activity

On 1 June 2020 the Company appointed Mr Stephen West as Chief Financial Officer and Executive Director of the Company Board and Mr Graham Smith resigned as Non-Executive Director. In addition, Mr Ross Warner stepped down from his Executive Director position and assumed the role of Non-Executive Director on the same date.

On 14 September 2020 the Company announced that the Company's wholly owned subsidiary Resolute Oil & Gas (UK) Limited's 8% non-operated working interest in the P1918 Licence would expire, together with the other joint venture participant's interests, on 31 January 2021. This followed the completion of an earlier appraisal drilling programme by the Operator of the licence, Corallian Energy Limited, and a subsequent evaluation of the P1918 Licence which resulted in a recommendation to the joint venture that the licence not be renewed when the second term expires on 31 January 2021 based on the conclusion that the Colter South discovery could not be commercially developed.

On 7 October 2020 the Company announced that it had entered into a Deed of Termination and Release with PT Petroenim Betun-Selo and PT Celebes Artha Ventura in relation to the Operating Services & Option Agreement for production on the Betun-Selo KSO field in Sumatra, Indonesia.

On 12 November 2020 the Company announced that it had raised £300,000 through the issue of 136,363,636 new ordinary shares at a price of 0.22 pence per share. On the same date the Company agreed to issue 21,416,515 Ordinary Shares at 0.22 pence per share to various creditors to settle outstanding amounts.

On 17 December 2020 the Company announced that it had entered into a subscription agreement with Timor-Leste Petroleum Pty Ltd, a subsidiary of Carnarvon Petroleum Limited, pursuant to which the Company's wholly owned subsidiary, Advance Energy TL Limited ("AETL"), would, subject to certain conditions, subscribe for equity such that it will hold up to 50% of the total equity interest in Carnarvon Petroleum Timor Unipessoal Lda for consideration of up to US\$20,000,000.

On 16 April 2021 the Company undertook a capital consolidation whereby every ten existing ordinary shares were consolidated into one new ordinary share.

On 19 April 2021 the Company announced that it had raised £21,842,600 through the issue of 840,100,000 ordinary shares at a price of 2.6 pence per share. The net proceeds of the placing were utilised to fund the subscription by AETL for equity in Carnarvon Petroleum Timor Unipessoal Lda. In addition, on the same date

Mr Stephen Whyte and Mr Larry Bottomley were appointed to the Board as independent Non-Executive Directors.

Key Performance Indicators (“KPIs”)

The Board monitors the activities and performance of the Group on a regular basis, including as part of the regular Board updates and Board meetings. During the year the principal focus of the Group was to divest legacy assets in the Republic of Indonesia and to acquire upstream E&P assets in line with the new company strategy. The KPIs being monitored by the Group as at the date of this report were as follows:

- Cash management;
- Business development; and
- Project development.

Risks and uncertainties

The principal risks and uncertainties inherent in an Advance Energy’s business strategy are summarised below:

- Volatility of commodity prices which may impact investment decisions taken. The Group monitors price forecasts in Board meetings and reacts accordingly.
- Foreign currency volatility impacts the potential cost base of projects and the Group monitors and assesses, as far as practicable, the impact on budgets and cash flows.
- Operational risks relate to dealing with stakeholders on any potential project. The ability of partners to finance and support projects, customers or governments to approve projects can impact budgets and cash flows and the Group maintains and monitors its stakeholder relationships.
- Availability of finance and funding is key to ensuring that there are funds available for working capital and to allow the Group to make strategic investment decisions. The Board is responsible for monitoring the cash flows and cash forecasts of the business.

Financial Risk Management

The Group’s operations expose it to a variety of financial risks that include the effect of changes in debt market prices, movements in foreign currency exchange rates, credit risk and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate or foreign exchange costs and, as such, no hedge accounting is applied. Details of the Group’s financial risk management policies are set out in Note 16 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group’s control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented.

Going Concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues from its upstream E&P assets. The operations of the Group are currently financed from funds raised from shareholders. In common with many pre-production entities, the Group may need to raise further funds in order to progress the project into the production of revenues.

The Group has cash and cash equivalents of US\$8,103,000 at 30 April 2021 and the Directors are of the view this is sufficient to fund the Group’s committed expenditure over the next 12 months from the date of approval of these financial statements, without raising funds in this period.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The following Directors held office during the year and to the date of this report:

Mark Rollins (appointed 4 February 2020)
 Leslie Peterkin (appointed 4 February 2020)
 Ross Warner
 Graham Smith (resigned 1 June 2020)
 Stephen West (appointed 1 June 2020)
 Stephen Whyte (appointed 19 April 2021)
 Larry Bottomley (appointed 19 April 2021)

The Board considers the directors to be independent other than in respect of those directors with an interest as disclosed below.

Directors' interests

The beneficial and non-beneficial interests in the Company's shares of the Directors (who remain in office at the respective reporting dates) and their families, as at the date of approval of the financial statements are as follows:

	2021	2020	2021	2020
	Ordinary shares	Ordinary shares	Options ⁽¹⁾	Options
Mark Rollins	29,403,153	139,833,333	24,840,000	50,000,000
Leslie Peterkin	26,611,153	138,833,333	29,450,000	50,000,000
Ross Warner	205,287	2,052,875	5,180,000	12,500,000
Stephen West	4,943,590	-	22,340,000	-
Stephen Whyte	391,266	-	1,670,000	-
Larry Bottomley	-	-	1,670,000	-
Graham Smith	36,000	360,000	-	-

⁽¹⁾ These relate to share options which were allocated to the Directors of the Company on 4 February 2020, 8 July 2020 and 19 April 2021. Various conditions attach to each option as to vesting periods and each option is subject to the option holder meeting service commitments during the vesting period. There are no other performance conditions attached to the options.

Details of the Directors' remuneration are given in note 9 to the Financial Statements.

