ABN 33 087 741 571
Suite 8, 7 The Esplanade, Mt. Pleasant WA 6153, Australia
Phone: +61 8 9316 9100 Fax: +61 8 9615 5475

ASX Announcement

31 March 2021

EXTENSION OF REPORTING AND LODGMENT DATE - ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020.

Po Valley Energy Limited (**ASX: PVE**) (**Po Valley** or the **Company**) advises that it will be relying on *ASX Class Waiver Decision – Extended Reporting and Lodgement Deadlines* dated 29 December 2020 ("**ASX Class Waiver"**) and *ASIC Corporations (Extended Reporting and Lodgment Deadlines – Listed Entities) Instrument 2020/451* as extended by *ASIC Corporations (Amended) Instrument 2020/1080* dated 25 November 2020 (the "**Amended ASIC Relief**"), to extend the lodgement date for its audited annual accounts which are required to be lodged with ASX and ASIC under Listing Rule 4.5.1 and section 319 or the Corporations Act 2001 (Cth) respectively.

The Company advises the attached information provided for the year ended 31 December 2020 is unaudited.

Under the ASX Class Waiver, the Company is required to release its audited annual accounts for the year ended 31 December 2020 at the earlier of: (i) when they are ready to be given to ASX; or (ii) when they must be given to ASIC under the Amended ASIC Relief.

The Company confirms that it will immediately make further announcement to ASX if it becomes aware that there will be a material difference between its unaudited and its audited annual accounts.

This Announcement was authorised for release by the Board of Po Valley Energy Limited

Media Contacts:

Michael Masterman, Po Valley CEO, 0418 9517 92

PO VALLEY ENERGY LIMITED

A.B.N. 33 087 741 571

UNAUDITED CONSOLIDATED FINANCIAL REPORT FOR THE

YEAR ENDED 31 DECEMBER 2020

PO VALLEY ENERGY LIMITED
UNAUDITED ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020
CONTENTS

OPERATING RESULTS
The loss of the Group for the year ended 31 December 2020 after income tax was €1,048,318 (2019: €1,504,741).

FINANCIAL PERFORMANCE

	31 December 2020 Unaudited €	31 December 2019 Audited €	Change %
Profit & loss			
Other income	79,122	35,144	125
Gain on agreement settlement	110,940	-	100
Expenses	(1,238,523)	(1,743,026)	(29)
Loss for the period	(1,048,318)	(1,504,741)	(30)
Basic loss per share	(0.16)	(0.24)	(33)
Financial position			
Net assets	4,196,137	5,244,455	(20)
Cash balance	44,107	42,165	4
Cash flows			
Operating cash flow	(524,665)	(1,127,291)	(53)
Investing cash flow	(83,343)	(271,225)	(69)
Financing cash flow	609,950	925,077	(34)

Financial result
The Group reported a loss for the year ended 31 December 2020 of €1,048,318 (2019: €1,504,741).
Since the beginning of 2020 Italy has faced a very challenging operating environment as a result of COVID-19 virus impacts and the resulting State of Emergency and associated lockdowns. The Company's priority remains keeping our operations team safe. The team continues to working safely in accordance with COVID 19 health and safety rules and directives and with minimal field operations. The Company has implemented initiatives to safeguard its staff and contractors and to reduce its costs and overheads during this difficult economic climate whilst continuing to advance projects through the approval process.

Financial position
Po Valley remains a northern Italy-focused energy development and exploration company with a streamlined focus on five assets:

- The onshore gas development at Selva Malvezzi;
- Offshore Adriatic gas development at Teodorico;
- The large-scale gas/oil condensate exploration licence at Torre del Moro, and
- The expanded Ravizza (Grattasasso Permit) and Bagnolo (Cadelbosco Permit) oil reservoirs and extensions.

Po Valley's priority is very focused on bringing the low cost Selva and Teodorico fields into gas production. The size and scale of Torre del Moro and Ravizza / Bagnolo in Piano, warrant initiatives to de-risk and prioritise the projects and design drilling programs. During the year, field and exploration costs were reduced to minimal expenditure whilst the two projects, Selva and Teodorico continued to progress through the normal approval procedures. Both projects have received preliminary technical environmental approval and are awaiting final sign off by the Environment Minister of the Final Decree. The Group had ongoing support of directors and major shareholders through additional loans of €609,950 during the year. Cash and cash equivalents for the Group at 31 December 2020 amounted to €44,107 (2019: €42,165).

Dividends
No dividends have been paid or declared by the Company during the year ended 31 December 2020.

Subsequent events
Refer to Note 27 of the accompanying notes to the unaudited financial statements.

Audit
This report is based on financial statements which are in the process of being audited.

PO VALLEY ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	NOTES	CONSOLIDATED 2020 Unaudited €	2019 Audited €
Current Assets			
Cash and cash equivalents	**10**	44,107	42,165
Trade and other receivables	**11**	86,617	283,853
Total Current Assets		130,724	326,018
Non-Current Assets			
Other assets		78	17,578
Deferred tax assets	**14**	947,181	947,181
Property, plant & equipment	**12**	11,199	105,145
Resource property costs	**13**	7,990,040	7,876,926
Total Non-Current Assets		8,948,498	8,946,830
Total Assets		**9,079,222**	**9,272,848**
Liability and equity			
Current Liabilities			
Trade and other payables	**15**	1,238,952	1,090,159
Lease liabilities	**17**	3,091	41,066
Provisions	**16**	2,797	2,797
Interest bearing loans	**18**	2,067,175	1,272,676
Convertible notes	**19**	1,571,070	-
Total Current Liabilities		4,883,085	2,406,698
Non-Current Liabilities			
Lease liabilities	**17**	-	58,512
Convertible notes	**19**	-	1,563,183
Total Non-Current Liabilities		-	1,621,695
Total Liabilities		**4,883,085**	**4,028,393**
Equity			
Issued capital	**20**	46,641,745	46,461,745
Reserve	**20**	1,192,269	1,192,269
Accumulated losses		(43,637,877)	(42,589,559)
Total Equity		**4,196,137**	**5,244,455**
Total Equity and Liabilities		**9,079,222**	**9,272,848**

