



PO VALLEY ENERGY LIMITED

A.B.N. 33 087 741 571

**INTERIM FINANCIAL REPORT FOR THE
SIX MONTHS ENDED 30 JUNE 2024**

PO VALLEY ENERGY LIMITED

DIRECTORS' REPORT

The Directors present their report together with the interim financial report for the half-year ended 30 June 2024 and the independent auditor's review report thereon, of Po Valley Energy Limited ("the Company" or "Po Valley Energy" or "PVE") and its subsidiary Po Valley Operations Pty Ltd ("PVO") together referred to as "the Group".

Director details

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

- Kevin Bailey AM – Chairman
- Sara Edmonson - Non-Executive Director
- Joseph Constable – Non-Executive Director
- Katrina O'Leary – Non-Executive Director

Company Secretary

The Company Secretary during and 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:

- Production and sale of gas from the Podere Maiar 1 well
- The exploration for gas and condensate in the Po Valley region of northern Italy
- Appraisal and development of gas and oil fields in that footprint

Review and results of operations

Financial results for the period

The profit attributable to members of the Company for the half-year was €930,241 (30 June 2023: Loss €399,260). The Group's cash reserves as at 30 June 2024 were €3,114,319 (31 December 2023: €1,252,717).

A review of the operations and the results of those operations of the Group during the half-year is as follows:

Summary of results table:	30 June 2024	30 June 2023
	Mcm	Mcm
Production volume (net)	8,153	-
	€'000	€'000
Gas Sales	2,658	-
EBITDA ¹	1,635	(356)
Depreciation and amortisation – production	(255)	-
Depreciation	(13)	(14)
Unwind of discount of restoration provision	(20)	-
EBIT ¹	1,347	(370)
Finance costs other than restoration provision discounting	(4)	(29)
Taxation	(413)	-
Net profit / (loss) after tax attributable to shareholders	930	(399)

¹EBITDA (earnings before interest, tax, depreciation and depletion, exploration expensed and impairment losses) and EBIT (earnings before interest and tax) are non-IFRS measures that are presented to provide an understanding of the Group's operations. The non-IFRS measures are unaudited, however, the numbers have been extracted from the financial statements that have been subject to audit review by the Company's auditor.

DIRECTORS' REPORT

Selva Malvezzi Production Concession (63% PVO)

Selva is an onshore natural gas field located in the eastern part of the Po Plain, in the Bologna province of the Emilia Romagna Region. The Selva Malvezzi Production Concession was awarded in July 2022 and measures 80.68km². It includes the Podere Maiar Gas field (PM-1) (in production) and the gas prospects, known as East Selva, Selva North and South and Riccardina; carved out from the former Podere Gallina Exploration Permit.

PVO (100% subsidiary of the Company) is the operator under a Joint Operating Agreement (“JOA”) and holds a 63% interest in the Selva Malvezzi Production Concession with Prospex Oil and Gas Plc (“Prospex”) holding 37% (includes 20% held by Prospex subsidiary UOG Italia S.r.l.).

PM-1 gas production and well management

Gas production at PVO's 63%-owned Podere Maiar – 1 (PM-1) gas facility in the Selva Malvezzi Production Concession for the quarter is shown in the table below:

PM1 Gas Production half year to 30 June 2024			
	Q1- 2024	Q2-2024	Total To 30 June2024
Production	scm	scm	scm
PM-1 – 100%	6,385,255	6,835,397	13,220,652
PM-1 – 63% (PVE share)	4,022,711	4,130,692	8,153,403
Revenue	€'000	€'000	€'000
PM-1 – 100%	1,907	2,311	4,218
PM-1 – 63% (PVE share)	1,202	1,456	2,658

PM-1 gas continues to be supplied to BP Gas Marketing under the original 18-month supply agreement which has been extended for a further 12 months to 30 September 2025.

Production has been consistent throughout the period averaging ~78,000 scm to ~80,000 scm per day, with the exception of days during which slick line operations were undertaken. Four slick line operations were completed in the period with the final conducted in June. These operations re-confirmed field pressure evolution are as per expectations with no sand or water detection. Three and a half days were allowed for pressure buildup in the June slick line and the well was reopened on 20 June with production recommenced at ~80,000 scm/day. Production is expected to continue at this rate for the foreseeable future. A surface sand detector has now also been installed to enhance the monitoring of the PM-1 well.

