PO VALLEY ENERGY LIMITED

A.B.N. 33 087 741 571

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021

DIRECTORS' REPORT

The Directors present their report together with the interim financial report for the half-year ended 30 June 2021 and the independent auditor's review report thereon, of Po Valley Energy Limited ("the Company" of "PVE") and its subsidiaries ("the Group").

Director details

The following persons were Directors of the Company during or since the end of the financial half-year:

- Michael Masterman – Chairman
- Kevin Bailey – Non-Executive Director
- Sara Edmonson - Non-Executive Director

Company Secretary

The Company Secretary during or since the end of the financial half-year was:

- Kevin Hart

Principal Activities

The principal continuing activities of the Group in the course of the half year were:

- The exploration for gas and oil in the Po Valley region of northern Italy
- Appraisal and development of gas and oil fields in that footprint

Review and results of operations

The loss attributable to members of the Company was €186,492 (30 June 2020: €427,315).

PVE remains a northern Italy focused energy development and exploration company with a focus on its four large assets held by the 100% owned subsidiary Po Valley Operations Pty Ltd ("PVO"):

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

Po Valley launched a A$10.1 million (€6.3 million) equity raise in June 2021 by way of a placement of A$1 million and an Accelerated Non-Renounceable Rights Issue ("ANREO" or "Entitlement Offer") of A$9.1m at $0.028 per New Share. The ANREO comprised a non-renounceable entitlement offer to institutional shareholders (Institutional Offer) and to retail shareholders (Retail Offer). The Entitlement offer was fully underwritten by Henslow Pty Ltd.

The Placement and Institutional Offer completed on 21st June 2021 raising approximately A$7.5 million (before costs) (€4.7 million). Approximately A$1 million was raised through the Placement and the Institutional offer raised approximately A$6.5 million, which included conversion of debt of approximately A$3.35 million (€2.4 million)

The Retail Offer closed on 9th July with completion on 15th July 2021 raising approximately A$2.6 million (€1.6 million) (before costs), which included a conversion of debt of approximately A$0.6 million (€0.4 million).

The capital raising will be used for the development of the Selva Malvezzi project and working capital; and has strengthened the financial position of the Group with the retirement of existing shareholder loans, interest on loans and convertible notes and repayment of some convertible notes.

Selva Malvezzi Production Concession – 100% PVE (Operator)[1]

Selva Malvezzi is an onshore gas development asset located in the eastern part of the Po Plain, Italy.

Po Valley was awarded the Selva Malvezzi preliminary gas Production Concession (80.68km^2) in 2019 and had the final Environmental Impact Assessment (EIA) decree issued by Italy's Ecological Transition Ministry **(**MiTE) with the effective date of 29 March 2021.

Under the first phase of the development plan, Po Valley will install a fully automated gas plant at the existing Selva/Podere Maiar 1dir well site and install a one-kilometre long pipeline to connect the well with the nearby Italian National Gas Grid. Based on dynamic reservoir studies, the field development is designed to produce at a maximum rate of up to 150,000 cubic meters/day (5.3 mmscf/day) from successfully tested C1 and C2 production levels in the Medium-Upper Pliocene sands of the Porto Garibaldi Formation (refer ASX announcement 29 May 2018).

Po Valley continues to progress its preliminary work in the Selva gas field to prepare for development and maiden gas production and is progressing with regulatory requirements in the application process for the grant of the final production concession.

Presently Po Valley is preparing the environmental monitoring plan as requested by EIA decree and is carrying out field activities in order to install instruments for seismic and subsidence monitoring.

Following the issue of the EIA, Po Valley has progressed regulatory requirements for the application for an INTESA between the regional Emilia Romagna authorities and the national government, which is standard procedure for onshore gas fields in Italy. This process is currently ongoing with the latest government guidance indicating Production Concession could be expected to be granted in the fourth quarter of 2021.

[1] *Transfer approval of JV Partners, UOG (20%) and PROSPEX (17%), quotas for Selva Malvezzi production concession are to be formally requested as soon as final Production Concession is awarded. The relevant quotas to the JV partners on the Podere Gallina exploration licence was formally transferred in October 2020. The Company has 63% ownership in the Podere Gallian exploration licence.*

Teodorico Offshore Gas field development (100% PVO)

The Teodorico gas field is located in shallow east coast waters (30m) of the northern Adriatic Sea; the primary source of domestic gas production for much of Italy; and in close proximity to existing east coast offshore gas production facilities. Teodorico has the largest gas-in-place of all of Po Valley's gas fields and is at an advanced stage of assessment, ready for development.

