ADVANCEENERGY

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2022

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CHAIRMAN'S REPORT

On behalf of the Board of Directors, I hereby present the financial statements of Advance Energy plc ("Advance" or the "Company") for the year ended 30 April 2022.

Without doubt, the year under review has been a challenging one for the Company, with a disappointing outcome on the Buffalo well announced in January 2022.

Since that time, the Board has refocused the strategy for the Company and substantially reduced its cost base.

The Board has implemented measures to reduce the Company's costs by more than 50% through a number of initiatives including reducing salaries and Director fees by over 60%. To support these initiatives, CEO Leslie Peterkin and CFO Stephen West agreed to leave the Company. We thank Leslie and Stephen for their efforts and contributions. The CEO position has been filled by Non-Executive Director Larry Bottomley.

In addition to a forensic focus on costs, the Board has refined the strategy for the Company, which is to create a self-funding oil & gas production company to take advantage of growth opportunities being generated as industry players reshape their portfolios to manage the energy transition to net-zero emissions.

Post period end, on 26 July 2022 the Company successfully raised £425,000 from new and existing shareholders, including £80,000 from Directors of the Company, to support the pursuit of acquisition opportunities. The Board appreciates the continued support shown by shareholders during this fund raise.

On 9 September 2022, the Company announced that it had entered into a non-binding Heads of Terms ("HoT") with the majority owner of a European oil and gas company. Under the HoT, Advance would acquire the European company for a combination of new shares in Advance and an earn out based on oil production (the "Potential Acquisition"). The HoT includes standard conditions, including an exclusivity period up to 29 October 2022 and the completion of satisfactory due diligence.

The Potential Acquisition would be considered a reverse transaction under the AIM Rules for Companies and is therefore subject, *inter alia*, to the issue of a new AIM Admission Document and obtaining shareholder approval for the Potential Acquisition.

As a result of the announcement, the Company's shares were temporarily suspended and will remain so until Advance is in a position to publish the associated AIM Admission Document for the Potential Acquisition. In the event that the Potential Acquisition does not proceed for whatever reason, it is expected that the temporary suspension in the Company's shares would be lifted.

It should be noted there is no certainty that the Potential Acquisition, or any transaction, will take place.

Outlook

The Board remains confident that its refocused strategy is the right one. Whilst there can be no guarantee any acquisition will be completed, the Board's extensive industry relationships and the tenacity of the team provide a strong basis for confidence. I look forward to updating shareholders as the Potential Acquisition progresses.

Mark Rollins

Non-Executive Chairman

7 October 2022

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 April 2022.

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.

Results and dividends

Loss on ordinary activities after taxation amounted to US$27,389,000 (30 April 2021: US$2,854,000). The Directors do not recommend the payment of a dividend (30 April 2021: US$Nil).

Review of Operations and Business Activity

On 2 September 2021, the Company announced that it had signed a Rig Contract for Buffalo-10 Well with Valaris Limited for the VALARUS JU-107 jack-up drilling rig. The Buffalo-10 well was designed to test the presence of a significant attic oil accumulation that remained after the original development was closed. The Operator, Carnarvon, advised in December 2022 that the Valaris JU-107 jack-up rig was en route to the Buffalo-10 well location. Once it arrived, spudding of the well commenced.

On 24 January 2022, the Company announced that the Buffalo project had not been successful. The Operator, Carnarvon Petroleum Timor, Lda, advised the Company that the wireline logging operations had been completed with only residual oil being encountered. The Company announced that the well would therefore be plugged, abandoned, and the rig demobilised.

On 28 January 2022, the Company announced Board changes with the aim of cost reduction and a refocused strategy. The Board implemented measures to reduce the Company's cost base by over 50%. As part of the changes, the Company's CEO Leslie Peterkin resigned from the Company to support cost cutting measures and Larry Bottomley assumed the Interim CEO role to drive new ventures.