Other Selva projects

The Selva Malvezzi Production Concession is the key area of focus for the Company with the next stages of development at Selva North, South, Selva East and Riccardina prospects.

The Company continues to progress its work programme across these areas, including most imminently the design, planning and permitting of the 3D seismic campaign over the whole Production Concession area. Application for the 3D seismic ministerial authorisation was filed with the Italian Ministry on 19 June 2024.

In parallel, proposed drilling program planning, surface facilities design and environmental studies of new well at Casale Guida 1d (North Selva), Ronchi 1d (South Selva), Selva Malvezzi 1d (East Selva) and Bagnarola 1d

DIRECTORS' REPORT

(Riccardina), are in progress. The Company expects a drilling application will be submitted to the Italian Ministry in Q3 2024.

Teodorico Offshore Gas field development (100% PVO)

The Teodorico gas field is located in shallow waters (approximately 30m deep) off the east coast of Italy in 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 Energy's gas fields and is at an advanced stage of assessment, ready for development. The Group holds a preliminary production concession for this area and the Environmental Impact Assessment ("EIA") decree for Teodorico was granted in March 2021. The EIA is a precursor for the grant of a full production concession.

The Company continues to assess how best to realise value from its 100%-owned Teodorico (d.40.AC-PY) offshore asset, either via a joint venture or sale. Po Valley continues to investigate the New Energy Decree in consultation with its legal advisers and the relevant Ministry, MASE, to determine its implications for Teodorico. Given the decree is promoting domestic production citing the Northern Adriatic as a key source of natural gas for the country, the ultimate impact on Teodorico is regarded as positive. However, the decree's details are still being worked through from an operational perspective.

Torre del Moro, Cadelbosco di Sopra and Grattasasso exploration licences (100% PVO)

The Company is reviewing optimal development paths for its residual assets (Cadelbosco di Sopra, Grattasasso and Torre del Moro) including the potential for introduction of third-party investors / partners who have interest in participating in their development.

Cadelbosco di Sopra and Grattasasso are shallow gas opportunities which fit neatly with the Company's proven exploration and development capabilities whilst Torre del Moro is a large deep gas prospect.

Significant events after balance date

There were no 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, in subsequent financial periods.

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 2024.

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



Kevin Bailey AM

Chairman

12 September 2024

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 2024, 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 September 2024



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 2024

	NOTE	30 June 2024 €	30 June 2023 €
Continuing Operations			
Revenue from contracts with customers	4	2,657,510	-
Cost of sales	5	(284,112)	-
Royalties		(243,500)	-
Depreciation and amortisation expense - production	5	(255,284)	-
Gross profit		1,874,614	-
Other income		80,439	146,742
Employee benefits		(361,452)	(195,987)
Depreciation expense		(13,266)	(13,598)
Corporate overheads		(213,536)	(273,226)
Profit / (loss) from operating activities	6	1,366,799	(336,069)
Finance income		359	6,118
Finance expense		(24,119)	(69,309)
Net finance expense	7	(23,760)	(63,191)
Profit / (loss) before tax		1,343,039	(399,260)
Income tax expense	8	(412,798)	-
Profit / (loss) for the period		930,241	(399,260)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		930,241	(399,260)
Basic and diluted earnings / (loss) per share from continuing operations	9	0.08 € cents	(0.03) € cents

The accompanying notes from part of these financial statements

PO VALLEY ENERGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	NOTE	30 June 2024 €	31 December 2023 €
Current Assets			
Cash and cash equivalents		3,114,319	1,252,717
Trade and other receivables	10	705,738	691,719
Total current assets		3,820,057	1,944,436
Non-Current Assets			
Inventory – non-current		11,325	11,325
Other assets		4,678	4,678
Deferred tax assets	8	597,098	937,831
Property, plant & equipment	11	2,009,501	2,067,623
Resource property costs	12	9,837,034	9,975,367
Total non-current assets		12,459,636	12,996,824
Total assets		16,279,693	14,941,260
Current Liabilities			
Trade and other payables		697,189	296,251
Lease liabilities	13	24,851	24,851
Provisions	14	4,557	4,557
Total current liabilities		726,597	325,659
Non-Current Liabilities			
Provisions	14	994,671	974,991
Lease liabilities	13	87,660	100,086
		1,082,331	1,075,077
Total Liabilities		1,808,928	1,400,736
Net Assets		14,470,765	13,540,524
Equity			
Issued capital	15	56,847,751	56,847,751
Reserves	16	1,192,269	1,299,983
Accumulated losses		(43,569,255)	(44,607,210)
Total Equity		14,470,765	13,540,524