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

PO VALLEY ENERGY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	CONSOLIDATED 2020 Unaudited €	2019 Audited €
Continuing Operations			
Other income		79,122	35,144
Gain on agreement debt settlement	**5**	110,940	-
Employee benefit expenses	**3**	(522,237)	(639,131)
Depreciation expense		(41,622)	(41,700)
Corporate overheads	**4**	(344,686)	(752,431)
Exploration costs expensed		(9,000)	-
			(1,500)
Loss from operating activities		(727,483)	(1,399,618)
Finance income		143	134
Finance expenses		(320,978)	(308,398)
Net finance expenses	**7**	(320,835)	(308,264)
Loss before tax		(1,048,318)	(1,707,882)
Income tax benefit	**8**	-	203,141
Loss for the year		(1,048,318)	(1,504,741)
Other comprehensive income			-
Total comprehensive loss for the year		(1,048,318)	(1,504,741)
Basic and diluted earnings / (loss) per share (€) from continuing operations	**9**	(0.16)	(0.24)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Company				
Consolidated	**Issued capital €**	**Translation Reserve €**	**Accumulated Losses €**	**Non-controlling Interests €**	**Total €**
Balance at 1 January 2019	**45,531,416**	**1,192,269**	**(41,080,669)**	**-**	**5,643,016**
Adjustment from adoption of AASB16			(4,149)	-	(4,149)
Adjusted balance at 1 January 2019	**45,531,416**	**1,192,269**	**(41,084,818)**	**-**	**5,638,867**
Total comprehensive income:					
Loss for the year	-	-	(1,504,741)	-	(1,504,741)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(1,504,741)**	**-**	**(1,504,741)**
Transactions with owners recorded directly in equity:					
Issue of shares (net of costs)	1,110,329	-	-	-	1,110,329
Balance at 31 December 2019 - Audited	**46,641,745**	**1,192,269**	**(42,589,559)**	**-**	**5,244,455**
Balance at 1 January 2020	**46,641,745**	**1,192,269**	**(42,589,559)**	**-**	**5,244,455**
Total comprehensive income:					
Loss for the year	-	-	(1,048,318)		(1,048,318)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	(1,048,318)		(1,048,318)
Balance at 31 December 2020 - Unaudited	**46,641,745**	**1,192,269**	(43,637,877)	**-**	**4,196,137**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	CONSOLIDATED	
		2020	2019
		€	€
		Unaudited	Audited
Operating activities			
Payments to suppliers and employees		(524,551)	(1,065,464)
Interest received		143	134
Interest paid		(257)	(61,961)
Net cash used in operating activities	**10**	(524,665)	(1,127,291)
Investing activities			
Receipts for resource property costs from joint operations partners		166,667	-
Payments for resource property costs		(250,010)	(271,225)
Net cash used in investing activities		(83,343)	(271,225)
Financing activities			
Proceeds from the issues of shares		-	877,550
Payment of share issue costs		-	(8,066)
Proceeds from borrowings	**18**	609,950	99,351
Payments of lease liabilities			(43,758)
Net cash flows from financing activities		609,950	925,077
Net increase / (decrease) in cash and cash equivalents		1,942	(473,439)
Cash and cash equivalents at 1 January		42,165	515,604
Cash and cash equivalents at 31 December	**10**	44,107	42,165

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 REPORTING ENTITY

Po Valley Energy Limited ("the Company" or "PVE") is a company domiciled in Australia. The address of the Company's registered office is Suite 8, 7 The Esplanade Mt Pleasant WA 6153.

The Consolidated Financial Statements of the Company for the year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities and operations.

The Group primarily is involved in the exploration, appraisal and development of gas properties in the Po Valley region in Italy and is a for profit entity.

1.2 BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

(b) BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the basis of historical cost.

(c) GOING CONCERN

The financial report has been prepared on the 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.

For the year ended 31 December 2020, the Group has recorded a loss after tax from continuing operations of €1,048,318; it has a cash balance of €44,107, net current liabilities of €4,752,361 and had net cash outflows from operations of €524,665. Since the beginning of 2020 Italy has faced a very challenging operating environment as a result of COVID-19 virus impacts and the resulting State of Emergency and associated lockdowns. During this period, PVE has put in place a number of initiatives to safeguard its staff and contractors and to reduce costs with minimised field operations.

The Directors recognise that the ability of PVE to continue as a going concern is dependent on the Group being able to secure additional funding through either the issue of new equity, convertible debt, sale of operating or non-operating interests in assets or a combination of these and other funding instruments and options as required to fund ongoing planned activities and for working capital. PVE has the ongoing support of its Board and major shareholders who have provided funding through unsecured loans to the Group. Since 31 December 2020, the group has obtained additional unsecured loans of AU$200,000. Related parties have agreed to extend repayment terms on unsecured loans for

12 months from the date of this report, unless the Board determines there are sufficient funds to repay loans so long as repayment does not cause any solvency issues for the Group. PVE has put in place measures to reduce operating costs.

The small executive and consulting team have elected to defer or reduce fees to significantly lower levels until final formal approval of Selva development is obtained and development can commence. PVE has further cut costs to minimum levels for field and technical costs and travel costs due to minimised field operations and travel during current COVID-19 restrictions and continues to reduce costs further where possible in relation to administrative and office costs. Remuneration of the Chief Executive Officer and non-executive Director Kevin Bailey has been suspended since July 2020, in addition, any unpaid director fees as at 31 December 2020 have been deferred for 12 months from the date of this report, unless the Board determines there are sufficient funds to pay these fees so long as repayment does not cause any solvency issues for the Group.

Convertible notes held to the value of AUD$1,500,000 (including those held by Directors or their related parties) have had the redemption date extended from June 2021 for 12 months from the date of this report, unless the Board determines there are sufficient funds to redeem these or if the Convertible notes are converted to equity.

The Directors believe that ongoing support through additional loans provided, and cost saving measures will provide sufficient working capital pending a more significant fund raising by June 2021 to coincide with the anticipated granting of development approval for Selva.

Should the Group not achieve the matters set out above, there is a material uncertainty that may cast significant doubt whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's and each of the Group entity's functional currency.

(e) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-current assets

The ultimate recoupment of the value of resource property costs and property plant and equipment is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying properties. The Group undertakes at least on an annual basis, a comprehensive review for indicators of impairment of these assets. Should an impairment indicator exist, the area of interest or CGU is tested for impairment. There is significant estimation involved in determining the inputs and assumptions used in determining the recoverability amounts.