On 18 March 2022, the Company announced a grant of options over 30,000,000 new ordinary shares to the interim Chief Executive Officer, Larry Bottomley. The options have an exercise price of 0.3 pence per ordinary share, with 50 per cent. of the options vesting 6 months from 17 March 2022 and the remainder vesting one year from 17 March 2022.

On 1 April 2022, the Company announced that Mr Stephen West had resigned as Chief Financial Officer and as executive director with immediate effect.

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 Company's 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 14 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 monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management. At 30 April 2022, the Group had cash resources of US$662,000. Cash resources increased following the £425,000 equity fund raise completed in July 2022.

On 9 September 2022, the Group announced that it had signed a Heads of Terms and Exclusivity Agreement in relation to a potential acquisition. The Company expects to incur due diligence and other transaction costs associated with the proposed acquisition.

Management's base case is that the potential acquisition will complete in late 2022 and that, as part of the acquisition the Company will seek to raise additional equity funding.

Management have also considered a number of downside scenarios, including scenarios where the potential acquisition does not complete, or where completion is delayed beyond December 2022.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements. However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigants include deferral of expenditure and raising additional equity.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that following closing of the proposed acquisition the cash balance provides the Group with adequate headroom over the forecast expenditure for the following 12 months – as a result, the Directors are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Nonetheless, these conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

Directors

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

Mark Rollins
Leslie Peterkin (resigned 27 January 2022)
Ross Warner
Stephen Whyte
Stephen West (resigned 31 March 2022)
Larry Bottomley

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:

	2022	**2021**	**2022**	**2021**
	Ordinary shares	**Ordinary shares**	**Options** (1)	**Options**
Mark Rollins	**29,403,153**	29,403,153	**24,840,000**	24,840,000
Leslie Peterkin	**-**	138,833,333	**-**	29,450,000
Ross Warner	**205,287**	205,287	**5,180,000**	5,180,000
Stephen Whyte	**391,266**	391,266	**1,670,000**	1,670,000
Stephen West	**-**	4,943,590	**-**	22,340,000
Larry Bottomley	**-**	-	**31,670,000**	1,670,000
Graham Smith	**-**	36,000	**-**	-

(1) These relate to share options which were allocated to the Directors of the Company on 4 February 2020, 8 July 2020,19 April 2021 and 17 March 2022. 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. The subsequent events note 18 includes details of further shares acquired by the directors' post year end.

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

7 October 2022

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 2022, 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 2022 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.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw your attention to Note 2(I) to the financial statements which explains that the Group has commenced a process for a potential acquisition which will incur significant costs and for which the Group will seek to raise additional equity funding. If the acquisition does not complete there may be scenarios where the Group would be unable to meet its forecast cash requirements. The matters explained in Note 2(I) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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
Accuracy and completion of equity 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.	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. 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.
Value and classifications of investment In the current year, the Group fully impaired its investment in Carnarvon Petroleum Timor due to poor results. This has had a significant impact on the financial statements and there is an audit risk that the impairment is incorrectly recognised or that all factors associated with the cessation of the arrangement have not been correctly included in the financial statements.	We reviewed management's accounting policy for the treatment of this investment and assessed whether it is in line with IAS 28. We have reviewed correspondence and documentation around the failure of the project, and the events subsequent to this, to ensure the impairment is valid and in-line with accounting policies and commercial reality. We have agreed a sample of additions to the investment in the year.
Going Concern The Group has commenced a process for a potential acquisition, for which it will incur significant costs. If the acquisition does not complete the Group may be unable to achieve its forecast results.	We have discussed the going concern basis with management and reviewed the Group's forecasts. We have reviewed the inputs, assumptions, sensitivities and integrities of the forecasts prepared. Due to the inherent uncertainties in the process and of raising future equity funding should the acquisition not proceed we have included a reference to this material uncertainty in our audit report.

OUR APPLICATION OF MATERIALITY

The scope and focus of our audit were 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 $552k. This was based on the significant movement in the year, being 2% of the loss. We believe the loss to be the most appropriate benchmark as the Group has undergone significant upheaval in the past year and this loss is the best financial indicator of the Group in this period.