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 2024

	Issued Capital €	Foreign Currency Translation Reserve €	Share Based Payment Reserve €	Accumulated Losses €	Total €
Balance at 1 January 2023	56,632,102	1,192,269	179,626	(45,204,554)	12,799,443
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(399,260)	(399,260)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(399,260)	(399,260)
Transactions with members recorded directly in equity:					
Issue of shares	155,711	-	-	-	155,711
Share issue costs	(1,286)	-	-	-	(1,286)
Transfer on exercise of options and performance rights	61,225	-	(71,912)	10,687	-
Balance at 30 June 2023	56,847,752	1,192,269	107,714	(45,593,127)	12,554,608
Balance at 1 January 2024	56,847,751	1,192,269	107,714	(44,607,210)	13,540,524
Total comprehensive loss for the period:					
Profit for the period	-	-	-	930,241	930,241
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	930,241	930,241
Options expired	-	-	(107,714)	107,714	-
Balance at 30 June 2024	56,847,751	1,192,269	-	(43,569,255)	14,470,765

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	30 June 2024 €	30 June 2023 €
Cash flows from operating activities		
Receipts from customers	2,531,510	-
Receipts from joint operations partners	92,496	77,822
Payments to suppliers and employees	(712,646)	(580,287)
Interest received	359	6,118
Interest paid	-	(729)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	1,911,719	(497,076)
	<hr/>	<hr/>
Cash flows from investing activities		
Payments for property plant and equipment	-	584,460
Payments for resource property costs (net of joint operation partner recoveries)	(34,263)	(1,271,505)
Refund of guarantee deposit for pipeline tie-in	-	476,910
	<hr/>	<hr/>
Net cash used in investing activities	(34,263)	(210,135)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issues of shares (net of issue costs)	-	154,425
Payments of lease liabilities	(14,340)	(13,799)
	<hr/>	<hr/>
Net cash (used in) / from financing activities	(14,340)	140,626
	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents	1,863,116	(566,585)
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Cash and cash equivalents at 1 January	1,252,717	1,536,041
Exchange difference on cash and cash equivalents	(1,514)	(31,177)
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Cash and cash equivalents at 30 June	3,114,319	938,279
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The accompanying notes from part of these financial statements

PO VALLEY ENERGY LIMITED

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICIES

1.1 REPORTING ENTITY

Po Valley Energy Limited (“the **Company**” or “**Po Valley Energy**” or “**PVE**”) is a company domiciled in Australia. The consolidated interim financial report for the six-month period ended 30 June 2024 comprises the Company and its interests in subsidiaries and jointly controlled entities and operations (together referred to as “the Group”).

The Group is primarily involved in the exploration, appraisal, development of, 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 2023. 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 2023 and with any public announcements made by Po Valley Energy Limited during the half-year ended 30 June 2024.

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) 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.

PO VALLEY ENERGY LIMITED
NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

(d) 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

The value of these provisions represents the discounted value of the present obligations to restore, dismantle and rehabilitate each well site under development or in production.

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 provisions.

The Group reviewed the provision at reporting date for works completed during development and revised costs estimates for current prices and conditions to ensure provision is appropriate at the reporting date. There were no changes to estimated costs during the period.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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 MATERIAL 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 2024. 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 2024

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.

PO VALLEY ENERGY LIMITED

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 4: REVENUE

	30 June 2024 €	30 June 2023 €
Gas sales contract with customers	2,657,510	-
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All gas sales are recorded as revenue at a point in time.		