MiTE issued the final EIA decree for Teodorico with an effective date of 29 March 2021 which paves the way for the grant of full production concession. Po Valley has progressed regulatory requirements and expects final Production Concession approval from MiTE in the fourth quarter of 2021.

Torre del Moro Gas/Oil Condensate exploration (100% PVO)

Torre del Moro is a very large oil prospect with a maiden Prospective Resource of 106 million barrels best estimate (refer ASX announcement 26 April 2019) and has the potential to transform the size and scale of the Company's operations.

The current focus of activities for the Torre del Moro site, south of Forli, is the study of the petroleum system and the drilling plan for submission to the Government which is planned to be carried out as soon as the exploration activities ban ended in September 2021.

Ravizza, Bagnolo in Piano, and Bagnolo SW Exploration (100% PVO)

Development design work for these two proven undeveloped oil fields between Bologna and Parma has advanced, with production profiles, development plan, design and verification work at an advanced stage. Additional gas prospects firmed up in the license.

Strategy

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.

Gas remains a critical transition fuel in Italy's move to a greener economy and the development and employment opportunities from the Company's two advanced projects underpin their support from local communities.

The fields and prospects in granted exploration licences (Torre del Moro, Bagnolo in Piano, and Ravizza) are covered under the Italian Government's Plan of Areas Program. Under this program, which was recently reviewed in Parliament, the timeframe for field activities such as drilling and related approvals was suspended until September 2021 as the Ministry conducts an environmental clearance program. This aligns with the Group's technical advancement program on Torre del Moro, Bagnolo in Piano, and Ravizza, allowing Po Valley to advance and prioritise low cost geological and geophysical evaluation, and to advance drilling location selection and prepare drilling programs over a prudent timeframe. The Group's drilling programs have very small footprints and are designed to the highest environmental and safety standards. While Po Valley is confident that the areas in which it operates should clear the environmental clearance process, there is always a risk of delay or non-clearance.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the Directors' report for the half-year ended 30 June 2021.

This report has been made in accordance with a resolution of Directors.

Michael Masterman

Michael Masterman
Chairman

12 October 2021
Sydney, NSW Australia

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Po Valley Energy Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
12 October 2021

L Di Giallonardo
Partner

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PO VALLEY ENERGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTE	30 June 2021 €	30 June 2020 €
Continuing Operations			
Other income		11,892	64,599
Employee benefits		(109,862)	(302,929)
Depreciation expense		(3,865)	(20,218)
Corporate overheads		(98,656)	(206,503)
Gain on agreement debt settlement		-	110,940
Exploration costs expensed		-	(9,000)
Loss from operating activities	**2**	(200,491)	(363,111)
Finance income		1	141
Finance expense		(217,239)	(64,345)
Net finance expense		(217,238)	(64,204)
Loss before income tax expense		(417,729)	(427,315)
Income tax benefit	**3**	231,237	-
Loss for the period		(186,492)	(427,315)
Other comprehensive income		-	-
Total comprehensive loss for the period		(186,492)	(427,315)
Basic and diluted earnings / (loss) per share (€) from continuing operations	**4**	**(0.03) cents**	**(0.07) cents**

The accompanying notes from part of these financial statements

PO VALLEY ENERGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	30 June 2021 €	31 December 2020 €
Current Assets			
Cash and cash equivalents		1,876,122	44,107
Trade and other receivables	**5**	47,709	86,617
Total current assets		**1,923,831**	**130,724**
Non-Current Assets			
Other assets		2,078	78
Deferred tax assets	**3**	1,178,418	947,181
Property, plant & equipment	**6**	7,333	11,199
Resource property costs	**7**	8,046,095	7,990,040
Total non-current assets		**9,233,924**	**8,948,498**
Total assets		**11,157,755**	**9,079,222**
Equity and liabilities			
Current Liabilities			
Trade and other payables		818,209	1,226,182
Lease liabilities	**8**	-	3,091
Provisions		2,797	2,797
Interest bearing loans	**9**	480,132	2,067,175
Convertible notes	**11**	1,105,834	1,571,070
Total current liabilities		**2,406,972**	**4,870,315**
Total Liabilities		**2,406,972**	**4,870,315**
Net Assets		**8,750,783**	**4,208,907**
Equity			
Issued capital	**10**	51,370,113	46,641,745
Reserves		1,192,269	1,102,269
Accumulated losses		(43,811,599)	(43,625,107)
Total equity		**8,750,783**	**4,208,907**