The key areas of estimation involved in determining recoverable amounts include:

- Recent drilling results and reserves and resources estimates
- Environmental issues that may impact the underlying licences
- The estimated market value of assets at the review date
- Fundamental economic factors such as the gas price and current and anticipated operating costs in the industry
- Future production rates

The post-tax discount rate used for impairment purposes is 10%.

Rehabilitation provisions

Any provisions made for rehabilitation represent the discounted value of the present obligations to restore, dismantle and rehabilitate a well site. Significant estimation is required in determining the provisions for rehabilitation and closure as there are many transactions and other factors that will affect ultimate costs necessary to rehabilitate the sites when required. The discounted value reflects a combination of management's best estimate of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination of, the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions. A provision, when recognised, for each site is reviewed at each reporting date and updated based on the facts and circumstances available at that time and any subsequent changes to the estimated future costs for operating sites will be recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision.

Reserve estimates

Estimation of reported recoverable quantities of Proven and Probable reserves include estimates regarding commodity prices, exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period.

A change in any, or a combination of, the key assumptions used to determine the reserve estimates could have a material impact on the carrying value of the project via depreciation rates or impairment assessments. The reserve estimates are reviewed at each reporting date and any changes to the estimated reserves are recognised prospectively to depreciation and amortisation. Any impact of the change in the reserves is considered on asset carrying values, and impairment losses, if any, are immediately recognised in the profit or loss.

Recognition of deferred tax assets

The recoupment of deferred tax assets is dependent on the availability of profits in future years. The Group undertakes a forecasting exercise at each reporting date to assess its expected utilisation of these losses.

The key areas of estimation involved in determining the forecasts include:

- Future production rates
- Economic factors such as the gas price and current and anticipated operating costs in the industry
- Capital expenditure expected to be incurred in the future

A change in any, or a combination of, the key assumptions used to determine the estimates could have a material impact on the carrying value of the deferred tax asset. Changes to estimates are recognised in the period in which they arise.

1.3 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies set out in notes 1.3 (a) to 1.3 (q) to all periods presented in the consolidated financial statements. The Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to the Group accounting policies.

(a) PRINCIPLES 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 that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Investments in subsidiaries are carried at cost less any impairment losses.
In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment losses.

(ii) Joint arrangements

The Group classifies its interests in joint arrangements as either joint operations or joint ventures (see below) depending on the Group's rights to the assets and obligation for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Joint operation - when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Group has rights only to the net assets of the arrangement, it accounts for its interest using the equity method adopted for associates.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets.
Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.
In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(c) IMPAIRMENT

Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (12.7%) that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

The Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover the forecasted life of the CGUs. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets/CGUs, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the statement of profit or loss and other comprehensive income.

(d) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are recorded at cost less accumulated depreciation, accumulated impairment losses and pre-commissioning revenue and expenses.

The cost of plant and equipment used in the process of gas extraction are accounted for separately and are stated at cost less accumulated depreciation and impairment costs.

Cost includes expenditure that is directly attributable to acquisition of the asset.
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with expenditure will flow to the Group.

(iii) Depreciation

Property, plant and equipment

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation will commence when the asset is installed ready for use.

The estimated useful lives of each class of asset fall within the following ranges:

	2020	**2019**
Office furniture & equipment	3 – 5 years	3 – 5 years
Right-of-use assets: buildings	4 – 6 years	4 – 6 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at each reporting date.

(e) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable), except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement of financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;

- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

Classification and subsequent measurement of financial liabilities
Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Compound financial instruments
Compound instruments (convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is

convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument. The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

Recognition of expected credit losses in financial statements
At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(f) INVENTORIES

Inventories are measured at the lower of cost and net realisable value and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price less selling expenses.

(g) RESOURCE PROPERTIES

Resource property costs related to drilling are accumulated in respect of each separate area of interest.

Exploration properties

Exploration properties are carried at balance date at cost less accumulated impairment losses. Exploration properties include the cost of acquiring resource properties, mineral rights and exploration, evaluation expenditure incurred subsequent to acquisition of an area of interest.
Exploration properties are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technically feasibility and commercial viability or facts and circumstances suggest that the carrying value amount exceeds the recoverable amount.
Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of the exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for an evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specific area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Areas of interest which no longer satisfy the above policy are considered to be impaired and are measured at their recoverable amount, with any subsequent impairment loss recognised in the profit and loss.

Development properties

Development properties are carried at balance date at cost less accumulated impairment losses. Development properties represent the accumulation of all exploration, evaluation and acquisition costs in relation to areas where the technical feasibility and commercial viability of the extraction of gas resources in the area of interest are demonstrable and all key project permits, approvals and financing are in place.

When there is low likelihood of the development property being exploited, or the value of the exploitable development property has diminished below cost, the asset is written down to its recoverable amount.

Production properties

Production properties are carried at balance date at cost less accumulated amortisation and accumulated impairment losses. Production properties represent the accumulation of all exploration, evaluation and development and acquisition costs in relation to areas of interest in which production licences have been granted and the related project has moved to the production phase.

Amortisation of costs is provided on the unit-of-production basis, separate calculations being performed for each area of interest. The unit-of-production base results in an amortisation charge proportional to the depletion of economically recoverable reserves.

Amortisation of resource properties commences from the date when commercial production commences. When the value of the exploitable production property has diminished below cost, the asset is written down to its recoverable amount.

The Group reviews the recoverable amount of resource property costs at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated (refer Note 1.3 (c)).

(h) PROVISIONS

Restoration and rehabilitation costs

Long term environmental obligations are based on the Group's environmental and rehabilitation plans, in compliance with current environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbances that have occurred up to the balance sheet date and abandonment of well sites and production fields. Increases due to additional environmental disturbances, relating to the development of an asset, are capitalised and recorded in resource property costs, and amortised over the remaining useful lives of the areas of interest. The net present value is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Annual increases in the provision relating to the unwinding of the discount rate are accounted for in the statement of profit or loss and other comprehensive income as finance expense.

The estimated costs of rehabilitation are reviewed annually and adjusted against the relevant rehabilitation asset, as appropriate for changes in legislation, technology or other circumstances including drilling activity and are accounted for on a prospective basis. Cost estimates are not reduced by potential proceeds from the sale of assets.

(i) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings or other payables and unwinding of the discount of provisions and changes in the fair value of financial assets through profit and loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported as net amounts.

