NEW STANDARD ENERGY
LIMITED

ACN 119 323 385

Financial Report for the Half-Year Ended 31 December 2020

www.newstandard.com.au

CORPORATE DIRECTORY

Board of Directors

Kunfang Liu	Non-Executive Chairman
Xiaofeng Liu	Managing Director
Ming Li	Non-Executive Director
Xiaoning Lin	Non-Executive Director
Peng Zhang	Non-Executive Director

Company Secretary

Ming Li

Place of Business

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Perth WA 6000
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Fax: +61 (8) 9227 9280
Web: www.newstandard.com.au

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Legal Advisors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street,
Perth Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

ASX Code | NSE

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DIRECTORS' REPORT

The Directors of New Standard Energy Ltd (**New Standard** or **Company**) submit herewith the financial report for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001,* the Directors' report as follows:

BOARD OF DIRECTORS

The names and details of the Directors of the Company that were in office during the period and until the date of this report are as follows:

Kunfang Liu	(Non-Executive Chairman)
Xiaofeng Liu	(Managing Director)
Ming Li	(Non-Executive Director)
Xiaoning Lin	(Non-Executive Director)
Peng Zhang	(Non-Executive Director)

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

During the period, the Company continued to work with the Department of Mines, Industry Regulation and Safety (DMIRS) to consider its rehabilitation obligations that relate to historic exploration activities. Site visits to Carnarvon and Canning Basin were conducted respectively in October 2020 and November 2020. The inspections had confirmed the conditions of the relevant sites were generally the same as previously expected. The Company reported the site visits and its findings to DMIRS. An environmental audit report is currently under preparation.

The Group decided not to renew Permit EP481, which was expired in August 2020.

New Standard has also continued to review other opportunities for the Company to recover and grow both in the oil and gas space and in other areas.

CORPORATE AND FINANCE

New Standard ended the six months to 31 December 2020 with a cash position of $163,529. The Company has no debt.

New Standard continues to review and reduce overheads wherever possible. Directors' fees remain suspended and no Directors' fees have been paid since February 2015.

EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance that have arisen since 31 December 2020 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the review of the half-year is included on page 3.

Signed in accordance with a resolution of the Directors.

刘坤芳

Kunfang Liu
Director
15 March 2021

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Fax: +61 8 6382 4601
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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF NEW STANDARD ENERGY LIMITED

As lead auditor for the review of New Standard Energy Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of New Standard Energy Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2021

DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001* and:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting,* Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(iii) in the Directors' opinion, there are reasonable grounds to believe that New Standard Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:

刘坤芳

Kunfang Liu
Director
15 March 2021

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Fax: +61 8 6382 4601
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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of New Standard Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of New Standard Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 15 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 December 2020

	Note	Half-year ended 31 Dec 2020 $	Half-year ended 31 Dec 2019 $
Interest income		**54**	142
Government Grants		**20,000**	–
Depreciation expenses		**(5,243)**	(1,748)
Administrative expenses		**(71,337)**	(104,303)
Employment expenses		**(13,081)**	(14,636)
Impairment of exploration and evaluation expenditure	4	–	(42,066)
Provision for rehabilitation	9	**18,542**	–
Fair value loss on other financial assets		**(4,085)**	(404)
Loss before income tax expense		**(55,150)**	(163,015)
Income tax expense		**–**	–
Loss after income tax for the period		**(55,150)**	(163,015)
Other comprehensive income for the period		**–**	–
Total comprehensive loss for the period		**(55,150)**	(163,015)
Total comprehensive loss for the period is attributable to:			
Owners of the Company		**(55,150)**	(163,015)
		Cents Per Share	**Cents Per Share**
Loss per share for loss from			
Continuing operations attributable to the ordinary shareholders of the Company			
Basic loss per share (cents per share)	8	**(0.01)**	(0.02)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	31 Dec 2020	30 Jun 2020
		$	$
Current Assets			
Cash and cash equivalents		**163,529**	292,424
Trade and other receivables		**3,845**	1,909
Other financial assets at fair value through profit and loss	2	**1,362**	2,514
Total Current Assets		**168,736**	296,847
Non-Current Assets			
Other financial assets at fair value through profit and loss	2	**3,469**	6,402
Right-of-use asset	3	**9,611**	14,854
Total Non-Current Assets		**13,080**	21,256
Total Assets		**181,816**	318,103
Current Liabilities			
Trade and other payables	5	**184,722**	217,260
Rehabilitation provision	9	**927,287**	970,690
Lease liabilities	6	**9,879**	10,497
Total Current Liabilities		**1,121,888**	1,198,447
Non-Current Liabilities			
Lease liabilities	6	**–**	4,578
Total Non-Current Liabilities		**–**	4,578
Total Liabilities		**1,121,888**	1,203,025
Net Assets/(Liabilities)		**(940,072)**	(884,922)
Equity			
Issued capital	7	**69,762,264**	69,762,264
Reserves		**29,792**	29,792
Accumulated losses		**(70,732,128)**	(70,676,978)
Total Equity		**(940,072)**	(884,922)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2020