Provision of information to auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

Lubbock Fine LLP, who, being eligible, have expressed their willingness to continue in office in accordance with the Isle of Man Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

Mark Rollins

Mark Rollins
21 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are required to prepare financial statements for each financial year. The Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- 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 proper accounting records that are sufficient to show and currently explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and which allow financial statements to be prepared. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. The Group is compliant with AIM Rule 26 regarding the Group's website.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ADVANCE ENERGY PLC

OPINION

We have audited the consolidated financial statements of Advance Energy Plc (the “Company”) and its subsidiaries (the “Group”) for the year ended 30 April 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes, 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 affairs as at 30 April 2021 and of the Group’s loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Ongoing COVID-19 pandemic and going concern</i></p> <p>Due to the ongoing COVID-19 pandemic there is still uncertainty and risk in the global economy as case numbers are continuing to fluctuate across the globe. If the pandemic does worsen there may be significant operation delays caused, due to potential restrictions on travel. Furthermore, it could potentially result in a weaker local and global economy which may result in difficulties in raising additional external finance.</p>	<p>As detailed in accounting policy 2(1), the directors are confident that the Group will be able to obtain sufficient funds to meet its liabilities as they fall due.</p> <p>We have discussed the going concern basis with management and reviewed the Group’s forecasts and budgets and exit plans. We have stress tested the forecasts with a series of “What-if” scenarios.</p>

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<p><i>Accuracy and completion of equity</i></p> <p>In the current year, the Group entered into a large number of transactions impacting equity which include share issues, share warrants and other equity settled transactions with third parties. Given the qualitative and quantitative impact on the share structure of the Group and the judgements and estimates required to be taken by management to value share transactions, this financial statement area is considered to be an audit risk that could result in a material misstatement.</p>	<p>We obtained an understanding of the nature of equity transactions entered into by the Company during the year through discussions with management, a review of regulatory news service announcements and from the review of Board minutes and key agreements.</p> <p>Valuations prepared for share based payments issued have been reviewed. In doing so, we have assessed the modelling approach taken and verified the key assumptions and inputs into these models.</p>
<p><i>Value and classifications of investment</i></p> <p>In the current year, the Group acquired a 50% share in Carnarvon Petroleum Timor. Due to the different accounting treatments on investments depending upon whether they are an associate or subsidiary there is a potential risk that the consolidated financial statements have been prepared on an incorrect basis.</p> <p>Additionally there is a risk that the value of the investment is potentially overstated in the financial statements if there are indications of impairment.</p>	<p>We reviewed management's accounting policy for the treatment of this investment and assessed whether it is in line with IAS 28.</p> <p>We have reviewed underlying agreements and have concluded that the investment of 50% indicates that the Company holds significant influence over in Carnarvon Petroleum Timor and therefore meets the criteria of IAS 28.</p> <p>We have recalculated the Investment in in Carnarvon Petroleum Timor as well as recalculated the share of profit/loss from date of acquisition to the year end date. We are satisfied that the transactions are in accordance with the accounting standards.</p> <p>We reviewed management's accounting policy for impairment and assessed whether it is in line with IAS 28, IAS 36 and IFRS 6.</p> <p>Furthermore when considering the carrying value of the investment we have considered management's assessment of indications of impairment and carried out our own assessment of this.</p>
<p><i>Classification of expenses</i></p> <p>In Carnarvon Petroleum Timor there are significant costs being incurred due to the development of the Buffalo well. There is a risk of misstatement if these have been incorrectly capitalised.</p>	<p>We reviewed management's accounting policy for capitalisation of exploration expenditure and assessed whether it is in line with IFRS 6.</p> <p>We have reviewed a sample of the accounting transactions of Carnarvon Petroleum Timor and satisfied ourselves that these transactions are being correctly treated in accordance with group accounting policies.</p>

OUR APPLICATION OF MATERIALITY

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the consolidated financial statements.

We define financial statements materiality as the magnitude by which misstatements, including omissions, could influence the economic decisions taken on the basis of the consolidated financial statements by reasonable users.

We also determine a level of performance materiality, which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole.

- Overall materiality - We determine materiality for the consolidated financial statements as a whole to be \$571k. This was based on the key performance indicator, being 2% of gross assets. We believe gross assets to be the most appropriate bench mark as the company looks to build value through exploration investments which will be held within the balance sheet.
- Performance materiality - On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the consolidated financial statements should be 50% of materiality, amounting to \$285k.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Group, its activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement. During the audit, we reassessed and revaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and management of specific risk.

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

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our Auditors' Report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated 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 consolidated 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.

RESPONSIBILITIES OF DIRECTORS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regard.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE GROUP 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 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with our engagement letter dated 11 June 2021. 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 Auditors' 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.

Lubbock Fine LLP

Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
3rd Floor Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 21 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 30 April 2021 US\$'000	For the year ended 30 April 2020 US\$'000
Investment loss:			
Unrealised loss on investments	12	-	(604)
Impairment of exploration asset	13	-	(267)
		-	(871)
Other income		-	-
Asset evaluation expenses	6	(47)	(23)
Other administrative expenses	6	(2,539)	(293)
Net loss before finance costs and taxation		(2,586)	(1,187)
Finance costs		(256)	(44)
Share of net losses of associate accounted for using the equity method		(12)	-
Loss before tax		(2,854)	(1,231)
Tax expense	10	-	-
Loss after tax attributable to owners of the parent		(2,854)	(1,231)
Total comprehensive loss for the year attributable to owners of the parent		(2,854)	(1,231)
Basic and diluted loss per share attributable to owners of the parent during the year (expressed in US cents per share)	7	(1.51)	(0.11)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 April 2021 US\$'000	As at 30 April 2020 US\$'000
Assets			
<i>Non-current assets</i>			
Investments accounted for using the equity method	11	20,262	-
Total non-current assets		20,262	-
<i>Current assets</i>			
Other receivables		203	15
Cash and cash equivalents		8,103	562
Total current assets		8,306	577
Total assets		28,568	577
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	15	(1,138)	(323)
Total liabilities		(1,138)	(323)
Net assets		27,430	254
<i>Equity attributable to the owners of the parent</i>			
Share premium		47,656	18,665
Share reserve		1,039	-
Accumulated deficit		(21,265)	(18,411)
Total shareholder funds		27,430	254

The Financial Statements were approved and authorised for issue by the Board of Directors on 21 September 2021 and were signed on its behalf by

Stephen West

Director

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share premium US\$'000	Share reserve US\$'000	Accumulated deficit US\$'000	Total equity US\$'000
Balance at 1 May 2019	16,878	-	(17,131)	(253)
Loss for the year to 30 April 2020	-	-	(1,231)	(1,231)
Total comprehensive income	-	-	(1,231)	(1,231)
Transactions with equity shareholders of the parent				
Proceeds from shares issued	1,833	-	-	1,833
Cost of share issue	(95)	-	-	(95)
Share based payments	49	-	(49)	-
Balance at 30 April 2020	18,665	-	(18,411)	254
Loss for the year to 30 April 2021	-	-	(2,854)	(2,854)
Total comprehensive income	-	-	(2,854)	(2,854)
Transactions with equity shareholders of the parent				
Proceeds from shares issued	31,589	-	-	31,589
Cost of share issues	(2,598)	-	-	(2,598)
Share based payments	-	1,039	-	1,039
Balance at 30 April 2021	47,656	1,039	(21,265)	27,430

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 30 April 2021 US\$'000	For the year ended 30 April 2020 US\$'000
Cash flows from operating activities:		
Net loss for the year	(2,854)	(1,231)
Adjustments for:		
Share of net loss of associate	12	-
Share based payments	1,039	-
Impairment of intangible asset	-	267
Change in working capital items:		
(Increase)/Decrease in other receivables	(188)	59
Increase/(Decrease) in trade and other payables	815	(529)
Net cash used in operations	(1,176)	(1,434)
Cash flows from investing activities		
Investment in associate	(20,274)	-
Other investments	-	-
Net cash used in investing activities	(20,274)	-
Cash flows from financing activities		
Proceeds from issue of share capital	31,589	1,833
Share issue costs	(2,598)	(95)
Net cash generated by financing activities	28,991	1,738
Net increase in cash and cash equivalents	7,541	304
Cash and cash equivalents, at beginning of the year	562	258
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents, at end of the year	8,103	562

Major Non-Cash Transactions

Details of major non-cash transactions are described in note 12.