(j) EMPLOYEE BENEFITS

(i) Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including on-costs and expected settlement dates, and is discounted using the rates attached to the Government bonds at the balance date which have maturity dates approximating to the terms of the Group's obligations.

(ii) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Superannuation

The Group contributes to defined contribution superannuation plans. Contributions are recognised as an expense as they are due.

(k) FOREIGN CURRENCY

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is PVE's functional and presentation currency (refer note 1.2 (d)).

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as finance income or expense.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the date of transaction or the date fair value was determined, if these assets and liabilities are measured at fair value. Foreign currency differences arising on retranslation are recognised in profit and loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated to Euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Euro at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

Foreign exchange gains and losses arising from monetary items receivable from or payables to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve.

(l) EARNINGS/LOSS PER SHARE

Basic earnings/loss per share (“EPS”) is calculated by dividing the net profit/loss attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the net profit attributable to members of the parent entity, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(m) OTHER INDIRECT TAXES

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) and value added tax (VAT) except where the amount of GST or VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST and VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

(n) SEGMENT REPORTING

DETERMINATION AND PRESENTATION OF OPERATING STATEMENTS

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and resource property costs.

(o) REVENUE

Revenue is measured at the fair value of the consideration received or receivable, net of the amount of value added tax ("VAT") payable to the taxation authority. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involved with the goods, and the amount of revenue can be measured reliably.

Sale of gas

Gas sales revenue is recognised when control of the gas passes at the delivery point. Proceeds received in advance of control passing are recognised as unearned revenue.

(p) LEASES

The Company as a lessee
For any new contracts, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use.

The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement

of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been disclosed separately under current and non-current liabilities.

(q) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 31 December 2020. The Directors do not believe that these Standards and Interpretations will have a material effect on the Group.

NOTE 2: FINANCIAL RISK MANAGEMENT

Exposure to credit, market and liquidity risks arise in the normal course of the Group's business.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk recognition and management are viewed as integral to the Group's objectives of creating and maintaining shareholder value, and the successful execution of the Group's strategies in gas exploration and development. The Board as a whole is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions. Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

(i) Credit risk

The Group invests in short term deposits and trades with recognised, creditworthy third parties.

Cash and short-term deposits are made with institutions that have a credit rating of at least A1 from Standard & Poor's and A from Moody's.

Management has a credit policy in place whereby credit evaluations are performed on all customers and parties the Company and its subsidiaries deal with. The group monitors receivable balances on an ongoing basis and as a result believes its exposure to bad debts is not significant.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Market Risk

Interest rate risk
The Group is primarily exposed to interest rate risk arising from its cash and cash equivalents and borrowings. The Group does not hedge its exposure to movements in market interest rates. The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in bank accounts earning interest. The Group's exposure to interest rate risk and sensitivity analysis is disclosed in note 23.

Currency risk
The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of consolidated entities. The currency giving rise to this risk is primarily Australian dollars.

In respect to monetary assets held in currencies other than Euro, the Group ensures that the net exposure is kept to an acceptable level by minimising their holdings in the foreign currency where possible by buying or selling foreign currencies at spot rates where necessary to address short term imbalances. The Group's exposure to currency risk and sensitivity analysis is disclosed in note 23.

(iii) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of issued share capital plus accumulated losses/earnings. The Board monitors accumulated losses/earnings.

The Board seeks to encourage all employees of the Group to hold ordinary shares.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position from shareholders.

The Group does not have a defined share buy-back plan and there were no changes in the Group's approach to capital management during the year.

There are no externally imposed restrictions on capital management.

(iv) Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Management prepares regular cash flow forecasts taking into consideration debt facility obligations. Capital expenditures are planned around cash flow availability. The Group's contractual maturities of financial liabilities, including estimated interest payments are disclosed in Note 23.

(v) Climate change risk

Key climate-related risks and opportunities relevant to the Company's operations include:

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels, increased uncertainty time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to lower carbon economy also gives rise to opportunity for the Company's gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

Due to the nature of the uncertainties relating to the above risks, the financial impact has not been quantified for the financial year.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

	CONSOLIDATED	
	2020	2019
	€	€

NOTE 3: EMPLOYEE BENEFIT EXPENSES

Wages and salaries	440,782	564,039
Contributions to defined contribution plans	81,455	75,092
	522,237	639,131

NOTE 4: CORPORATE OVERHEADS

Corporate overheads comprise:

Company administration and compliance	69,382	115,528
Professional fees	164,290	494,997
Office costs	54,349	60,007
Travel and entertainment	24,261	70,953
Other expenses	32,404	10,946
	344,686	752,431

NOTE 5: GAIN ON AGREEMENT DEBT SETTLMENT

On 30 June 2020, the Group reached an agreement with Apennine Energy S.p.A (formerly Northsun Italia S.p.A (NSI)) to settle a disputed amount in relation to charges made to Po Valley Operations Pty Ltd (PVO) for costs in relation to intercompany costs incurred in 2017/2018 prior to restructuring of the group. The final agreed amount to settle all claims between the companies was €120,000. This has resulted in a net gain to PVO of €110,940.

NOTE 6: AUDITOR'S REMUNERATION

Audit and review of the Group financial statements		
Auditors of the Company: HLB Mann Judd	23,461	-
Auditors of the Company: Bentleys NSW Audit Pty Ltd 2019 audit	4,804	24,090
Audit and review of the subsidiary financial statements		
Auditors of the Subsidiary entity: EY S.p.A	-	10,540

	CONSOLIDATED	
	2020	2019
	€	€

NOTE 7: FINANCE INCOME AND EXPENSE

	2020 €	2019 €
Recognised in profit and loss:		
Interest income	143	134
Finance income	143	134
Interest expense	283,208	260,191
Foreign exchange (gains) / losses (net)	37,770	48,207
Finance expense	320,978	308,398
Net finance expense	(320,835)	(308,264)

NOTE 8: INCOME TAX (BENEFIT) / EXPENSE

	2020 €	2019 €
Current tax		
Current year	-	-
Deferred tax		
Origination and reversal of temporary differences	-	(203,141)
Deferred tax (benefit) / expense	-	(203,141)
Total income tax (benefit) / expense	-	(203,141)
Numerical reconciliation between tax expense and pre-tax accounting profit / (loss)		
Profit / (loss) for the year before tax from continuing operations	(1,048,318)	(1,707,882)
Income tax (benefit) / expense using the Company's domestic tax rate of 27.5 per cent (2019: 27.5%)	(288,287)	(469,667)
Non-deductible expenses:		
Other	(26,468)	115,744
Effect of tax rates in foreign jurisdictions	21,431	29,826
Current year losses and temporary differences for which no deferred tax asset was recognised	244,234	108,600
Changes in temporary differences	49,090	12,356
Income tax (benefit) / expense	-	(203,141)

NOTE 9: EARNINGS PER SHARE

	CONSOLIDATED	
	2020	**2019**
Basic and diluted loss per share (€ cents)	(0.16)	(0.24)

The calculation of basic and diluted loss per share from continuing operations was based on the loss attributable to shareholders of €1,048,318 (2019: €1,504,741) and a weighted average number of ordinary shares outstanding during the year of 647,286,102 (2019: 631,578,465).