- 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 $274k.

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 re-valuated 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
Chartered Accountants & Statutory Auditors
3rd Floor Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 7 October 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**For the year ended 30 April 2022 US$'000**	For the year ended 30 April 2021 US$'000
Investment loss:			
Impairment	11	**(23,885)**	-
		(23,885)	-
Other income:		**-**	-
Asset evaluation expenses	6	**(60)**	(47)
Other administrative expenses	6	**(2,818)**	(2,539)
Net loss before finance costs and taxation		**(26,763)**	(2,586)
Finance costs		**(198)**	(256)
Share of net losses of associate accounted for using the equity method		**(428)**	(12)
Loss before tax		**(27,389)**	(2,854)
Tax expense	10	**-**	-
Loss after tax attributable to owners of the parent		**(27,389)**	(2,854)
Total comprehensive loss for the year attributable to owners of the parent		**(27,389)**	(2,854)
Basic loss per share attributable to owners of the parent during the year (expressed in US cents per share)	7	**(2.67)**	(1.51)

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 April 2022 US$'000**	As at 30 April 2021 US$'000
Assets			
Non-current assets			
Investments accounted for using the equity method	11	**-**	20,262
Total non-current assets		**-**	20,262
Current assets			
Other receivables		**89**	203
Cash and cash equivalents		**662**	8,103
Total current assets		**751**	8,306
Total assets		**751**	28,568
Liabilities			
Current liabilities			
Trade and other payables	13	**(304)**	(1,138)
Total liabilities		**(304)**	(1,138)
Net assets		**447**	27,430
Equity attributable to the owners of the parent			
Share premium	12	**47,656**	47,656
Share reserve		**1,445**	1,039
Accumulated deficit		**(48,654)**	(21,265)
Total shareholder funds		**447**	27,430

The Financial Statements were approved and authorised for issue by the Board of Directors on 7 October 2022 and were signed on its behalf by:

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 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 issue	(2,598)	-	-	(2,598)
Share based payments	-	1,039	-	1,039
Balance at 30 April 2021	47,656	1,039	(21,265)	27,430
Loss for the year to 30 April 2022	**-**	**-**	**(27,389)**	**(27,389)**
Total comprehensive income	**-**	**-**	**(27,389)**	**(27,389)**
Transactions with equity shareholders of the parent				
Share based payments	**-**	**406**	**-**	**406**
Balance at 30 April 2022	**47,656**	**1,445**	**(48,654)**	**447**

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

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 30 April 2022 US$'000	For the year ended 30 April 2021 US$'000
Cash flows from operating activities:		
Net loss for the year	**(27,389)**	(2,854)
Adjustments for:		
Share of net loss of associate	**428**	12
Share based payments	**406**	1,039
Impairment of investment	**23,885**	-
Change in working capital items:		
Decrease/(Increase) in other receivables	**114**	(188)
(Decrease)/Increase in trade and other payables	**(834)**	815
Net cash used in operations	**(3,390)**	(1,176)
Cash flows from investing activities		
Investment in associate	**(4,051)**	(20,274)
Other investments	**-**	-
Net cash used in investing activities	**(4,051)**	(20,274)
Cash flows from financing activities		
Proceeds from issue of share capital	**-**	31,589
Share issue costs	**-**	(2,598)
Net cash generated by financing activities	**-**	28,991
Net (decrease)/increase in cash and cash equivalents	**(7,441)**	7,541
Cash and cash equivalents, at beginning of the year	**8,103**	562
Effect of foreign exchange rate changes	**-**	-
Cash and cash equivalents, at end of the year	**662**	8,103

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. 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 7 October 2022.

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

<u>Standards and amendments effective for periods beginning 1 May 2021 or later</u>

A number of other new standards are effective from 1 May 2021, but they do not have a material effect on the Company's financial statements:

- Amendments to IFRS 16 COVID – 19 Related Rent Concessions

A number of new standards are effective for annual periods beginning after 1 May 2021 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.