The accompanying notes form an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1 Reporting Entity

Advance Energy plc (the “Company”) is domiciled in the Isle of Man. The Company’s registered office is at 55 Athol Street, Douglas, Isle of Man IM1 1LA. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the E&P business, focussed on the Democratic Republic of Timor-Leste. The Company is listed on AIM of the London Stock Exchange.

2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). They were authorised for issue by the Company’s board of directors on 21 September 2021.

Details of the Group’s accounting policies are included below:

Standards and amendments effective for periods beginning 1 January 2020 or later

A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Company’s financial statements:

- Amendments to IFRS 3: Definition of a business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 COVID – 19 Related Rent Concessions

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group’s consolidated financial statements:

- IFRS 17 Insurance Contracts (effective on or after 1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective on or after 1 January 2023) Reference to the Conceptual Framework – Amendments to IFRS 3 (effective on or after 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective on or after 1 January 2022)
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective on or after 1 January 2022)
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopted (effective on or after 1 January 2022)
- IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities (effective on or after 1 January 2022)
- IAS 41 Agriculture – Taxation in fair value measurements (effective on or after 1 January 2022)

A. Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through

its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity accounted investees, until the date on which significant influence ceases.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into USD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into USD at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

C. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees and other service providers is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

D. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

E. Exploration expenditure

Costs incurred prior to acquiring the right to explore an area of interest are expensed as incurred. Exploration and evaluation assets are intangible assets.

Exploration and evaluation assets represent the costs incurred on the exploration and evaluation of potential hydrocarbon resources, and include costs such as seismic acquisition and processing, exploratory drilling, activities in relation to the evaluation of technical feasibility and commercial viability of extracting hydrocarbons, and general administrative costs directly relating to the support of exploration and evaluation activities.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Assets are allocated to cash generating units not larger than operating segments for impairment testing. Purchased exploration and evaluation assets are recognised as assets at their cost of acquisition or at fair value if purchased as part of a business combination. They are subsequently stated at cost less accumulated impairment. Exploration and evaluation assets are not amortised.

F. Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

G. Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

H. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

I. Going concern

The financial statements have been prepared on a going concern basis. The Group has not yet earned revenues from its E&P assets. The operations of the Group are currently financed from funds raised from shareholders. In common with many pre-production entities, the Group may need to raise further funds in order to progress projects into the production of revenues.

The Group has cash and cash equivalents of US\$ 8,103,000 at 30 April 2021 and the Directors are of the view this is sufficient to fund the Group's committed expenditure over the next 12 months from the date of approval of these financial statements, without raising funds in this period.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3 Functional and presentation currency

These consolidated financial statements are presented in US Dollars (“USD” or “US\$”), which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 11 – equity-accounted investees: whether the Group has significant influence over an investee;
- Note 17 – consolidation: whether the Group has de facto control over an investee.

B. Assumptions and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below:

Share based payments (note 8)

The Group has made awards of options and warrants over its unissued capital. The valuation of these options and warrants involve making a number of estimates relating to price volatility, future dividend yields, expected life and forfeiture rates.

Acquisition of associate (Note 11)

The Group acquired a 50% holding in an associate during the year and has fair valued the assets acquired including the rights to the Buffalo Field.

Valuation of investments

The Group held two significant assets in the previous year: an intangible exploration asset in respect of the Colter licence (discussed in note 13) and an Incremental Production Agreement asset in respect of Betun Selo (note 12). The board reviewed the expected returns from both projects and determined that both projects should be fully impaired at the previous year-end.

i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Level 3 inputs

The following table gives information about how the fair values of Group's investments are determined (in particular, the valuation techniques and inputs used).

Assets and liabilities	Nature of investment	Fair value as at 30 April 2021	Fair value as at 30 April 2020	Valuation techniques and key inputs	Significant unobservable input
Financial assets at fair value through profit or loss	25% of equity investment in Eagle Gas Ltd	Disposed	USD Nil	Recent purchase price and market knowledge	Expected realisable value from sale
Financial assets at fair value through profit or loss	20% of equity investment in Peelwood Pty Ltd	Disposed	USD Nil	Purchase price and market knowledge	Expected realisable value from sale
Financial assets at fair value through profit or loss	Production agreement returns from Betun Selo	Disposed	USD Nil	Cashflow forecasting	Future cash flows

5 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments and make strategic decisions, has been identified as the Directors of the Group. In the opinion of the Directors, the operations of the Group comprise two operating segments comprising firstly of that of developer of gas to power projects in the Republic of Indonesia and secondly with projects within the UK. The Group considers that it only has one reportable segment and the Directors consider that the primary financial statements presented substantially reflect all the activities of the Company.

6 Administrative expenses

Administration fees and expenses consist of the following:

	2021	2020
	US\$'000	US\$'000
Audit fees	69	32
Bad debts	-	117
Professional fees	1,047	241
Administration costs	104	49
Employee costs	219	-
Directors' fees (Note 9)	1,100	(146)
Other administrative expenses	2,539	293
Office costs	30	13
Consulting and farm-in expenses	6	(36)
Travel and accommodation	11	46
Asset evaluation expenses	47	23

7 Earnings per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Loss attributable to owners of the Group (USD thousands)	(2,854)	(1,231)
Weighted average number of ordinary shares in issue (thousands)	188,796	1,107,577
Loss per share (US cents)	(1.51)	(0.11)

In accordance with International Accounting Standard 33 'Earnings per share', no diluted earnings per share is presented as the Group is loss making. Details of potentially dilutive share instruments are detailed in notes 8 and 14.