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Equity as at 1 July 2020	**69,762,264**	**(70,676,978)**	**29,792**	**(884,922)**
Loss for the period	–	(55,150)	–	(55,150)
Total comprehensive expense	–	(55,150)	–	(55,150)
Transactions with owners in their capacity as owners;				
Issue of shares, net of transaction costs	–	–	–	–
Equity as at 31 December 2020	**69,762,264**	**(70,732,128)**	**29,792**	**(940,072)**

	Issued Capital	Accumulated Losses	Reserves	Total
Equity as at 1 July 2019 as originally presented	69,365,813	(69,344,456)	29,792	51,149
Correction – recognition of a rehabilitation obligation*	–	(970,690)	–	(970,690)
Restated total equity as at 1 July 2019	69,365,813	(70,315,146)	29,792	(919,541)
Loss for the period	–	(163,015)	–	(163,015)
Total comprehensive expense	–	(163,015)	–	(163,015)
Transactions with owners in their capacity as owners;				
Issue of shares, net of transaction costs	396,451	–	–	396,451
Equity as at 31 December 2019	69,762,264	(70,478,161)	29,792	(686,105)

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

* The correction represented recognition of a rehabilitation provision for the previous year. Refer to Note 1 for details.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 December 2020

	Note	Half-year ended 31 Dec 2020 $	Half-year ended 31 Dec 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(143,495)**	(161,477)
Interest received		**54**	142
Government grants received		**20,000**	–
Finance cost		**(258)**	(143)
Net cash used in operating activities		**(123,699)**	(161,478)
Cash flows from investing activities			
Payment for exploration, evaluation and development		–	(42,066)
Net cash used in investing activities		–	(42,066)
Cash flows from financing activities			
Payments for right-of-use asset		**(5,196)**	(1,675)
Proceeds from issue of shares		–	400,020
Payments for share issue costs		–	(3,569)
Net cash flows provided by financing activities		**(5,196)**	394,776
Net decrease/(increase) in cash and cash equivalents		**(128,895)**	191,232
Cash and cash equivalents at beginning of the financial period		**292,424**	210,623
Cash and cash equivalents at the end of the financial period		**163,529**	401,855

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2020

1. Statement of compliance

The half-year financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. These half-year financial statements do not include notes of the type normally included in annual financial statements and shall be read in conjunction with the most recent annual financial statements for the year ended 30 June 2020 and any public announcements made by New Standard Energy Limited (**Company**) during the half-year reporting period with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost as modified by the revaluation of certain financial assets. Cost is based on the fair values of the consideration given in exchange for assets. The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's annual financial statements for the financial year ended 30 June 2020 except for the adoption of new and amended standards set out below. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the Company and its controlled entities during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ACCOUNTING CORRECTION AND RESTATEMENT

As disclosed in its Annual Report for the year ended 30 June 2020, the Group received directions from the Department of Mines, Industry Regulation and Safety ("DMIRS") to rehabilitate its respective exploration permit areas by November 2019 and August 2020. The Group did not recognise a liability in respect of these obligations but disclosed the matter as contingent liabilities in its published annual accounts for the year ended 30 June 2019 as it considered the likely outflow of economic benefits was unclear.