Diluted loss per share is the same as basic loss per share.

The number of weighted average shares is calculated as follows:	No. of days	Weighted average no.	Weighted average no.
Number of shares on issue at beginning of the year	365	647,286,102	611,736,318
10,095,237 shares issued 27 May 2019	218	-	6,029,485
14,545,456 shares issued on 8 August 2019	145	-	9,674,730
10,909,091 shares issue on 6 November 2019	55	-	4,109,590
		647,286,102	631,578,465

NOTE 10: CASH AND CASH EQUIVALENTS

	2020	2019
(a) Cash and cash equivalents	44,107	42,165
(b) Reconciliation of cash flows from operating activities		
Loss for the year	(1,048,318)	(1,504,741)
<u>Adjustment for non-cash items:</u>		
Depreciation and amortisation	41,622	41,700
Unrealised foreign exchange losses related to financing activities	29,220	38,611
Interest capitalised to loans / borrowings	161,695	195,660
Interest on lease liabilities	664	2,570
Gain on agreement debt settlement	(110,940)	-
Software acquisitions	(975)	-
<u>Change in operating assets and liabilities:</u>		
Decrease/(increase) in receivables	(39,595)	215,927
Increase/(decrease) in trade and other payables	485,814	86,082
(Decrease)/Increase in provisions	-	41
(Decrease)/Increase in lease liabilities	(43,852)	-
(Increase)/Decrease in deferred tax assets	-	(203,141)
Net cash outflow from operating activities	(524,665)	(1,127,291)
(c) Non-cash financing activities		
Repayment of related party loans (refer Note 24)	-	240,845

	CONSOLIDATED 2020 €	2019 €
NOTE 11: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	30,821	151,866
Sundry debtors	10,302	85,351
Indirect taxes receivable	27,994	46,636
Other deposits receivable	17,500	-
	86,617	283,853

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 23.

NOTE 12: PROPERTY PLANT & EQUIPMENT

	2020 €	2019 €
Office Furniture & Equipment:		
At cost	22,478	21,503
Accumulated depreciation	(14,703)	(12,989)
	7,775	8,514
Right-of-use asset: Building (Note 18)		
At Cost	83,317	136,616
Accumulated depreciation	(79,893)	(39,985)
	3,424	96,631
Total property plant & equipment	11,199	105,145
Reconciliations:		
Reconciliation of the carrying amounts for each class of Plant & equipment are set out below:		
Carrying amount at beginning of year	105,145	9,602
Additions	975	626
	(53,299)	-
Adjustment of right-of-use assets on transition to AASB16	-	136,616
Depreciation expense	(41,622)	(41,700)
Carrying amount at end of year	11,199	105,145

NOTE 13: RESOURCE PROPERTY COSTS

	CONSOLIDATED	
Resource Property costs	**2020**	**2019**
	€	**€**
Exploration and Evaluation	7,990,040	7,876,926
Reconciliation of carrying amount of resource properties		
Exploration and Evaluation Phase		
Carrying amount at beginning of period	7,876,926	7,704,644
Exploration expenditure	113,114	172,282
Impairment losses	-	-
Carrying amount at end of period	7,990,040	7,876,926

Resource property costs in the exploration and evaluation phase have not yet reached a stage which permits a reasonable assessment of the existence of or otherwise of economically recoverable reserves. The ultimate recoupment of resource property costs in the exploration phase is dependent upon the successful development and exploitation, or alternatively sale, of the respective areas of interest at an amount greater than or equal to the carrying value. Where exploration permits have expired or not renewed, the costs previously capitalised are expensed to the statement of profit and loss.

The Group reviewed the carrying value of its assets and cash generating units using a Value in Use CGU valuation, in particular a valuation on Selva and Teodorico projects was calculated to determine the recoverable amount of each of these fields.

The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). In calculating VIU, the estimated future cash flows are discounted to their present value using an after-tax discount rate (10%) that reflects current market assessments of the time value of money and the risks specific to the assets.

The Company bases its calculation on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover the forecasted life of the CGUs. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance. Furthermore, independent valuations were performed for the purposes of estimating the reserves of these projects by CGG Services (UK) Limited ("CGG"). The recoverable amount determined by the CGG report of Selva and Teodorico was €18.2 million and €17.8 million respectively.
The recoverable amount determined by the Groups internal valuation are comparable to the above independent valuations at €15.1 million and €14.5 million after taking into account changes in prices following in 2020 as compared to those used in the independent valuation.

The carrying value of these assets are at €4.2 million and €2.9 million respectively. As a result of this assessment, with the recoverable amount exceeding the carrying value of these assets, no impairment has been required.

NOTE 14: DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets

Deferred tax assets have been recognised in respect of the following items:

Tax losses	848,694	848,694
Accrued expenses and liabilities	98,487	98,487
Recognised deferred tax assets	947,181	947,181

The tax losses in both Italy and Australia do not expire. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised in respect of these items because it is probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	1,107,244	759,112
Deductible temporary differences	1,897,340	1,848,250
Unrecognised deferred tax assets	3,004,584	2,607,362

Deferred tax benefit will only be obtained if:

(i) the relevant company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) the relevant company continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) No changes in tax legislation adversely affect the relevant company in realising the benefit from the deductions for the losses.