8 Share-based payment arrangements

The following is a summary of the share options and warrants outstanding and exercisable as at 30 April 2021 and 30 April 2020 and the changes during each year:

	Number of options and warrants	Weighted average exercise price (Pence)
Outstanding and exercisable at 1 May 2020	125,983,175	1.294
Cancelled options	(30,000,000)	(0.304)
Options granted as consideration	68,750,000	0.104
Warrants granted with share issue	32,904,758	0.026
Outstanding and exercisable at 30 April 2020	197,637,934	1.120
Cancelled options	(2,186,897)	(1.92)
Expired warrants	(3,529,413)	(5.00)
Options granted as consideration – pre consolidation	93,750,000	0.30
Warrants granted – pre consolidation	39,057,099	0.03
Consolidation – options	(150,300,000)	-
Consolidation – warrants	(142,432,339)	-
Options granted post consolidation	83,710,000	2.60
Warrants granted with share issue	45,553,120	2.60
Outstanding and exercisable at 30 April 2021	161,259,504	3.41

ADVANCEENERGY

The above weighted average exercise prices have been expressed in pence and not cents due to the terms of the options and warrants. The following share options or warrants were outstanding and exercisable in respect of the ordinary shares:

Grant Date	Expiry Date	1 May 2019	Issued	Expired	30 April 2020	Exercise Price
Warrants						
13.05.16	13.05.21	42,000,000	-	-	42,000,000	0.20p
31.01.17	31.01.22	10,000,000	-	-	10,000,000	0.20p
31.01.17	31.01.22	8,000,000	-	-	8,000,000	0.25p
31.01.17	31.01.22	6,666,666	-	-	6,666,666	0.30p
22.05.17	22.05.22	15,000,000	-	-	15,000,000	0.10p
22.05.17	22.05.22	35,000,000	-	-	35,000,000	0.10p
31.07.17	31.07.22	150,000,000	-	-	150,000,000	0.10p
19.08.17	19.08.22	90,769,231	-	-	90,769,231	0.06p
01.09.17	01.09.22	70,769,231	-	-	70,769,231	0.06p
06.12.17	06.12.22	638,569,604	-	-	638,569,604	0.05p
29.04.18	29.04.21	264,705,882	-	-	264,705,882	0.017p
03.08.18	02.08.21	300,000,000	-	-	300,000,000	1.00p
	Consolidation	(1,598,851,001)	-	-	(1,598,851,001)	
20.09.18	20.09.21	5,217,391	-	-	5,217,391	1.15p
20.09.18	20.09.21	34,782,608	-	-	34,782,608	2.00p
15.03.19	14.03.22	16,666,666	-	-	16,666,666	0.45p
21.06.19	20.06.22	-	18,059,856	-	18,059,856	0.155p
21.06.19	20.06.22	-	10,833,334	-	10,833,334	0.155p
02.07.19	01.07.22	-	3,178,235	-	3,178,235	0.157p
03.07.19	02.07.22	-	833,334	-	833,334	0.157p
Options						
05.06.15	05.06.18	34,344,865	-	-	34,344,865	0.40p
	Consolidation	(33,657,968)	-	-	(33,657,968)	
01.10.18	01.10.23	36,000,000	-	(30,000,000)	6,000,000	2.00p
01.02.20	01.02.25	-	68,750,000	-	68,750,000	0.30p
		125,983,175	101,654,759	(30,000,000)	197,637,934	

ADVANCEENERGY

Grant Date	Expiry Date	1 May 2020	Issued	Expired	30 April 2021	Exercise Price
Warrants						
13.05.16	13.05.21	42,000,000	-	-	42,000,000	0.20p
31.01.17	31.01.22	10,000,000	-	-	10,000,000	0.20p
31.01.17	31.01.22	8,000,000	-	-	8,000,000	0.25p
31.01.17	31.01.22	6,666,666	-	-	6,666,666	0.30p
22.05.17	22.05.22	15,000,000	-	-	15,000,000	0.10p
22.05.17	22.05.22	35,000,000	-	-	35,000,000	0.10p
31.07.17	31.07.22	150,000,000	-	(150,000,000)	-	0.10p
19.08.17	19.08.22	90,769,231	-	-	90,769,231	0.06p
01.09.17	01.09.22	70,769,231	-	-	70,769,231	0.06p
06.12.17	06.12.22	638,569,604	-	-	638,569,604	0.05p
29.04.18	29.04.21	264,705,882	-	(264,705,882)	-	0.017p
03.08.18	02.08.21	300,000,000	-	-	300,000,000	0.02p
Consolidation		(1,598,851,001)	-	406,411,764	(1,192,439,237)	
20.09.18	20.09.21	5,217,391	-	-	5,217,391	1.15p
20.09.18	20.09.21	34,782,608	-	-	34,782,608	2.00p
15.03.19	14.03.22	16,666,666	-	-	16,666,666	0.45p
21.06.19	20.06.22	18,059,856	-	-	18,059,856	0.155p
21.06.19	20.06.22	10,833,334	-	-	10,833,334	0.155p
02.07.19	01.07.22	3,178,235	-	-	3,178,235	0.157p
03.07.19	02.07.22	833,334	-	-	833,334	0.157p
10.12.20	09.12.23	-	545,455	-	545,455	0.22p
31.03.21	31.03.26	-	38,511,644	-	38,511,644	0.00p
Consolidation				(137,667,632)	(137,667,632)	
19.04.21	19.04.24	-	21,488,500	-	21,488,500	2.60p
19.04.21	19.04.26	-	24,064,620	-	24,064,620	2.60p
Options						
05.06.15	05.06.18	34,344,865	-	(34,344,865)	-	0.40p
Consolidation		(33,657,968)	-	33,657,968	-	
01.10.18	01.10.23	6,000,000	-	(1,500,000)	4,500,000	2.00p
01.02.20	01.02.25	68,750,000	-	-	68,750,000	0.30p
01.02.20	01.02.25	-	68,750,000	-	68,750,000	0.30p
08.07.020	08.07.25	-	25,000,000	-	25,000,000	0.03p
Consolidation				(150,300,000)	(150,300,000)	
19.04.21	19.04.26	-	83,710,000	-	83,710,000	2.60p
		197,637,934	262,070,219	(298,448,647)	161,259,504	

The options and warrants issued during year were valued using the Black-Scholes valuation method and the assumptions used are detailed below. The expected future volatility has been determined by reference to the historical volatility:

Grant date	Share price at grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Fair value per option
01.02.20	1.15p	3.00p	40%	5 years	0%	3%	0.13p
08.07.21	1.85p	3.00p	95%	5 years	0%	0.7%	1.19p
19.04.21	2.40p	2.60p	70%	5 years	0%	0.7%	1.33p

ADVANCEENERGY

The Group recognised US\$1,609,000 (30 April 2020: US\$nil) relating to equity-settled share-based payment transactions during the year arising from Option or Warrant grants, which was charged US\$838,000 (2020: US\$nil) in respect of services performed in connection with the issue of new shares charged to share premium, US\$667,000 (2020: US\$nil) in respect of directors' fees and US\$104,000 (2020: US\$nil) in respect of employee costs to the income statement. Shares totalling US\$570,000 were issued to three of the Directors following the share raise and re-admission to AIM on 19 April 2021 in relation to options earned during the period.