NOTE 5: COST OF SALES

Production operating costs	264,485	-
Capacity and transportation costs	19,627	-
Cash costs of production	284,112	-
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Depreciation of plant and equipment	67,564	-
Depletion of resource property costs	187,720	-
Depreciation and amortisation expense	255,284	-
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NOTE 6: PROFIT AND LOSS INFORMATION

Profit / (loss) for the half-year includes the following items:

Professional fees	(101,080)	(143,466)
Company administration and compliance	(69,234)	(85,845)
Travel costs	(13,393)	(20,451)
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NOTE 7: FINANCE INCOME AND EXPENSE

Recognised in profit and loss:

Interest income	359	6,118
Finance income	359	6,118
Interest expense	(1,914)	(3,473)
Unwind of discount on site restoration provision	(19,680)	(34,420)
Foreign exchange (gains) / losses (net)	(2,525)	(31,416)
Finance expense	(24,119)	(69,309)
Net finance expense	(23,760)	(63,191)
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PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 8: INCOME TAX EXPENSE

	30 June 2024 €	30 June 2023 €
Current tax		
Current year	72,065	-
Deferred tax		
Deferred tax expense	340,733	-
Total income tax expense	412,798	-

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

Profit / (loss) for the year before tax from continuing operations	1,343,039	(399,260)
Income tax expensed / (benefit) using the Company's domestic tax rate of 30 % (2023: 26%)	402,912	(103,808)
Effect of tax rates in foreign jurisdictions	(92,757)	2,665
Permanent differences	(15,366)	-
Current year losses and temporary differences for which no deferred tax asset was recognised	78,398	101,143
Changes in temporary differences	(32,454)	-
Foreign regional taxes payable	72,065	-
Income tax expense	412,798	-

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 €597,098 (31 December 2023: €937,831) have been recognised in relation to the Italian subsidiary's available tax losses and temporary differences.

NOTE 9: EARNINGS / (LOSS) PER SHARE

	30 June 2024 € (cents)	30 June 2023 € (cents)
Basic and diluted earnings / (loss) per share from continuing operations	0.08	(0.03)

The calculation of basic and diluted earnings per share from continuing operations was based on the profit attributable to members of €930,241 (2023: Loss €399,260) and a weighted average number of ordinary shares outstanding during the half year of 1,158,961,620 (2023: 1,155,899,798).

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 10: TRADE AND OTHER RECEIVABLES

	30 June 2024	31 December 2023
	€	€
Trade receivables	30,223	69,461
Indirect taxes receivable	183,039	251,343
Other receivables	14,476	18,915
Accrued revenue	478,000	352,000
Trade and other receivables	705,738	691,719

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	30 June 2024	31 December 2023
	€	€
Land – gas producing well site	52,100	52,100
Gas producing plant and equipment		
<i>At Cost</i>	1,959,612	1,936,904
<i>Accumulated depreciation</i>	(117,842)	(50,278)
	1,841,770	1,886,626
Office Furniture & Equipment:		
<i>At cost</i>	29,666	29,666
<i>Accumulated depreciation</i>	(21,623)	(20,097)
	8,043	9,569
Right-of-use asset: Building (Note 13)		
<i>At Cost</i>	148,678	148,678
<i>Accumulated depreciation</i>	(41,090)	(29,350)
	107,588	119,328
Total property plant & equipment	2,009,501	2,067,623

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

	6 Months to 30 June 2024	Year to 31 December 2023
	€	€
Reconciliations:		
Reconciliation by class of property plant and equipment:		
<i>Land – production well site</i>		
Carrying amount at beginning of period	52,100	-
Additions – reclassified from resource property costs	-	52,100
Carrying amount at end of period	52,100	52,100
<i>Gas production plant and equipment</i>		
Carrying amount at beginning of period	1,886,626	-
Additions – reclassified from resource property costs	-	1,900,710
Additions	22,708	36,194
Depreciation expense	(67,564)	(50,278)
Carrying amount at end of period	1,841,770	1,886,626
<i>Office furniture & equipment</i>		
Carrying amount at beginning of period	9,569	20,932
Additions	-	-
Written off	-	(7,495)
Depreciation expense	(1,526)	(3,868)
Carrying amount at end of period	8,043	9,569
<i>Right-of-use assets</i>		
Carrying amount at beginning of year	119,328	135,014
Remeasurement of lease arrangement	-	7,794
Depreciation expense	(11,740)	(23,480)
Carrying amount at end of period	107,588	119,328
	2,009,501	2,067,623