Movement in recognised temporary differences during the year

Consolidated	Balance 1 January 2019 €	Profit and loss €	Equity €	Balance 31 December 2019 €	Profit and loss €	Equity €	Balance 31 December 2020 €
Tax losses	658,474	190,220	-	848,694	-	-	848,694
Accrued expenses and liabilities	85,566	12,921	-	98,487	-	-	98,487
Total recognised deferred tax asset	744,040	203,141	-	947,181	-	-	947,181

NOTE 15: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020	**2019**
	€	**€**
Trade payables and accruals	1,198,664	1,051,524
Other payables	40,288	38,635
	1,238,952	1,090,159

Accrued interest on interest bearing loans of €76,484 (2018: €155,380) is included in trade payable and accruals (refer note 24)
The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 22.

NOTE 16: PROVISIONS

Current:

Employee leave entitlements	2,797	2,797

Non-Current:
The Group has considered its obligations for restoration and rehabilitation of the well development planned for the Selva field. The Company estimates that the cost of restoration of the well development will be €2,065,119 to be incurred once production ceases at the end of estimated production life estimated to be 15 years. A provision for these restoration costs will be recognised once the final production concession is granted and development has commenced as anticipated in 2021.

NOTE 17: LEASES

The Company leased office facilities in Rome. The lease was for a period of six years from the start of the lease in June 2016, but reduced by mutual agreement to terminate early in January 2021.
The Company leases office equipment under short term contracts for low-value items and as such the Company has elected not to recognise right-of use assets and lease liabilities for these leases. Payments made under such leases are expensed on a straight-line basis.
Information about leases for which the Company is a lessee is presented below.

Right-of-use assets
Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see Note 11)

	31 December 2020	**31 December 2019**
	€	**€**
Buildings		
Balance at 1 January (on adoption of AASB16)	96,631	136,616
Reduction in term lease	(53,299)	-
Depreciation	(39,908)	(39,985)
Total	3,424	96,631

NOTE 17: LEASES (continued)

Amounts recognised in profit or loss

	31 December 2020	31 December 2019
	€	€
Interest on lease liabilities	664	2,570
Expenses relating to leases of low-value assets	1,034	1,233
Amounts recognised in statement of cash flows		
Total cash outflow for leases	43,852	43,758

Lease liabilities

Lease liabilities are presented in the statement of financial position separately within liabilities as follows:

	31 December 2020	31 December 2019
	€	€
Lease liabilities (current)	3,091	41,066
Lease liabilities (non-current)	-	58,512

The Group has a lease for the main operation office in Rome Italy. Future minimum lease payments at 31 December were as follows:

	Within one year	One to five years	After five years	Total
Lease payments	3,575	-	-	3,575
Finance charges	(484)	-	-	(484)
Net present values	3,091	-	-	3,091

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets.

NOTE 18: INTEREST BEARING LOANS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 22.

	CONSOLIDATED	
	2020	2019
	€	€
Current liabilities		
Loans	2,067,175	1,272,676

NOTE 18: INTEREST BEARING LOANS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal Interest rate	Year of Maturity	31 December 2020 Face Value €	31 December 2020 Carrying Amount €	31 December 2019 Face Value €	31 December 2019 Carrying Amount €
Current liabilities							
Unsecured loans	AUD	10%	2021	2,067,175	2,067,175	1,272,676	1,272,676

The financing facility above is provided by existing and former Directors of the Company and longstanding shareholders. The loans are unsecured with repayment dates of 31 December 2021 and an interest rate of 10%. The lenders have agreed to extend repayment terms on the loans for 12 months from the date of this report, unless the Board determines there are sufficient funds to repay loans so long as repayment does not cause any solvency issues for the group.

The Group's exposure to currency, interest and liquidity risk related to interest bearing loans are disclosed in note 22.

NOTE 19: CONVERTIBLE NOTES

The Company issued convertible notes equivalent to A$2,500,000 in 2018. The Euro value of these convertible notes at 31 December 2020 is €1,571,070 (2019: €1, 563,183).

The convertible notes are convertible into fully paid ordinary shares of the Company at a conversion price of A$0.042 per share. The notes are to be converted or otherwise redeemed within three years of issue (repayment date) and interest shall be payable in cash on the principal amount at a rate of 8% per annum. Subject to shareholder approval, if required, the noteholder may, before the maturity date, convert the convertible note into shares by providing the Company with written notice of the conversion.

The Company has the right to elect to redeem any unconverted convertible notes by giving 30-day notice to the noteholder.

Redemption of the notes occurs on:

a) The repayment date;
b) Within 10 business days on the occurrence of an event of default which has not been remedied within the prescribed period; or
c) On a change in control of the Company (including a takeover) or the sale of the Company's main undertaking unless the noteholder elects to convert the Convertible Notes into shares.

The redemption amount is the outstanding facility amount with respect to each note plus any unpaid interest.

NOTE 20: CAPITAL AND RESERVES

	Ordinary Shares			
	2020 Number	**2019 Number**	**2020 €**	**2019 €**
Share Capital				
Opening balance - 1 January	647,286,102	611,736,318	46,641,745	45,531,416
Shares issued during the reporting period:				
Placement issue tranche 2 – 27 May 2019	-	10,095,237	-	262,337
Placement issue - 8 August 2019	-	14,545,456	-	484,062
Placement issue tranche 2 - 6 November 2019	-	10,909,091	-	371,996
Share issue costs	-	-	-	(8,066)
Closing balance – 31 December	647,286,102	647,286,102	46,641,745	46,641,745

All ordinary shares are fully paid and carry one vote per share and the right to dividends. In the event of winding up the Company, ordinary shareholders rank after creditors. Ordinary shares have no par value.

Translation Reserve

The translation reserve of €1,192,269 comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The historical balance comprises of translation differences prior to change in functional currency of a foreign operation.

Dividends

No dividends were paid or declared during the current year (2019: Nil).

NOTE 21: FINANCIAL REPORTING BY SEGMENTS

The Group reportable segments as described below are the Group's strategic business units. The strategic business units are classified according to field licence areas which are managed separately. All strategic business units are in Italy. For each strategic business unit, the CEO reviews internal management reports on a monthly basis. Exploration, Development and Production gas and oil are the operating segments identified for the Group. The individual exploration, development and production operation sites have been aggregated.