The 83,710,000 options granted on 19 April 2021 will vest on 1 January 2022 and 1 January 2023 in equal amounts. Vesting of the options is subject to the option holder providing continuous service during the vesting period and there are no other performance conditions attached to the options.

There were 68,750,000 of unvested options at the 30 April 2020 held by current Directors and consultants, which vested on 1 February 2021.

For the share options and warrants outstanding as at 30 April 2021, the weighted average remaining contractual life is 4.14 years (30 April 2020: 3.42 years).

9 Employee benefits (including directors)

The group employed an average of 5 individuals during the year, including the directors (2020: 5).

	2021 US\$'000	2020 US\$'000
Directors' remuneration (see below)	409	(149)
Share based payments – Directors (see below)	667	-
Share based payments – Employees	104	
Directors' health insurance	24	3
Employees	115	-
	1,319	(146)

Key management of the Group are considered to be the Directors.

The remuneration of the directors during the year ended 30 April 2021 was as follows:

	Short term employee benefits US\$'000	Social security payments US\$'000	Pension contribution US\$'000	Share based payments US\$'000	Total 2021 US\$'000
Ross Warner	60	-	-	4	64
Mark Rollins	71	-	-	231	302
Leslie Peterkin	139	-	3	234	376
Graham Smith	2	-	-	-	2
Stephen West	97	33	-	196	326
Steve Whyte	2	-	-	1	3
Larry Bottomley	2	-	-	1	3
Total Key Management	373	33	3	667	1,076

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The remuneration of those in office during the year ended 30 April 2020 was as follows:

	Short term employee benefits US\$'000	Social security payments US\$'000	Pension contribution US\$'000	Waiver of fees US\$'000	Total 2020 US\$'000
Ross Warner	150	-	-	(248)	(98)
Simon Gorringe	135	-	-	(227)	(92)
Mark Rollins	15	-	-		15
Leslie Peterkin	30	-	-		30
Graham Smith	27	-	-		27
Robert Arnott	39	4	1		44
Daniel Jorgensen	12	-	-	(87)	(75)
Total Key Management	408	4	1	(562)	(149)

10 Income tax expense

The Company is resident for tax purposes in the Isle of Man and is subject to Isle of Man tax at the current rate of 0% (2020: 0%).

Taxation reconciliation

The charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2021 US\$'000	2020 US\$'000
Loss before income tax	(2,854)	(1,231)
Tax on loss at the weighted average corporate tax rate of 0% (2020: 0%)	-	-
Total income tax expense	-	-

The deferred tax asset has not been recognised for in accordance with IAS 12. The Group does not have a material deferred tax liability at the year end.

11 Business combination

On 19 April 2021, Advance Energy plc, via its wholly owned subsidiary Advance Energy TL Limited, acquired a 50% equity interest in Carnarvon Petroleum Timor Unipessoal Lda which in turn is the holder of a 100% working interest in, and the contractor of, the Buffalo Production Sharing Contract (“PSC”).

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration

	2021 US\$’000
Cash paid	20,000
Purchase costs	274
Total	20,274

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value 2021 US\$’000
Rights *	21,149
Buffalo exploration & appraisal	1,685
Property, plant and equipment	1
Cash	20,023
Creditors	(31)
Loan payable to Carnarvon	(2,278)
Net identifiable assets at acquisition	40,548
Less: Other interests	(20,274)
Goodwill	-
Net assets acquired	20,274

* Carnarvon Petroleum Timor Unipessoal Lda owns the Buffalo Oil Field re-development project located in the Buffalo PSC Contract Area (the “Buffalo Project”) and is the Contractor and Operator of the Buffalo PSC. The rights attached to this have been fair valued by Advance Energy in determining the purchase price apportionment.

Equity investment in associate

	2021 US\$’000	2020 US\$’000
Carrying value at beginning of year	-	-
Additions	20,274	-
Share of losses post acquisition	(12)	-
Carrying value at year end	20,262	-

Summarised financial information for associate

The table below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not Advance Energy’s share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

ADVANCE ENERGY

	2021 US\$'000
Summarised balance sheet at 30 April 2021	
Rights	21,148
Buffalo exploration & appraisal	1,794
Property, plant and equipment	1
Cash	20,023
Creditors	(58)
Loan payable to Carnarvon	(2,375)
Net assets	<u>40,533</u>
Group's share as a %	50%
Carrying amount	<u><u>20,267</u></u>
	2021 US\$'000
Summarised statement of comprehensive income for the 12 months to 30 April 2021	
Revenue	-
Cost of sales	-
Gross profit	<u>-</u>
Administrative expenses	(391)
Operating loss	<u>(391)</u>
Finance costs	(1)
Loss on ordinary activities before taxation	<u>(392)</u>
Taxation	-
Loss from continuing operations	<u>(392)</u>
Group share of post acquisition losses	<u><u>(12)</u></u>

12 Financial assets at fair value through profit or loss

	2021 US\$'000	2020 US\$'000
Fair value at beginning of year	-	-
Additions	-	604
Impairment	-	(604)
Fair value at year end	<u>-</u>	<u>-</u>

On 29 April 2018 the Company entered into a subscription agreement with Eagle Gas Limited, a UK private company that held licence P2112. Under this agreement the Company acquired a 14.75% interest in Eagle Gas Limited. During the year to 30 April 2019 the Company increased its holding in Eagle Gas Limited to a 25% interest. Management considered this to provide significant influence over the entity and the asset was reclassified to that of an associate investment.

Eagle Gas Limited, with support from its joint venture partner secured a 3-month extension to the P2112 licence but failed in the end to secure a farminee. The licence was subsequently dropped, and the licence area has now been put back into the OGA's open acreage and will be available for application in the next licencing round. As such, the investment was provided for in full during the prior year.

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Eagle Gas Limited's wholly owned subsidiary Holywell Resources Limited ("Holywell") re-applied for acreage covering the Badger prospect as well as additional complementary areas in the 32nd Licence Round. The OGA announced the results of the 32nd Round in September 2020, with the Company's wholly owned subsidiary Resolute Oil & Gas (UK) Limited and Holywell each being awarded, subject to documentation, a 50% working interest in block 43/25 and part-blocks 43/29, 43/30, 48/4 and 48/5. Accordingly, Advance Energy holds a non-operated indirect 62.5% interest in these blocks once they have been formally issued. In November 2020 the Board decided not to proceed with these opportunities and expects the subsidiary Resolute (and therefore indirectly the North Sea Licences) will be sold to a third party for a nominal sum without further expenditure on such assets by the Company.

In June 2019 the Company entered into a Service Agreement for production on the Betun-Selo KSO field in Sumatra, Indonesia with PT Petroenim Betun-Selo and PT Celebes Artha Ventura. As a result of disappointing production performance of the field the company did not realise any incremental production beyond April 2020. The investment was fully impaired on 31 October 2020.