The Group engaged an external expert to make an estimate of its rehabilitation costs with additional information in the financial year of 2020. A rehabilitation provision of $970,690 was adjusted retrospectively. $970,690 for the rehabilitation costs was charged to the profit or loss accounts for the year ended 30 June 2019 and a corresponding liability was recognised as at 30 June 2019 and carried forward to 30 June 2020.

Going Concern

The Directors believe that the consolidated entity will continue as a going concern. As a result the financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the period the consolidated entity incurred a net loss after income tax of $55,150 (2019: a net loss $163,015) and incurred net cash outflows from operating and investing activities of $123,699 (2019: $203,544), and had net working capital of ($953,152) at 31 December 2020.

The ability of the consolidated entity to continue as a going concern is dependent on the financial support received from the major shareholder and directors and its ability to secure additional funding through capital raisings as and when required to continue to meet its working capital requirements including the rehabilitation obligation in the next 12 months.The Directors believe that they will be able to raise additional capital as required and that the Group will continue as a going concern and as a result the financial report has been prepared on a going concern basis. In arriving at this position the Directors have considered the following pertinent matters:

- in response to preserve the Company's cash flow, the Non-Executive Chairman and all Non-Executive Directors have agreed to suspend their fees starting from 1 February 2015 and remain suspended to date and until the Group has the financial capacity to pay the Non-Executive Chairman and Non-Executive Directors' fees;
- the Company has received the financial support through a loan facility from its major shareholder if required;
- The Company is reviewing a number of opportunities in both energy and other sectors; and
- should it be required the Directors are satisfied that they will be able to raise additional funds by either a form of equity raising, implementing strategic joint ventures or by asset sale to fund ongoing exploration commitments and for working capital.

However, should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that different from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

1. Statement of compliance (cont'd)

Adoption of new and amended accounting standards

The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

The adoption of these new or amended standards has not resulted in any change to the entity's accounting policies.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

Critical accounting judgements and key source of estimation uncertainty

In the application of the consolidated entity's accounting policies, (which are described in Note 1 of the most recent annual financial statements for the year ended 30 June 2020), management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and significant judgements

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty and significant judgements at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Rehabilitation Provision

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, inflation and other factors. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Contingencies

The Due Diligence Defect claims associated with the Sundance sale of the Eagleford asset were disputed by the Group and the likely outflow of economic benefits is not probable and as such a provision has not been recognised in relation to the claim. This is considered a significant judgement consistent to the rehabilitation commentary.

Deferred tax balances

The Group has carried forward losses which have not been recognised as deferred tax assets as it is not probable that the company will derive future assessable income of a nature and amount sufficient to enable the benefit to be realised.

Impairment

The carrying amounts of the Group's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an assets or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the assets belong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2020

2.	**Other financial assets at fair value through profit and loss**	**31 Dec 2020**	**30 Jun 2020**
		$	$
	Listed securities		
	Current		
	Sundance Energy Australia Ltd (i)	1,362	2,514
		1,362	**2,514**
	Non-current		
	Sundance Energy Australia Ltd (i)	3,469	6,402
		3,469	**6,402**
	(i) The Group had 2,128 units of Sundance Energy Inc (NASDAQ: SNDE). 600 units among them were freely tradable as at 31 December 2020.		

3.	**Right-of-use-asset**	**31 Dec 2020**	**30 June 2020**
		$	**$**
	At cost	21,844	21,844
	Accumulated depreciation	(12,233)	(6,990)
		9,611	**14,854**

	31 December 2020	**30 June 2020**
	$	**$**
Reconciliation of the carrying amount of fixed assets:		
Balance at the beginning of the period	14,854	–
Additions	–	21,844
Depreciation expense	(5,243)	(6,990)
Balance at the end of the period	**9,611**	**14,854**

4.	**Exploration and evaluation expenditure**	**31 Dec 2020**	**31 December 2019**
		$	**$**
	Balance at the beginning of period	–	–
	Expenditure incurred	–	42,066
	Expenditure impaired	–	(42,066)
	Balance at the end of period	–	–

The Board assess impairment of all exploration expenditure at each reporting date by evaluating the conditions specific to the Company and the particular asset. These include if substantive expenditure has been incurred on exploration and evaluation of resources and this has not led to the discovery of commercially viable quantities of resources or sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

The Company has taken a conservative view and have fully impaired the capitalised exploration and evaluation expenditure of the carrying value for the projects at 31 December 2020 considering no exploration expenditure, other than rental and incidental land costs, has been budgeted for the financial year ended 30 June 2021.