The accompanying notes from part of these financial statements

PO VALLEY ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share capital €	Translation Reserve €	Accumulated Losses €	Total €
Balance at 1 January 2020	**46,641,745**	**1,192,269**	**(42,589,559)**	**5,244,455**
Total comprehensive loss for the period:				
Loss for the period	-	-	(427,315)	(427,315)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(427,315)	(427,315)
Balance at 30 June 2020	**46,641,745**	**1,192,269**	**(43,016,874)**	**4,817,140**
Balance at 1 January 2021	**46,641,745**	**1,192,269**	**(43,625,107)**	**4,208,907**
Total comprehensive loss for the period:				
Loss for the period	-	-	(186,492)	(186,492)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(186,492)	(186,492)
Transactions with members recorded directly in equity:				
Issue of shares	4,754,810	-	-	4,754,810
Share issue costs	(26,442)	-	-	(26,442)
Balance at 30 June 2021	**51,370,113**	**1,192,269**	**(43,811,599)**	**8,750,783**

The accompanying notes from part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	30 June 2021 €	30 June 2020 €
Cash flows from operating activities		
Payments to suppliers and employees	(292,694)	(294,532)
Interest received	1	141
Interest paid	(2,409)	(254)
Net cash (used in) operating activities	(295,102)	(294,645)
Cash flows from investing activities		
Receipts for resource property costs from joint operations partners	4,834	147,059
Payments for resource property costs	(34,635)	(73,430)
Net cash provided by / (used in) investing activities	(29,801)	73,629
Cash flows from financing activities		
Proceeds from issues of shares (net of issue costs)	2,348,432	-
Proceeds from borrowings	286,340	210,000
Repayment of convertible notes	(477,854)	-
Net cash provided by financing activities	2,156,918	210,000
Net increase / (decrease) in cash and cash equivalents	1,832,015	(11,016)
Cash and cash equivalents at 1 January	44,107	42,165
Cash and cash equivalents at 30 June	1,876,122	31,149

The accompanying notes from part of these 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 consolidated interim financial report for the six-month period ended 30 June 2021 comprises the Company and its interests in subsidiaries, associates and jointly controlled entities and operations (together referred to as the "Group").

The Group is primarily involved in the exploration, appraisal, development and production from 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 interim financial report is a condensed general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2020. They do not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 December 2020 and with any public announcements made by Po Valley Energy Limited during the half-year ended 30 June 2021.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on the basis of historical cost taking into account, where appropriate, any value adjustments except for certain items required to be recognised at fair value.

(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 period ended 30 June 2021, PVE has recorded a loss after tax from continuing operations of €186,492 (30 June 2020: €427,315); at 30 June 2021 had cash balance of €1,876,122 (31 December 2020 €44,107) net current liabilities of €483,141 (31 December 2021 €4,739,591) and had net cash outflows from continuing operations of €295,102 (30 June 2020 €294,645).

The Group launched a capital raising of A$10.1 million in June 2021, by way of a placement of A$1 million and an Accelerated Non-Renounceable Rights Issue ("ANREO" or "Entitlement Offer") of A$9.1m at $0.028 per New Share. The ANREO comprised a non-renounceable entitlement offer to institutional shareholders (Institutional Offer) and to retail shareholders (Retail Offer). The placement and Institutional Offer completed on 21st June 2021 raising approximately A$7.5 million (before costs) (€4.7 million). Approximately A$1 million (€0.6 million) was raised through the Placement and the Institutional offer raised approximately A$6.5 million (€4.1 million), which included conversion of debt of approximately A$3.35 million (€2.4 million).

The Retail Offer closed on 9th July with completion on 15th July 2021 raising the remaining approximately A$2.6 million (before costs) (€1.6 million), which included a conversion of debt of approximately A$0.6 million (€0.4 million), thereby further strengthening the financial position of the Group.

The Group has prepared a cash flow forecast for the next twelve months from the date of signing the financial report which demonstrates that the Group will have sufficient cash to continue as a going concern, with the following assumptions:

- The successful completion of development of the Selva Gas Field.
- The profitable and cash flow positive operation of its interest in Selva.
- Critical to the forecast cash flows is the Group's ability to achieve forecast levels of oil and gas production at forecast market prices and gross profit margins.