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 Group 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 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 monitors its cash position, cash forecasts and liquidity on a regular basis and takes a conservative approach to cash management. At 30 April 2022, the Group had cash resources of US$662,000. Cash resources increased following the £425,000 equity fund raise completed in July 2022.

On 9 September 2022, the Group announced that it had signed a Heads of Terms and Exclusivity Agreement in relation to a potential acquisition. The Company expects to incur due diligence and other transaction costs associated with the proposed acquisition.

Management's base case is that the potential acquisition will complete in late 2022 and that as part of the acquisition the Company will seek to raise additional equity funding.

Management have also considered a number of downside scenarios including scenarios where the potential acquisition does not complete, or where completion is delayed beyond December 2022.

Under the base case forecast, the Group will have sufficient financial headroom to meet forecast cash requirements for the 12 months from the date of approval of these consolidated financial statements. However, in the downside scenarios, in the absence of any mitigating actions, the Group may have insufficient funds to meet its forecast cash requirements. Potential mitigants include deferral of expenditure and raising additional equity.

Accordingly, after making enquiries and considering the risks described above, the Directors have assessed that following closing of the proposed acquisition the cash balance provides the Group with adequate headroom over the forecast expenditure for the following 12 months – as a result, the Directors are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Nonetheless, these conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

3 Functional and presentation currency

These consolidated financial statements are presented in US Dollars ("USD" or "US$"), which is the Group'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 15 – 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:

<u>Share based payments (note 8)</u>

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. The investment in the associate was not successful and has been fully impaired at 30 April 2022.

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.

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:

	2022	2021
	US$'000	US$'000
Audit fees	45	69
Professional fees	1,178	1,047
Administration costs	104	104
Employee costs	95	219

Directors' fees (Note 9)	1,396	1,100
Other administrative expenses	**2,818**	**2,539**

Office costs	60	30
Consulting and farm-in expenses	-	6
Travel and accommodation	-	11
Asset evaluation expenses	**60**	**47**

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.

	2022	2021
Loss attributable to owners of the Group (USD thousands)	**(27,389)**	(2,854)
Weighted average number of ordinary shares in issue (thousands)	**1,027,614**	188,796
Loss per share (US cents)	**(2.67)**	(1.51)

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.

8 Share-based payment arrangements

The following is a summary of the share options and warrants outstanding and exercisable as at 30 April 2022 and 30 April 2021, and the changes during each year:

	Number of options and warrants	**Weighted average exercise price (Pence)**
Outstanding and exercisable at 1 May 2020	**197,637,934**	**1.12**
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**
Cancelled options	(66,600,000)	(0.13)
Expired warrants	(6,399,993)	(0.57)
Options granted post consolidation	30,000,000	0.03
Outstanding and exercisable at 30 April 2022	**118,259,511**	**2.68**

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 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)	-	406,411,762	(1,192,439,239)	
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	0.30p
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**	**(298,448,649)**	**161,259,504**	

Grant Date	Expiry Date	1 May 2021	Issued	Expired	30 April 2022	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
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
03.08.18	02.08.21	300,000,000	-	(300,000,000)	-	0.02p
Consolidation		(1,192,439,239)	-	359,333,333	(833,105,906)	
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)	-	57,600,005	(80,067,627)	
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						
01.10.18	01.10.23	4,500,000	-	-	4,500,000	2.00p
01.02.20	01.02.25	68,750,000	-	(37,500,000)	31,250,000	0.30p
01.02.20	01.02.25	68,750,000	-	(37,500,000)	31,250,000	0.30p
08.07.20	08.07.25	25,000,000	-	(25,000,000)	-	0.30p
Consolidation		(150,300,000)	-	90,000,000	(60,300,000)	
19.04.21	19.01.26	83,710,000	-	(56,600,000)	27,110,000	2.60p
17.03.22	17.03.27	-	30,000,000	-	30,000,000	0.03p
		161,259,504	**30,000,000**	**(72,999,993)**	**118,259,511**	

