

ADVANCE ENERGY PLC

(the “Company”)

Statement of Compliance with the QCA Corporate Governance Code

This disclosure was last reviewed and updated on 23 April 2020

Principle One

Business Model and Strategy

The board of directors of the Company (the “Board”) completed a strategic review announced on 4 March 2020 with a new strategy for the Company based on growth through acquisition or farm-in to non-operated interests in upstream projects where there is an opportunity to add significant value in the short to medium term.

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

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

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

The Company seeks to take non-operated interests in joint ventures with only two parties and the ability to exert a significant degree of influence.

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

Principle Two

Understanding Shareholder Needs and Expectations and Build Trust

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

Shareholders can engage with the Company through its email address info@advanceplc.com. Investors also have access to current information on the Company through its website, www.advanceplc.com.

Principle Three***Considering wider stakeholder and social responsibilities***

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

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

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

Principle Four***Risk Management***

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

The Company's focus on near term value creation means it is easier to control risks - limiting exposure to long term commodity price trends, and no potential stranded value from the world's changing energy mix or climate change initiatives.

Principle Five***A Well Functioning Board of Directors***

The Board comprises, Mark Rollins non-Executive Chairman and director, Leslie Peterkin Chief Executive Officer and director, Ross Warner non-Executive director and Graham Smith non-Executive director. 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.

The Board meets at least six times per annum.

In view of the size of the Company, the Board as a whole carries out the duties that would sometimes be delegated to an Audit Committee, Remuneration Committee or Nomination Committee. The Company will monitor and review the need to form Committees to support the function of the Board. The Board has also agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

The Board shall review further appointments as scale and complexity grows.

Principle Six***Appropriate Skills and Experience of the Directors***

The Board currently consists of four Directors and, in addition, the Company has employed the outsourced services of FIM Capital Limited (“FIM”) to act as the Company Secretary. FIM also provides specialist administration and accounting services to the Company. The Board believes that the current balance of skills of the Directors reflects a very broad range of commercial and professional skills across geographies and industries that is necessary to ensure the Company is equipped to deliver its strategy and notes that each of the Director's has experience in public markets.

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

Aside from FIM, (who Graham Smith is also a director of) performing the role of Company Secretary and accountant, the Board does not have any other particular internal advisory responsibilities.

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

Principle Seven***Evaluation of Board Performance***

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

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

Principle Eight***Corporate Culture***

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Company maintains an open and respectful dialogue with employees, partners and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

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

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

Principle Nine

Maintenance of Governance Structures and Processes

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

The Non-Executive Chairman is responsible for the effectiveness of the Board together with the responsibility to oversee the Company's corporate governance practices. The responsibility for the Company's financial affairs has been delegated to Graham Smith.

No Committees currently exist as previously described in the disclosures in respect of Principle 5 above. The Board carefully considered the need for separate Committee functions, and deemed these to be excessive due to the size and activity of the Company, and consequently there are no Committee terms of reference in effect.

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. Mark Rollins and Leslie Peterkin will be submitted for re-election as directors and Ross Warner who retires by rotation at the commencement of the 2020 AGM will submit himself for immediate reappointment to the Board, as will all directors at subsequent AGMs in accordance with the Company's articles of association. The Non-Executive Chairman may serve as a Non-Executive Director before commencing a first term as Non-Executive Chairman.

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) 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, including details of voting, 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.