13 Other investments

	2021 US\$'000	2020 US\$'000
Value at beginning of year	-	267
Additions	-	-
Impairment	-	(267)
Value at year end	-	-

The capitalised cost in the prior period related to the acquisition of an 8% interest in the Colter project via a farm-in. The agreement to farm-in to the Colter licences was entered into on 20 September 2018. The cost to Advance Energy of farming into the licence, included the funding of the back costs on the licence, together with the obligation to fund 10.67% of the forward costs related to this well. Following disappointing results in the area, all historic capitalised expenditure in relation to this amount was written off during the year to 30 April 2020.

14 Capital and reserves

All shares are Nil Coupon fully paid and each ordinary share carries one vote. No warrants have been exercised at the reporting date.

	Number	Pence per share	Share premium US\$'000
Allotted, called-up and fully paid:			
Balance at 30 April 2019	603,970,170		16,878
02/07/2019 – Equity Placing	373,333,333	0.150	705
Cost of issue	-	-	(73)
11/07/2019 – Equity Placing	66,666,666	0.150	126
Cost of issue	-	-	(6)
23/12/2019 – Equity Placing	166,666,667	0.150	320
Cost of issue	-	-	(16)
04/02/2020 – Equity Placing	349,999,998	0.150	683
Removal of warrants	-	-	48
Balance at 30 April 2020	1,560,636,834		18,665
12/11/2020 – Equity Placing	157,780,151	0.22	470
Cost of issue	-	-	(24)
19/04/2021 – Consolidation 1:10	(1,546,575,287)	-	-
19/04/2021 – Equity Placing	840,100,000	2.60	30,549
Cost of issue	-	-	(2,574)
19/04/2021 – Accrued Director fee shares	15,672,310	2.60	570
Balance at 30 April 2021	1,027,614,008		47,656

15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

	2021 US\$'000	2020 US\$'000
Trade payables	517	299
Accruals and other payables	621	24
	1,138	323

16 Risk Management

Financial Risks

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Board of Directors seek to identify and evaluate financial risks.

Market risk

A. Foreign currency exchange risk

Foreign exchange risk arises because the Group entities enter into transactions in currencies that are not the same as their functional currencies, resulting in gains and losses on retranslation into US Dollars. It is the Group's policy to ensure that individual Group entities enter into local transactions in their functional currency wherever possible and that only surplus funds over and above working capital requirements should be transferred to the treasury of the Parent Company. The Group and Company considers this policy minimises any unnecessary foreign exchange exposure. Despite this policy the Group cannot avoid being exposed to gains or losses resulting from foreign exchange movements, at the reporting date a 5% decrease in the strength of the US Dollar would result in a corresponding reduction of US\$373,000 (2020: US\$18,000) in the net assets of the Group.

B. Cash flow interest rate risk

The Group's cash and cash equivalents are invested at short term market interest rates. As market rates are low the Group is not subject to significant cash flow interest rate risk and no sensitivity analysis is provided. The Group is also not subject to significant fair value interest rate risk. No interest rate sensitivity has been presented in respect of the outstanding convertible loan note as it is considered not material.

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	2021 US\$'000	2020 US\$'000
Cash & Cash Equivalents		
USD	646	11
GBP	7,457	551
Total Financial Assets	8,103	562
Trade & other payables		
USD	858	310
CHF	-	1
GBP	219	12
AUD	61	-
Total Financial Liabilities	1,138	323

Credit risk

Credit risk arises on investments, cash balances and receivable balances. The amount of credit risk is equal to the amounts stated in the Statement of Financial Position for each of these assets. Cash balances and transactions are limited to high-credit-quality financial institutions. There are no impairment provisions as at 30 April 2021 (2020: nil).

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has adopted a policy of maintaining surplus funds with approved financial institutions.

Management of liquidity risk is achieved by monitoring budgets and forecasts against actual cash flows. Where the Group entered into borrowings during the year management monitor the repayment and servicing of these arrangements against the contractual terms and reviewed cash flows to ensure that sufficient cash reserves were maintained.

Capital Risks

The Directors determine the appropriate capital structure of the Group, specifically, how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt), in order to finance the Group's business strategy. The Group's policy in the long term is to seek to maintain the level of equity capital and reserves to maintain an optimal financial position and gearing ratio which provides financial flexibility to continue as a going concern and to maximise shareholder value. The capital structure of the Group consists of shareholders' equity together with net debt (where relevant). The Group's funding requirements are met through a combination of debt, equity and operational cash flow.

17 List of subsidiaries and associates

The parent of the Group has shareholdings in the following entities:

Name	Interest 2021	Interest 2020	Country of incorporation	Nature of business
Advance Energy TL Limited	100%	N/A	UK	Intermediate Hold Co
Carnarvon Petroleum Timor Unipessoal Lda	50%	N/A	Timor-Leste	Oil exploration
Resolute Oil & Gas (UK) Limited	100%	100%	UK	Trading subsidiary
Eagle Gas Limited	25%	25%	UK	Gas Exploration

18 Commitments

There were no capital commitments authorised by the Directors or contracted other than those provided for in these financial statements as at 30 April 2021 (30 April 2020: None).

19 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

Details of Directors remuneration are disclosed in Note 9 Directors Remuneration. For details of any related party transactions entered into after the year-end please refer to Note 20 Subsequent Events.

As at 30 April 2021 the following balances were included in trade and other payables and were outstanding in respect of Directors remuneration or remuneration incurred prior to their appointment as a Director at the year end.

	Outstanding at 30 April 2021 US\$'000	Outstanding at 30 April 2020 US\$'000
Daniel Jorgensen	-	12
Graham Smith	-	2
Total Key Management	-	14

20 Subsequent events

There were no events after the end of the reporting period which require adjustment to or disclosure within the financial statements.

Statement of Compliance with the QCA Corporate Governance Code

(The information contained in this document was last reviewed on 21 September 2021)

In addition to information given in this Statement the Board of Advance Energy plc (the “Company”) are continually monitoring the position regarding the COVID-19 pandemic and will provide Company updates via the RNS service as appropriate.

Introduction

The Board of Advance Energy plc fully endorses the importance of good corporate governance and applies the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the “QCA Code”), which the Board believes to be the most appropriate recognised governance code for a company of the Company’s size with shares admitted to trading on the AIM market of the London Stock Exchange.

The Chairman is responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction for the Company.

Notwithstanding the Board’s commitment to applying the QCA Code, we will not seek to comply with the QCA Code where strict compliance in the future would be contrary to the primary objective of delivering long-term value for the Company’s shareholders and stakeholders. However, we do consider that following the QCA Code, and a framework of sound corporate governance and an ethical culture, is conducive to long-term value creation for the Company’s shareholders.