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
17.03.22	0.03p	0.03p	231%	5 years	0%	1.5%	0.025p

The Group recognised US$552,000 (30 April 2021: US$1,609,000) relating to equity-settled share-based payment transactions during the year arising from Option or Warrant grants, which was charged US$Nil (2021: US$838,000) in respect of services performed in connection with the issue of new shares charged to share premium, US$559,000 (2021: US$667,000) in respect of directors' fees and US$7,000 reversed (2021: US$104,000) in respect of employee costs to the income statement. Shares totalling US$Nil (2021: 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.

The 30,000,000 options granted on 17 March 2022 will vest on 17 September 2022 and 17 March 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.

For the share options and warrants outstanding as at 30 April 2022, the weighted average remaining contractual life is 4.64 years (30 April 2021: 4.14 years).

9 Employee benefits (including directors)

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

	2022 **US$'000**	2021 US$'000
Directors' remuneration (see below)	**1,133**	409
Share based payments – Directors (see below)	**406**	667
Share based payments – Employees	**-**	104
Directors' health insurance	**16**	24
Employees	**84**	115
Amount due to former consultant	**(160)**	-
	1,479	1,319

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

The remuneration of the directors during the year ended 30 April 2022 was as follows:

	Short term employee benefits US$'000	**Social security payments US$'000**	**Pension contribution US$'000**	**Share based payments US$'000**	**Total 2022 US$'000**
Ross Warner	53	-	-	56	**109**
Mark Rollins	158	-	-	284	**442**
Leslie Peterkin	484	-	28	-	**535**
Stephen West	233	30	27	-	**333**
Steve Whyte	54	6	-	23	**60**
Larry Bottomley	54	6	-	43	**60**
Total Key Management	**1,036**	**42**	**55**	**406**	**1,539**

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

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:

	2022 US$'000	2021 US$'000
Loss before income tax	**(27,389)**	(2,854)
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

On 24 January 2022 the company announced that the Buffalo project had not been successful. The Operator, Carnarvon Petroleum Timor, Lda, had advised the company that the wireline logging operations have been completed with only residual oil being encountered. The Company announced that the well will therefore be plugged and abandoned, and the rig demobilised. As a result of this, the carrying amount of the investment in the associate of US$19,834,000 will be written off and a share of the losses for 2022 will be recognised in the consolidated statement of comprehensive income US$428,000 (2021: loss US$12,000). The investment in associate has been fully impaired at 30 April 2022.

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	40,549
Less: Other interests	(20,274)
Goodwill	-
Net assets acquired	20,275

* 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

	2022 **US$'000**	2021 US$'000
Carrying value at beginning of year	**20,262**	**-**
Additions	**-**	20,274
Cash call	**4,051**	-
Share of losses post acquisition	**(428)**	(12)
Impairment	**(23,885)**	-
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.

Summarised balance sheet at 30 April 2022	**2022** **US$'000**	2021 US$'000
Rights	**21,148**	21,148
Buffalo exploration & appraisal	**33,225**	1,794
Property, plant and equipment	**2**	1
Cash	**115**	20,023
Creditors	**(736)**	(58)
Loan payable to Carnarvon	**(2,042)**	(2,375)
Cash call Carnarvon	**(7,993)**	-
Cash call Advance Energy	**(4,051)**	-
Net assets	**39,668**	40,533
Group's share as a %	**50%**	50%
Carrying amount before cash calls	**19,834**	20,267
Cash call Advance Energy	**4,051**	-
Carrying amount before impairment	**23,885**	20,267
Impairment	**(23,885)**	-
Carrying amount	**-**	20,267

Summarised statement of comprehensive income for the 12 months to 30 April 2022

	2022 **US$'000**	2021 US$'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Administrative expenses	**(802)**	(391)
Operating loss	**(802)**	(391)
Finance costs	**(53)**	(1)
Loss on ordinary activities before taxation	**(855)**	(392)
Taxation	**-**	-
Loss from continuing operations	**(855)**	(392)
Group share of post-acquisition losses	**(428)**	(12)

12 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.