The Directors have a reasonable expectation that the Selva operation will achieve its forecast positive cash flows. Should the Group not achieve its cashflow forecasts as planned, the Directors recognise that the ability of PVE to continue as a going concern may become dependent on the Group's ability 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 as required to fund ongoing planned activities and for working capital. The Directors are confident that the Group will be able to secure sufficient funding to continue as a going concern based on demonstrated past successes in raising equity.

For these reasons the Directors have reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be appropriate for this financial report.

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 assets 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 entities' 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Actual results may differ from these estimates.
Estimates and underlying assumptions are based on complex or subjective judgments and past experience of other assumptions deemed reasonable in consideration of the information available at the time and 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
The value of these provisions represents the discounted value of the present obligations to restore, dismantle and rehabilitate each 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. 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. The provision recognised for each site is reviewed at each reporting date and updated based on the facts and circumstances available at that time. Changes to the estimated future costs for operating sites are recognised in the statement of financial position by adjusting both the restoration and rehabilitation asset and provision.

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 commence to be recognised once the final production concession is granted and development has commenced as anticipated in the latter half of 2021.

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

a) New and revised Standards and Interpretations on issue not yet effective
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been early adopted by the Group for the reporting period ended 30 June 2021. The Directors do not believe that these new and revised Standards and Interpretations will have a material effect on the Group.

b) New Standards and Interpretations applicable for the six-month period ended 30 June 2021
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.

NOTE 2: PROFIT AND LOSS INFORMATION

Loss for the half-year includes the following items:

	30 June 2021	**30 June 2020**
	€	**€**
Professional fees	(28,740)	(99,629)
Company administration and compliance	(34,468)	(50,935)
Travel costs	(10,175)	(17,164)
Gain on agreement debt settlement	-	110,940

Cost reductions in the current period are a result of reduced activity and cost restrictions due to the current economic climate under COVID-19 and ongoing management effort to further reduce costs whilst the Group awaits granting of the final production concession of its Selva development project.

NOTE 3: INCOME TAX EXPENSE

Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expenses calculated per the statutory income tax rate

	30 June 2021 €	30 June 2020 €
Loss for the year before tax	(417,729)	(427,315)
Income tax expensed / (benefit) using the Company's domestic tax rate of 27.5 % (2019: 27.5%)	(114,876)	(117,512)
Effect of tax rates in foreign jurisdictions	5,671	9,502
Current year losses and temporary differences for which no deferred tax asset was recognised	62,531	108,009
Prior year losses for which deferred tax is now recognised	(184,563)	-
Income tax (benefit) / expense	(231,237)	-

Deferred tax assets have been recognised in respect of tax losses and temporary differences based on management's assessment that future taxable profit will be available against which the Group can utilise the benefits therefrom. Deferred tax assets amounting to €1,178,418 (31December 2020: €947,181) have been recognised in relation to the Italian subsidiary's available tax losses and temporary differences.

NOTE 4: EARNINGS / (LOSS) PER SHARE

	30 June 2021	30 June 2020
Basic and diluted loss per share (€ cents) from continuing operations	(0.03)	(0.07)

The calculation of basic and diluted loss per share from continuing operations was based on the loss attributable to members of €186,492 (2020: €427,315) and a weighted average number of ordinary shares outstanding during the half year of 657,626,843 (2020: 647,286,102).

NOTE 5: TRADE AND OTHER RECEIVABLES

	30 June 2021 €	31 December 2020 €
Trade receivables	8,143	30,821
Indirect taxes receivable	14,165	27,994
Other receivables	25,401	10,302
Other deposits receivable	-	17,500
Trade and other receivables	**47,709**	**86,617**

NOTE 6: PROPERTY, PLANT & EQUIPMENT

	30 June 2021 €	31 December 2020 €
Office Furniture & Equipment:		
At cost	22,478	22,478
Accumulated depreciation	(15,155)	(14,703)
	7,333	7,775
Right-of-use assets:		
Buildings	83,317	83,317
Accumulated depreciation	(83,317)	(79,893)
	-	3,424
Carrying amount at end of period	7,333	11,199

	6 Months to 30 June 2021	Year to 31 December 2020
Reconciliations:		
Property plant and equipment:		
Carrying amount at beginning of period	11,199	105,145
Adjustment to lease term of right-of-use assets	-	(53,299)
Additions	-	975
Depreciation expense	(3,866)	(41,622)
Carrying amount at end of period	7,333	11,199

NOTE 7: RESOURCE PROPERTY COSTS

	30 June 2021 €	31 December 2020 €
Resource Property costs		
Exploration Phase	8,046,095	7,990,040

	6 Months to 30 June 2021	Year to 31 December 2020
Reconciliation of carrying amount of resource properties		
Exploration Phase		
Carrying amount at beginning of period	7,990,040	7,876,926
Expenditure during the period	56,055	113,114
Carrying amount at end of period	8,046,095	7,990,040

Resource property costs comprises the carrying value of its exploration and pre-development projects. The ultimate recoupment of resource property costs 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 activities in the area of interest have, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, the exploration and evaluation assets are assessed for impairment. Impairment will occur if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Following a review by management, no impairment has been recognised for the 6 months to 30 June 2021.