All members of the Board believe strongly in the importance of good corporate governance to assist in achieving objectives and in accountability to the Company’s stakeholders. In the statements that follow, the Company explains its approach to governance in more detail.

Principle One

Business Model and Strategy

As announced on 17 December 2020, in accordance with the Company’s strategy to focus on growth through acquisition or farm-in to non-operated interests in upstream projects, the Company entered into a conditional Buffalo Subscription Agreement pursuant to which the Company’s wholly owned subsidiary, Advance Energy TL Limited (“AETL”) subscribed for equity such that AETL holds 50 per cent. of the total equity interest in Carnarvon Petroleum Timor for a consideration of US\$20 million. Carnarvon Petroleum Timor holds a 100 per cent. working interest and is the contractor under the Buffalo PSC, offshore Timor-Leste. Carnarvon Petroleum Timor is a subsidiary of ASX listed company, Carnarvon Petroleum Limited.

In conjunction with this, the Company placed 840,100,000 Placing Shares at the Placing Price of 2.6 pence to raise total gross proceeds of £21,842,600 (approximately US\$30,033,575), part of which funded the subscription into Carnarvon Petroleum Timor. The Acquisition and the Placing (“RTO”) were approved by Shareholders at the Extraordinary General Meeting of the Company held on 16 April 2021.

Unlocking hidden value is the Company’s main objective - to the benefit of shareholders as well as our joint venture partners, host governments, and broader stakeholders.

Many upstream assets present challenges to existing operators. These difficulties may be technical in nature, misalignment in the partnership, suboptimal commercial arrangements, or simply funding constraints.

One, or a combination, of these issues can present the opportunity for realisation of added value. The Company looks to identify such assets and maximise their value using unique insights from original technical work, commercial acumen or advantaged relationships.

The Company seeks to take non-operated interests in joint ventures, ideally with only two parties, with the ability to exert a significant degree of influence. The Company only works with established operators eliminating

many of the execution risks present for typical early stage, high growth companies, and can focus on what really adds value rather than day-to-day operational concerns. There is no need to build a large and complex organisation, keeping overheads low and preserving value for shareholders.

Principle Two

Understanding Shareholder Needs and Expectations and Build Trust

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. The Company is required to hold an Annual General Meeting (“AGM”) in each year, which gives investors the opportunity to enter into dialogue with the Board and for the Board to receive feedback and take action if and when necessary. Where voting decisions are not in line with the Company’s expectations the Board intends to engage with those shareholders to understand and address any issues as appropriate. Investors also have access to current information on the Company through its website.

Shareholders can engage with the Company through its email address info@advanceplc.com and @advanceplc on Twitter.

Investors also have access to current information on the Company through its website, www.advanceplc.com.

Principle Three

Considering wider stakeholder and social responsibilities

The Board is aware that engaging with its stakeholders strengthens relationships and assists it to make better business decisions to deliver its commitments. The Company’s stakeholders include shareholders, members of staff, suppliers, contractors, regulators, and the surrounding communities where its projects are located.

The Board is regularly updated on wider stakeholder views and issues concerning its projects both formally at Board meetings and informally through conversations. Engagement in this manner enables the Board to receive feedback and equips them to make decisions affecting the business.

The Board recognises the importance of its social responsibilities concerning its investment decisions, and the Company will develop projects that seek to make a contribution to the development of communities in which they are located. In planning its activities, the Company will give consideration to evaluating the social impact of proposed developments with a view to promoting where possible local employment and the delivery of other local benefits and mitigating negative impacts to the extent possible.

Principle Four

Risk Management

In addition to its other roles and responsibilities, the Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company and to ensure that risk management is reflected in Board remuneration.

The Company’s focus on near term value creation means it is easier to control risks, limiting exposure to long term commodity price trends, as well as the potential for value to be stranded as the result of a future changing world energy mix or climate change initiatives.

The Group’s operations expose it to a variety of risks that include volatility of commodity prices, foreign currency volatility, operational risks, availability of finance and funding.

The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Risk is monitored, assessed and managed by the Board as a whole who are responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

The Board identifies and evaluates financial risks in close co-operation with the managers who are a highly experienced team who can focus on the key issues to maximise value and de-risk Company projects.

The key risk factors for the Company are contained in pages 33-34 of the Company's 2021 Annual Report and Accounts ("2021 Accounts").

Principle Five

A Well Functioning Board of Directors

The Board comprises, Mark Rollins non-executive Chairman and director, Leslie Peterkin Chief Executive Officer and executive director, and Stephen West Chief Financial Officer and executive director. Ross Warner, Stephen Whyte and Larry Bottomley serve as non-executive directors. Executive and Non-Executive Directors are subject to re-election at the Company's AGM in accordance with the Company's Articles of Association. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. The Directors are expected to provide as much time to the Company as is required. The Board elects a Non-Executive Chairman to chair every meeting.

All the Directors biographies are published on the Company's website and outlined below: <https://www.advanceplc.com/about-us/board-management/>

The Company has established subcommittees of the Board, comprising an Audit Committee, a Remuneration Committee, a Nomination Committee and an AIM Rules and UK MAR Compliance Committee.

The Board aims to hold monthly meetings. A schedule of attendance at Board meeting is outlined as follows:

Board Meetings Attendance

Board Meetings	Date	Ross Warner	Graham Smith ¹	Stephen West ²	Leslie Peterkin	Mark Rollins	Stephen Whyte ³	Larry Bottomley ⁴
1	7 May 2020	X	X		X	X		
2	8 Jun 2020	X		X	X	X		
3	7 Jul 2020	X		X	X	X		
4	6 Aug 2020	X		X	X	X		
5	9 Sept 2020	X		X	-	X		
6	21 Sept 2020	X		X	X	X		
7	7 Oct 2020	X		X	X	X		
8	5 Nov 2020	X		X	X	X		
9	12 Nov 2020	-		X	X	X		
10	3 Dec 2020	X		X	X	X		
11	16 Dec 2020	X		X	X	X		
12	7 Jan 2021	X		X	X	X		
13	9 Feb 2021	X		X	X	X		
14	9 Mar 2021	X		X	X	X		
15	12 Mar 2021	X		X	X	X		
16	22 Mar 2021	X		X	X	X		
17	30 Mar 2021	-		X	X	X		
18	16 Apr 2021	-		X	-	X		
19	20 Apr 2021	X		X	X	X	X	X

¹ Resigned 1 June 2020

² Appointed 1 June 2020

³ Appointed 19 April 2021

⁴ Appointed 19 April 2021

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of six Directors. On 1 June 2020, the Company announced a Board re-organisation with the appointment of Stephen West as the Chief Financial Officer and executive director and the resignation of Graham Smith as non-executive director of the Company. Stephen Whyte and Larry Bottomley joined the Board as independent non-executive directors on 19 April 2021.