Allotted, called-up and fully paid:	Number	Pence per share	Share premium US$'000
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**
Balance at 30 April 2022	**1,027,614,008**		**47,656**

13 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.

	2022 US$'000	2021 US$'000
Trade payables	**51**	517
Accruals and other payables	**253**	621
	304	1,138

14 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$6,000 (2021: US$373,000) 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.

	2022	2021
	US$'000	US$'000
Cash & Cash Equivalents		
USD	**511**	646
GBP	**151**	7,457
Total Financial Assets	**662**	8,103
Trade & other payables		
USD	**253**	858
GBP	**51**	219
AUD	**-**	61
Total Financial Liabilities	**304**	1,138

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 2022 (2021: 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. Should the Group enter 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.

15 List of subsidiaries and associates

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

Name	Interest 2022	Interest 2021	Country of incorporation	Nature of business
Advance Energy TL Limited	100%	100%	UK	Intermediate Hold Co
Carnarvon Petroleum Timor Unipessoal Lda	50%	50%	Timor-Leste	Oil exploration
Resolute Oil & Gas (UK) Limited	-	100%	UK	Trading subsidiary
Eagle Gas Limited	25%	25%	UK	Gas Exploration

On 7 January 2022 Resolute Oil & Gas (UK) Limited made an application to strike the company off the register and on 5 April 2022 the company was dissolved.

16 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 2022 (30 April 2021: None).

17 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 18 Subsequent Events.

18 Subsequent events

On 26 July 2022, the Company successfully raised £425,000 from new and existing shareholders, through share placing. The £425,000 included £40,000 each from the existing directors Mark Rollins and Larry Bottomley. A total of 500,000,000 shares placed at £0.00085 were issued for a consideration of £425,000 and this was inclusive of broker fees of 5% which is £21,250. One warrant was issued for every share at a price of £0.0013 at any time from the issue of the warrant up to 26 July 2025.

On 9 September 2022, the Company announced that it had entered into a non-binding Heads of Terms ("HoT") with the majority owner of a European oil and gas company. Under the HoT, Advance would acquire the European company for a combination of new shares in Advance and an earn out based on oil production (the "Potential Acquisition"). The HoT includes standard conditions, including an exclusivity period up to 29 October 2022 and the completion of satisfactory due diligence.

The Potential Acquisition would be considered a reverse transaction under the AIM Rules for Companies and is therefore subject, inter alia, to the issue of a new AIM Admission Document and obtaining shareholder approval for the Potential Acquisition.

As a result of the announcement, the Company's shares were temporarily suspended and will remain so until Advance is in a position to publish the associated AIM Admission Document for the Potential Acquisition. In the event that the Potential Acquisition does not proceed for whatever reason, it is expected that the temporary suspension in the Company's shares would be lifted.

Statement of Compliance with the QCA Corporate Governance Code

(The information contained in this document was last reviewed on 29 September 2022)