NOTE 8: LEASING

Lease liabilities are presented in the statement of financial position within trade and other payables as follows:

	30 June 2021	31 December 2020
	€	€
Lease liabilities (current)	-	3,091

The Group had a lease for the main operation office in Rome Italy. The lease terminated in January 2021. The Group has elected not to recognise a lease liability for short term leases (with expected term of 12 months or less) or for leases of low value assets. The expense relating to payments not included in the measurement of lease liability for the period to 30 June 2021 was €5,308.

NOTE 9: INTEREST BEARING LIABILITIES

	30 June 2021	31 December 2020
	€	€
Current liabilities		
Loans	480,132	2,067,175

Terms and debt repayment schedule:
Terms and conditions of outstanding loans were as follows:

				30 June 2021		31 December 2020	
	Currency	Nominal Interest rate	Year of maturity	Face value €	Carrying Amount €	Face value €	Carrying Amount €
Unsecured loans	AUD	10%	2021	480,132	480,132	2,067,175	2,067,175

Refer to Note 12 for movements in loan balances during the period. On 18 June 2021 the Company launched a capital raising including an accelerated non-renounceable entitlement offer ("**Offe**r"). Related parties agreed to convert loans and interest owing to equity at an issue price of A$0.28 per share pursuant to the Offer. A$2,527,627 (€1,883,838) of principal amount of loans and A$253,253 (€168,178) of interest was converted to equity on settlement of the institutional portion of the Offer and a further A$635,076 (€400,047) was converted on completion of the Retail portion of the Offer subsequent to the period end on 15th of July 2021.

NOTE 10: ISSUED CAPITAL

	Issue Price	30 June 2021 Number	30 June 2021 €	31 December 2020 Number	31 December 2020 €
Issued Capital					
Opening balance - 1 January / 1 July		647,286,103	46,641,745	647,286,103	46,641,745
Shares issued during the year:					
Placement – shares issued for cash	A$0.028	35,714,285	635,126	-	-
Accelerated Non-Renounceable Entitlement Institutional Offer – shares issued for cash	A$0.028	97,839,577	1,739,747	-	-
Accelerated Non-Renounceable Entitlement Institutional Offer – shares issued for conversion of debt and interest on debt	A$0.028	133,828,158	2,379,937	-	-
Share issue costs		-	(26,442)	-	-
Closing balance – 30 June / 31 December		914,668,123	51,370,113	647,286,103	46,641,745

Subsequent to the period end, on completion of the Retail Offer on 15 July 2021, the Company issued 69,294,040 shares at A$0.028 per share raising an additional A$1,940,263 (€1,222,192) in cash and converting an additional A$635,076 (€400,047) of debt to equity.

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.

No dividends were paid or declared during the current period (no dividends were paid at December 2020).

NOTE 11: CONVERTIBLE NOTES

The Company has on issue convertible notes equivalent to A$1,750,000 (€1,105,834) (31 December 2020 A$2,500,000 (€1,571,070)). During the period, the Company repaid A$750,000 (€477,854) of convertible notes in cash and converted interest on convertible notes of A$504,767 (€320,591) to equity as part of the ANREO institutional offer.

The remaining 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 in April 2022 (repayment date) and interest shall be payable in cash on the principal amount at a rate of 8% per annum, calculated monthly and payable 6 monthly in arrears.

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 12: RELATED PARTIES

The Company had unsecured loans provided by existing and former Directors and major shareholders of the Company. The table below summarises the loan position at the period end.