	Exploration and evaluation		Total	
	2020	**2019**	**2020**	**2019**
	€	**€**	**€**	**€**
External revenues	54,122	-	54,122	-
Segment loss before tax	(236,973)	(432,308)	(236,973)	(432,308)
Reportable segment assets:				
Resource property costs	7,990,040	7,876,926	7,990,040	7,876,926
Receivables	30,821	151,866	30,821	151,866
Capital expenditure	113,114	172,282	113,114	172,282
Reportable segment liabilities	(278,977)	(352,159)	(278,977)	(352,159)

	CONSOLIDATED	
Reconciliation of reportable segment profit or loss, assets and liabilities	**2020**	**2019**
Profit or loss:	**€**	**€**
Total profit loss for reportable segments	(236,973)	(432,308)
Unallocated amounts:		
Net finance expense	(320,835)	(308,264)
Other corporate expenses	(490,510)	(967,310)
Consolidated loss before income tax	(1,048,318)	(1,707,882)
Assets:		
Total assets for reportable segments	8,020,861	8,028,792
Other assets	1,058,361	1,244,056
Consolidated total assets	9,079,222	9,272,848
Liabilities:		
Total liabilities for reportable segments	(278,977)	(352,159)
Other liabilities	(4,604,108)	(3,676,234)
Consolidated total liabilities	(4,883,085)	(4,028,393)

NOTE 22: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

Variable rate instruments		
Financial assets	44,107	42,165
Financial liabilities	-	-
	44,107	42,165
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(3,638,245)	(2,835,859)
	(3,638,245)	(2,835,859)

Cash flow sensitivity analysis for variable rate instruments:

A strengthening of 50 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

	Profit or loss		Equity	
Effect in €'s	**2020**	**2019**	**2020**	**2019**
31 December				
Variable rate instruments	221	211	-	-

(b) Credit Risk

Exposure to credit risk

The Group is not exposed to significant credit risk. Credit risk with respect to cash is held with recognised financial intermediaries with acceptable credit ratings.

The Group has limited its credit risk in relation to its receivables. Receivables from joint operations partners fall under the Joint Operations Agreement for the development of the Selva project. Other receivables from Government agencies have limited credit risk as these are either offset against other indirect taxes or payroll taxes payable first with any remainder receivable within a 12-month period.

The carrying amount of the Group's financial assets represents the maximum credit exposure and is shown in the table below. No receivables are considered past due nor were any impairment losses recognised during the period.

NOTE 22: FINANCIAL INSTRUMENTS (continued)

	Note	CONSOLIDATED Carrying Amount 2020 €	2019 €
Cash and cash equivalents	10	44,107	42,165
Receivables – Current	11	86,617	283,853
Other assets		78	17,578
		130,802	343,596

(c) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Consolidated
31 December 2020

In €	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 – 2 Years	2 – 5 Years
Trade and other payables	(1,238,952)	(1,238,952)	(1,174,607)	-	(64,345)	-
Lease liabilities	(3,091)	(3,525)	(3,525)	-	-	-
Interest bearing loans	(2,067,175)	(2,273,893)	(87,609)	-	(2,273,893)	-
Convertible notes	(1,571,070)	(1,633,913)	(1,633,913)	-	-	-
	(4,880,288)	(5,150,283)	(2,899,654)	-	(2,338,238)	-

31 December 2019

In €	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 – 2 Years	2 – 5 Years
Trade and other payables	(1,090,159)	(1,090,159)	(1,090,159)	-	-	-
Lease liabilities	(99,578)	(103,675)	(21,450)	(21,450)	(60,775)	-
Interest bearing loans	(1,272,676)	(1,476,427)	-	(1,476,427)	-	-
Convertible notes	(1,563,183)	(1,816,444)	(128,207)	(62,527)	(1,625,710)	-
	(4,025,596)	(4,486,705)	(1,239,816)	(1,560,404)	(1,686,485)	-

NOTE 22: FINANCIAL INSTRUMENTS (continued)

(d) Net Fair Values of financial assets and liabilities

The carrying amounts of financial assets and liabilities as disclosed in the balance sheet equate to their estimated net fair value.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

Current receivables, current payables and cash & cash equivalents are not measured at fair value. Due to their short- term nature, the carrying amount of current receivables, current payables and cash and cash equivalents is assumed to approximate their fair value.

The table below summarises financial assets and liabilities at fair value at each level of measurement:

At 31 December 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Lease Liabilities	-	-	3,091	3,091
Convertible Notes (refer note 20)	-	1,571,070	-	1,571,070

(e) Foreign Currency Risk

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than Euro. The currencies giving rise to this risk is primarily Australian Dollars and Pound Sterling.

	CONSOLIDATED	
Amounts receivable/(payable) in foreign currency other than functional currency:	**2020** **€**	**2019** **€**
Cash	5,340	29,685
Current – Payables	(110,346)	(127,238)
Current – Interest bearing loans	(2,067,175)	(1,272,676)
Non-current – Convertible notes	(1,571,070)	(1,563,183)
Net Exposure	(3,743,251)	(2,933,412)

NOTE 22: FINANCIAL INSTRUMENTS (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	**2019**	**2020**	**2019**
Australian Dollar ($)	0.605	0.620	0.628	0.625
Pound Sterling (£)	1.125	1.141	1.175	1.168

Sensitivity Analysis

A 5 percent strengthening of the Australian dollar against the Euro (€) at 31 December would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2019 was prepared using the same basis.

	CONSOLIDATED	
	Profit or loss	**Equity**
31 December 2020	**€**	**€**
Australian Dollar to Euro (€)	(184,926)	-
Pound Sterling (£)	(2,237)	-
31 December 2019		
Australian Dollar to Euro (€)	(142,970)	-
Pound Sterling (£)	(3,700)	-

A 5 percent weakening of the Australian dollar against the Euro (€) at 31 December would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTE 23: COMMITMENTS AND CONTINGENCIES

Contractual Commitments and contingencies

The Company has considered its obligations for restoration and rehabilitation of the well development planned for the Selva field. The Company estimates that the cost of restoration of the well development will be €2,065,119 to be incurred once production ceases at the end of estimated production life estimated to be 15 years.

A provision for these restoration costs will be recognised once the final production concession is granted and development has commenced as anticipated in 2021.

Other than the above, there are no other material commitments or contingent liabilities not provided for in the financial statements of the Company or the Group as at 31 December 2020.