The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the period ended 31 December 2020

		31 Dec 2020	30 Jun 2020
5.	**Trade and other payables**	**$**	**$**
	Current		
	Trade payables	5,112	8,781
	Other payables and accrued expenses	179,610	208,479
		184,722	**217,260**

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

		31 Dec 2020	30 Jun 2020
6.	**Lease liabilities**	$	$
	Current	9,879	10,497
	Non-current	-	4,578
		9,879	**15,075**

Lease liabilities related to the Group's lease of its office premises.

		31 Dec 2020	30 June 2020
7.	**Issued capital**	**$**	**$**
	888,748,864 fully paid ordinary shares (30 Jun 2020: 888,748,864)	69,762,264	69,762,264
		No.	**$**
	Fully paid ordinary shares		
	Balance at 1 July 2020 and 31 December 2020	**888,748,864**	**69,762,264**

There was no movement for issued of capital for the period ended 31 December 2020.

		Half-year ended 31 Dec 2020 Cents per share	Half-year ended 31 Dec 2019 Cents per share
8.	**(Loss)/earnings per share**		
	Basic loss per share	**(0.01)**	(0.02)
	The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
	Loss for the period	**(55,150)**	(163,015)
		No.	**No.**
	Weighted average number of ordinary shares used in the calculation of basic EPS	**888,748,864**	830,115,530

		31 Dec 2020	30 June 2020
9.	**Rehabilitation provision**	**$**	**$**
	Balance at the beginning of period	970,690	970,690
	Changes in rehabilitation provision	(18,542)	–
	Amounts spent during the period	(24,861)	–
	Balance at the end of period	**927,287**	970,690

The rehabilitation provision represents the present value of rehabilitation costs as a result of its previous exploration activities. These provisions have been created based on an assessment performed by an independent consultant. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs related to five directions on permits EP450, EP451, EP456, EP481, will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 31 December 2020

11. Commitments and contingent liabilities

On 10 August 2015 the Group completed the sale of assets including NSE Texas LLC, which held the producing Eagleford asset located within the Atascosa and Colorado counties and NSE PEL 570 Pty Ltd which held the Copper Basin asset to Sundance Energy Australia Ltd (Sundance). In accordance with the Share and Asset Sale Agreement Sundance made a claim in relation to Due Diligence Defects (DD Defects) associated with the Eagleford asset. There is a potential liability associated with the DD Defects which will be covered partially or wholly by escrowed SEA shares which formed part of consideration of the sale. Whilst the maximum exposure to the Group is approximately $500k, the likely outflow of economic benefits is currently not probable and as such a provision has not been recognised in relation to the claim.

There were no other material contingent liabilities or contingent assets for the Group as at 31 December 2020 or as at the date of the report other than the above.

12. Fair value measurement

The directors consider that the carrying amounts of assets and liabilities recognised in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
31 Dec 2020				
Other financial assets fair value through profit and loss (i)	4,831	–	–	4,831
	4,831	–	–	4,831
30 Jun 2020				
Other financial assets (i)	8,916	–	–	8,916
	8,916	–	–	8,916

(i) The fair value of the other financial assets is derived from quoted market prices in an active market.

13. Related party transactions

The transactions with related parties are consistent with those disclosed in the 30 June 2020 financial report.

14. Segment note

For management purposes, the Group has identified only one (1) reportable segment as exploration activities undertaken in Australia since it ended all operations in the United States in 2018.

15. Events occurring after reporting date

There has been no other matter or circumstance that have arisen since 31 December 2020 that may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than the above.