The Board believes that the current balance of skills of the Directors reflects a very broad range of commercial and professional skills across geographies and industries that is necessary to ensure the Company is equipped to deliver its strategy and notes that each of the Director's has experience in public markets.

The Directors keep their knowledge and expertise current through their intensive involvement in industry affairs. Additionally, the Directors receive ad hoc guidance on certain matters concerning the AIM Rules for Companies from the Company's Nomad as well as receiving updates on the regulatory environment from FIM Capital Limited ("FIM").

Full Biographies of the Board are available on the Company's website www.advanceplc.com

The Company has engaged the outsourced services of FIM to provide Company secretarial, specialist administration and accounting services to the Company.

Principle Seven

Evaluation of Board Performance

There is no formal Board or director evaluation system in place, however, there is an internal evaluation of the Board and individual directors undertaken on an ad hoc basis in the form of peer appraisal and discussions to determine the effectiveness and performance as well as the directors' continued independence. This process can be regular as part of the board meeting process or ad hoc when the director or Board deem it necessary.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

Principle Eight

Corporate Culture

The Board recognises that their 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 and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Company maintains an open and respectful dialogue with employees, partners and other stakeholders. Therefore, the importance of sound ethical values and behaviours 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 Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Company has put policies in place that communicate disciplinary policies clearly; ensures every employee knows the consequences of unethical behaviour; ensures its employees can report misconduct anonymously and has a confidential complaint process in place.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board and the respective responsibilities of the Non-Executive Chairman. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board.

The Non-Executive Chairman is responsible for the effectiveness of the Board together with the responsibility to oversee the Company's corporate governance practices.

The Board formed an audit committee and remuneration committee on 7 October 2020 and then subsequently following the completion of the RTO and appointment of Larry Bottomley and Stephen Whyte reviewed the audit committee and remuneration committee structures and additionally formed a nomination committee and an AIM Rules and UK MAR compliance committee.

Role of the Audit Committee: the Committee is chaired by Stephen Whyte, with the other participating member of the committee being Ross Warner.

The Audit Committee aims to meet at least three times each year. The Audit Committee is responsible for assisting the Board's oversight of the integrity of the financial statements and other financial reporting, the independence and performance of Lubbock Fine, the regulation and risk profile of the Group and the review and approval of any related party transactions.

The Audit Committee may hold private sessions with management and Lubbock Fine without management present. Further, the Audit Committee is responsible for making recommendations to the Board on the appointment of Lubbock Fine and the audit fee and reviews reports from management and Lubbock Fine on the financial accounts and internal control systems used throughout the Company and the Group.

The Audit Committee also reviews arrangements by which the staff of the Company and the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters with appropriate follow-up action. Where necessary, the Audit Committee will obtain specialist external advice from appropriate advisers.

Role of the Remuneration Committee: the Committee is chaired by Larry Bottomley, with the other participating member of the committee being Mark Rollins.

The Remuneration Committee meets up to twice a year. The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Executive Directors and senior management (as appropriate) and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company. The Remuneration Committee also reviews the performance of the CEO and CFO and sets the scale and structure of their remuneration, including the implementation of any bonus arrangements, with due regard to the interests of shareholders. The Remuneration Committee is also responsible for granting options under the Company's share option plan and, in particular, the price per share and the application of the performance standards which may apply to any grant, ensuring in determining such remuneration packages and arrangements, due regard is given to any relevant legal requirements, the provisions and recommendations in the AIM Rules and the QCA Code.

Role of the Nomination Committee: the Committee is chaired by Mark Rollins, with the other participating member of the committee being Stephen Whyte.

The Nomination Committee meets at least three times a year at appropriate intervals. The Nominations Committee is responsible for reviewing and making proposals to the Board on the appointment of directors, reviewing succession plans and ensuring that the performance of directors is assessed on an ongoing basis.

Role of the AIM Rules and UK MAR Compliance Committee: the Committee is chaired by Ross Warner, with the other participating member of the committee being Larry Bottomley.

The AIM Rules and UK MAR Compliance Committee monitors the Company's compliance with the AIM Rules and UK MAR and seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis and vice versa. The committee will ensure that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules and UK MAR. The committee also ensures that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Company's Nominated Adviser and other advisers, as appropriate) whether the Directors are aware of their AIM responsibilities from time to time and, if not, ensures that they are appropriately updated on their AIM responsibilities and obligations.

The services of each of the Board members as directors are provided under the terms of their letters of appointment. The responsibilities of the board members are outlined in the Accounts and summarised below.

The directors are responsible for maintaining proper 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 Isle of Man Companies Act 2006. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Whilst there are no formal adoption of matters reserved for the Board, the Directors review and approve the following:

- Strategy and management
- Policies and procedures
- Financial reporting and controls
- Capital structure
- Contracts
- Shareholder documents / Press announcements
- Adherence to Corporate Governance and best practice procedures

The structures and risk appetite disclosures on the website and the Accounts are deemed sufficient in relation to the size and strategy of the Company.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Non-Executive Chairman and non-executive directors insofar as both the Non-Executive Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion, believing it to be in the best interests of the Company, be appointed for subsequent terms.

Principle 10

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

The information provided to shareholders regarding updates on the Company via regulatory announcements are also considered to be sufficient, taking into consideration the size and low activity level of the Company.

The Company communicates with shareholders through the Accounts, full-year and half-year announcements, the shareholders meetings and investors can email the directors and Company Secretary with any queries they

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may have. The Company maintains an enquiries email address (info@advanceplc.com) and has a twitter account (@advanceplc), details of which are displayed on its website.

All historical information is maintained on the website along with shareholder updates.

The Company's financial reports and notices of General Meetings of the Company for the last five years can be found here <http://www.advanceplc.com/investor-relations/corporate-documents/>

The outcome of all resolutions tabled at general meetings are to be posted on the Company's website and also announced via RNS.

If a significant proportion of independent votes were to be cast against a resolution at any general meeting, the Board's policy would be to engage with the shareholders concerned in order to understand the reasons behind the voting results.

CORPORATE INFORMATION

Directors	Mark Rollins Leslie Peterkin Ross Warner Stephen West Larry Bottomley Stephen Whyte
Company Number	010493V
Registered Office	55 Athol Street Douglas Isle of Man IM1 1LA
Independent Auditors	Lubbock Fine LLP Paternoster House 65 St Paul's Churchyard London EC4M 8AB
Company Secretary	FIM Capital Limited 55 Athol Street Douglas Isle of Man IM1 1LA
Stock Exchange Listing	AIM, London Stock Exchange Ticker code: ADV
Financial & Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Joint Brokers	Optiva Securities Limited 49 Berkeley Square London W1J 5AZ Tennyson Securities Limited 20 Fenchurch Street London EC3M 3BY