NOTE 24: RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in employee benefit expenses (see note 3) is as follows:

	Consolidated 2020 €	Consolidated 2019 €
Short-term employee benefits	129,361	200,303
Termination benefits	-	-
Other long term benefits	-	-
Post-employment benefits	-	-
	129,361	200,303

INTEREST BEARING LOANS

The Company obtained financing through unsecured loans provided by existing and former Directors of the Company. The loan agreements have been reached with entities associated with Michael Masterman, Kevin Baily (Directors), Bryon Pirola (former Director and major shareholder).

The loan balances and their repayment terms are summarised below:

31 December 2020

Related Party	Loan Amount	Interest % p.a	Repayment	Accrued Interest €
Kevin Bailey	A$301,676	10%	Dec-21*	6,245
Fuiloro Pty Ltd	A$424,227	10%	Dec-21*	8,911
K & G Bailey as trustee for The Bailey Family Trust	A$287,404	10%	Dec-21*	5,122
Symmall Pty Ltd	A$396,759	10%	Dec-21*	7,253
Beronia Investments Pty Ltd	A$1,752,637	10%	Dec-21*	36,814
G. Bradley	A$126,736	10%	Dec-20	12,656
	A$3,289,439			
Total	€2,067,175			77,001

*Terms of repayment for these loans have been extended for 12 months from the date of this report.

31 December 2019

Related Party	Loan Amount	Interest % p.a	Repayment	Accrued Interest €
Beronia Investments Pty Ltd	A$663,179	10%	Dec-20	24,312
Beronia Investments Pty Ltd	A$156,055	10%	Dec-20	5,721
Beronia Investments Pty Ltd	A$528,396	10%	Dec-20	19,371
Kevin Bailey	A$264,172	10%	Dec-20	12,408
Fuiloro Pty Ltd	A$190,800	10%	Dec-20	6,138
G. Bradley	A$126,736	10%	Dec-20	4,646
K & G Bailey as trustee for The Bailey Family Trust	A$106,055	10%	Dec-20	3,888
	A$2,035,393			
	€1,272,676			76,484

NOTE 24: RELATED PARTIES (continued)

Related parties have agreed to extend repayment terms on the new unsecured loans for 12 months from the date of this report, unless the Board determines there are sufficient funds to repay loans so long as repayment does not cause any solvency issues for the group.

	CONSOLIDATED	
Movement on related party loans is summarised below:	**2020**	**2019**
	€	**€**
Balance at beginning of year	1,272,676	1,201,258
Loans received	609,950	99,351
Loans repaid	-	(240,845)
Interest capitalised on loans	161,695	206,234
Effect of foreign exchange	22,854	6,678
Balance at end of year	2,067,175	1,272,676

Related party loans repaid during the prior year were settled with issue of 8,722,944 ordinary shares as part of the Directors participation in the private placements.

Accrued interest on loans		
Balance at beginning of year	76,484	155,380
Accrued interest for year	161,549	127,338
Interest capitalised to loans during year	(161,695)	(206,234)
Effect of foreign exchange	663	-
Balance of accrued interest at end of year	77,001	76,484

CONVERTIBLE NOTES

The table below summarises the Convertible notes held by related parties at 31 December 2020. The convertible notes are held by entities associated with Kevin Bailey and Michael Masterman (current directors) Refer note 20 for details on the terms of the convertible notes.

Symmall Pty Ltd	A$300,000	A$300,000
K & G Bailey as trustee for The Bailey Family Trust	A$700,000	A$700,000
	A$1,000,000	A$1,000,000

Interest accrued on convertible notes included in trade payables and accruals	**€**	**€**
Symmall Pty Ltd	38,842	23,599
K & G Bailey as trustee for The Bailey Family Trust	90,631	55,065
	129,473	78,664

Related parties have agreed to extend redemption date on the convertible notes and any payment of accrued interest for 12 months from the date of this report, unless the Board determines there are sufficient funds to repay loans so long as repayment does not cause any solvency issues for the group, or the convertible notes are redeemed by conversion to equity.

NOTE 25: PARENT ENTITY DISCLOSURES

	2020 €	2019 €
Financial Position		
Assets		
Current assets	14,773	43,971
Non-current assets	7,887,829	7,429,667
Total assets	7,902,602	7,473,638
Liabilities		
Current liabilities	3,735,896	1,299,666
Non-current liabilities	-	1,563,183
Total liabilities	3,735,896	2,862,849
Net Assets	4,166,706	4,610,789
Equity		
Issued capital	46,641,745	46,641,745
Accumulated losses	(42,475,039)	(42,030,956)
Total equity	4,166,706	4,610,789
Financial Performance		
Loss	(444,083)	(855,727)
Other comprehensive loss	-	-
Total Comprehensive loss	(444,083)	(855,727)

NOTE 26: INTERESTS IN OTHER ENTITIES AND JOINT OPERATIONS

The Company's interest in joint arrangements at 31 December 2020 are as follows:

Joint Operation	Manager	Company's Interest	Principal Activity (Exploration)
Selva Malvezzi Field	Po Valley Operations	63%*	Gas

The Company has a farm-out agreement and Joint Operations Agreement ("JOA") with United Oil and Gas Plc ("United") (20% economic interest) and Prospex Oil and Gas Plc ("Prospex") (17% economic interest). In exchange for their respective interests United and Prospex covered 74% of the completed Podere Maiar-1 well cost. The Company received preliminary award of the Selva Production concession in January 2019. Development of the production well and field connection pipework will be undertaken under the terms of the JOA with United and Prospex.

*The Company holds 63% quota on the Podere Galina Exploration licence and the quota for 100% of Selva Production Concession Licences. United and Prospex have 20% and 17% economic interests in the production concession and formal transfer of their quota in the production concession will be requested on the granting of the final concession.

Subsidiaries

The parent and ultimate controlling party of the Group is Po Valley Energy Limited. The investments held in controlled entities are included in the financial statements of the parent at cost less any impairment losses. Set out below is a list of the significant subsidiaries of the Group.

Name:	Country of Incorporation	Class of Shares	2020 Investment €	2019 Investment €	Holding %
Po Valley Operations Pty Limited ("PVO")	Australia	Ordinary	2,544,225	2,544,225	**100**

NOTE 27: SUBSEQUENT EVENTS

In January 2021 the group has obtained additional unsecured loans of AU$200,000 from Directors or their related parties.

Other than the above, there were no other events between the end of the financial year and the date of this report that, in the opinion of the Directors, affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.