Related Party	30 June 2021 Loan Amount	31 December 2020 Loan Amount	Interest % p.a	30 June 2021 Accrued Interest €	31 December 2020 Accrued Interest €
Kevin Bailey	-	A$301,676	10%	-	6,245
Fuiloro Pty Ltd	-	A$424,227	10%	-	8,911
K&G Bailey as trustee for the Bailey Family Trust	-	A$287,404	10%	-	5,122
Symmall Pty Ltd	-	A$396,756	10%	-	7,253
Beronia Investments Pty Ltd	A$635,076	A$1,752,637	10%	-	36,814
G. Bradley	A$126,735	A$126,736	10%	16,697	12,656
	A$761,811	A$3,289,439			
Total	€480,132	€2,067,175		16,697	77,001

On 18 June 2021 the Company launched a capital raising including an accelerated non-renounceable entitlement offer ("**Offe**r"). Related parties agreed to convert loans and interest owing to equity at an issue price of A$0.28 per share pursuant to the Offer. A$2,527,627 (€1,883,838) of principal amount of loans and A$253,253 (€168,178) of interest was converted to equity on settlement of the institutional portion of the Offer and a further A$635,076 (€400,047) was converted on completion of the Retail portion of the Offer subsequent to the period end on the 15th of July 2021.

Movement on related party loans:	6 Months to 30 June 2021 €	Year to 31 December 2020 €
Balance at beginning of period	2,067,175	1,272,676
Loans received	286,340	609,950
Loans converted to equity	(1,883,838)	-
Interest capitalised on loans	-	161,695
Effect of foreign exchange	10,455	22,854
Balance at end of period	480,132	2,067,175

NOTE 12: RELATED PARTIES (continued)

	6 Months to 30 June 2021	Year to 31 December 2020
Movement on accrued interest on related party loans:	**€**	**€**
Balance at beginning of period	77,001	76,484
Accrued interest for period	107,138	161,549
Interest converted to equity	(168,178)	-
Interest capitalised to loans during period	-	(161,695)
Effect of foreign exchange	736	663
Balance of accrued interest at end of period	16,697	77,001

CONVERTIBLE NOTES

The table below summarises the Convertible notes held by related parties at 30 June 2021. The convertible notes are held by entities associated with Kevin Bailey and Michael Masterman (current directors) Refer note 11 for details on the terms of the convertible notes.

	30 June 2021	31 December 2020
	€	**€**
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	**€**	**€**
Symmall Pty Ltd	-	38,842
K & G Bailey as trustee for The Bailey Family Trust	-	90,631
	-	129,473

	6 Months to 30 June 2021	Year to 31 December 2020
Movement on accrued interest on related party convertible notes:	**€**	**€**
Balance at beginning of period	129,473	78,664
Accrued interest for period	25,196	50,412
Interest converted to equity	(156,050)	-
Effect of foreign exchange	1,381	397
Balance of accrued interest at end of period	-	129,473

Interest on related party convertible notes of A$245,698 (€156,050) was converted to equity pursuant to the institutional portion of the Offer in June 2021.

NOTE 13: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and liabilities as disclosed in the statement of financial position equate to their estimated net fair values.

	30 June 2021	31 December 2020
	€	€
Financial assets		
Cash and cash equivalents	1,876,122	44,107
Receivables – current	47,709	86,617
Other assets	2,078	78
Total financial assets	1,925,909	130,802
Financial liabilities		
Trade and other payables - current	818,209	1,226,182
Lease liabilities – current	-	3,091
Loans – current	480,132	2,067,175
Convertible notes – current	1,105,834	1,571,070
	2,404,175	4,867,518

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 30 June 2021	Level 1	Level 2	Level 3	Total
	€	€	€	€
Convertible Notes (refer note 11)	-	1,105,834	-	1,105,834
	-	1,105,834	-	1,105,834

NOTE 14: SUBSEQUENT EVENTS

Subsequent to the period end on 9th July 2021, the Retail Offer of the capital raising launched in June closed with the Company raising additional funding of A$1.9 million (€1.2 million) (before costs of approximately A$258,000) via the issue of 69,294,040 fully paid ordinary shares at A$0.028 per share. In addition, the Company issued 22,681,275 fully paid ordinary shares at $0.028 per share to settle a loan owing at 30 June 2021 of A$635,076 (€400,047).

Other than matters already disclosed in this report, there were no other events between the end of the financial period 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.

DIRECTORS' DECLARATION

In the opinion of the Directors of Po Valley Energy Limited ("the Company"):

1. the condensed consolidated financial statements and notes, as set out on pages 5 to 20, are in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of the financial position of the Group as at 30 June 2021 and of its performance for the six-month period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Michael Masterman
Chairman

Kevin Bailey
Non-Executive Director

12 October 2021
Sydney, NSW, Australia

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Po Valley Energy Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Po Valley Energy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

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

Material uncertainty related to going concern

We draw attention to Note1.2(c) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 October 2021

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L Di Giallonardo
Partner