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

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

The Company announced on the 27 May 2022, that Carnarvon Petroleum Timor, Lda had elected not to enter the next period of the TL-SO-T 19-14 Production Sharing Contract (the "Buffalo Licence"). As a consequence the Buffalo Licence lapsed on 27 May 2022 and the Company became an AIM Rule 15 cash shell ("AIM Rule 15 Cash Shell") on that date. As an AIM Rule 15 Cash Shell, the Company is required to make an acquisition, or acquisitions, which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission under the AIM Rules for Companies) within six months from 27 May 2022. Alternatively, within such time period, the Company can seek to become an investing company pursuant to AIM Rule 8, which requires, inter alia, the raising of at least £6 million and publication of an admission document. In the event that the Company does not complete a reverse takeover under AIM Rule 14 within such six month period or seek re-admission to trading on AIM as an investing company pursuant to AIM Rule 8 (either being, a "Re-admission Transaction"), the Company's ordinary shares would be suspended from trading pursuant to AIM Rule 40. Thereafter, if a Re-admission Transaction has not been completed within a further six month period, admission to trading on AIM of the Company's ordinary shares would be cancelled. The Company announced on 26 July 2022 that it has raised £425,000 by way of a placing and intended subscription from certain Directors. The net proceeds of which, combined with the Company's existing cash resources, are expected to provide the Company with sufficient working capital to pursue an acquisition that would be considered a reverse takeover under the AIM Rules for Companies ("RTO"). The RTO details were then subsequently announced by the Company on 9 September 2022, stating that it had entered into a non-binding Heads of Terms with the majority owner of a European oil and gas company, with the intention of the Company completing an acquisition of the European company for a combination of new shares in Advance and an earn out based on oil production. There is, however, no guarantee at this stage that any acquisition will be completed, and the Company continues to evaluate a number of oil and gas opportunities, with an emphasis on materiality and cash flow generation in line with its stated strategy, being to seek growth through acquisition or farm-in to non-operated interests in discovered upstream projects, announced. Further announcements will be made as and when appropriate.

Principle Two

Seek to understand and meet shareholder needs and expectations

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 though 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

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

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

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

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 30-31 of the Company's 2022 Annual Report and Accounts ("2022 Accounts").

Principle Five

Maintain the board as a well-functioning, balanced team led by the chair

The Board comprises, Mark Rollins non-executive Chairman and director, Larry Bottomley as interim CEO and non-executive director, Ross Warner and Stephen Whyte as non-executive directors. The Board composition will be reviewed as and when the RTO, described under principle one completes. 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	Stephen West[2]	Leslie Peterkin[1]	Mark Rollins	Stephen Whyte	Larry Bottomley
1	11 May 2021	x	X	x	x	x	x
2	15 June 2021	x	x	x	x	x	x
3	13 July 2021	x	x	x	x	x	x
4	17 Aug2021	x	x	x	x	x	x
5	21 Sept 2021	x	x	x	x	x	x
6	19 Oct 2021	x	x	x	x	x	x
7	18 Jan 2022	x	x	x	x	x	x
8	08 Feb 2022	x	x	x	x	x	x
9	08 Mar 2022	x	x		x	x	x
10	19 Apr2022	x	-	-	x	x	x
11	17 May 2022	x	-	-	x	x	x
12	21 June 2022	x	-	-	x	x	x
13	25 July 2022	x			x	x	x
14	09 Aug 2022	-	-	-	x	x	x
15	August 2022 – Written resolution of the Directors dealing with Directors fees following a meeting of the Remuneration Committee						
16	20 Sept 2022	x	-	-	x	x	x

Audit Committee Meetings	Date	Stephen Whyte	Ross Warner
1	13 July 2021	x	x
2	20 Sept 2021	x	x
3	17 January 2022	x	x
4	17 May 2022`	x	x
6	06 Oct 2022	x	x

Remuneration Committee Meetings	Date	Larry Bottomley	Mark Rollins
1	1 August 2022	x	x

AIM Rules and UK MAR Compliance Committee Meetings	Date	Ross Warner	Larry Bottomley
1	6 July 2022	X	x

Nomination Committee	Date	Mark Rollins	Stephen Whyte
1	1 August 2022	X	x

[1] Resigned 28 January 2022
[2] Resigned 1 April 2022

Principle Six

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

The Board currently consists of four Directors. On 28 January 2022, the Company announced that CEO Leslie Peterkin left the Company to support cost cutting measures, and on the 1 April 2022, the Company announced the resignation of Stephen West as the Chief Financial Officer and executive director.

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 is 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"). FIM provides Company secretarial, specialist administration and accounting services to the Company.

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

Principle Seven

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

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

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

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

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

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 LLP, 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 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 Ross Warner 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 65 Petty France London SW1H 9EUIs