NOTE 12: RESOURCE PROPERTY COSTS

	30 June 2024	31 December 2023
	€	€
Resource Property costs		
Exploration and evaluation phase	4,783,041	4,733,654
Development phase	-	-
Production phase	5,053,993	5,241,713
	9,837,034	9,975,367

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 12: RESOURCE PROPERTY COSTS (continued)

	6 Months to 30 June 2024	Year to 31 December 2023
Reconciliation of carrying amount of resource properties		
<i>Exploration and Evaluation Phase</i>		
Carrying amount at beginning of period	4,733,654	4,661,672
Expenditure during the period	49,387	71,982
Transfer to development phase	-	-
Carrying amount at end of period	4,783,041	4,733,654
<i>Development Phase</i>		
Carrying amount at beginning of period	-	6,736,926
Transfer from exploration and evaluation phase	-	-
Development expenditure	-	1,191,140
Transfer to production phase	-	(7,928,066)
Carrying amount at end of period	-	-
<i>Production Phase</i>		
Carrying amount at beginning of period	5,241,713	-
Transfer from development phase	-	7,928,066
Additions	-	1,612
Reclassified to property, plant & equipment (Gas producing assets and well site land)	-	(1,952,810)
Reclassified as inventory	-	(11,325)
Impact of changes to rehabilitation and restoration provisions	-	(584,139)
Amortisation	(187,720)	(139,691)
	5,053,993	5,241,713

Resource property costs in the exploration phase comprise 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.

Resource property costs in the development phase comprise the carrying value of the development costs for areas that have reached the stage of reasonable assessment of economically recoverable reserves and have attained required permits and approvals to develop into a producing field.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 12: RESOURCE PROPERTY COSTS (continued)

Resource property costs in the production phase comprise the carrying value of the Group's production projects that have reached the completion of development and are ready for or have commenced production of gas having attained the required permits and approvals.

The Group assessed each asset or cash generating unit (CGU) for any indication of impairment, reviewing the carrying value of these assets and in relation to significant projects in conjunction with reviewing the recoverable amount using a Value in Use CGU valuation.

The Group bases its calculation on detailed budgets and forecasts, which are prepared separately for each of the Group'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.

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.

As a result of this assessment, with the recoverable amount exceeding the carrying value of these assets, no impairment was required on the carrying value of these material projects.

NOTE 13: LEASES

Leases as lessee

The Group leases office facilities in Rome. The lease runs for a period of six years from October 2022 to October 2028.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets (Note 11):

	6 Months to 30 June 2024	Year to 31 December 2023
	€	€
Buildings		
Balance at 1 January	119,328	135,014
Remeasurement of lease assets	-	7,794
Depreciation	(11,740)	(23,480)
Total	<u>107,588</u>	<u>119,328</u>

Amounts recognised in profit and loss:

	6 Months to 30 June 2024	6 Months to 30 June 2023
	€	€
Interest on lease liabilities	1,914	2,744

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 13: LEASES (continued)

Amounts recognised in statement of cash flows:

	6 Months to 30 June 2024	6 Months to 30 June 2023
	€	€
Payment of lease liabilities	14,340	13,799

Lease liabilities:

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

	30 June 2024	31 December 2023
	€	€
Lease liabilities – current	24,851	24,851
Lease liabilities – non-current	87,660	100,086
	<u>112,511</u>	<u>124,937</u>

Future minimum lease payments at 30 June were as follows:

	Within one year	One to five years	After 5 years	Total
	€	€	€	€
Lease payments	28,680	93,210	-	121,890
Finance charges	(3,829)	(5,550)	-	(9,379)
Net Present values	<u>24,851</u>	<u>87,660</u>	<u>-</u>	<u>112,511</u>

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. Payments made under such leases are expensed on a straight-line basis.

NOTE 14: PROVISIONS

	6 Months to 30 June 2024	Year to 31 December 2023
	€	€
Current:		
Employee provisions	<u>4,557</u>	<u>4,557</u>
Non-current:		
Rehabilitation and restoration provision	<u>994,671</u>	<u>974,991</u>
Reconciliation of rehabilitation and restoration provision:		
Opening balance	974,991	1,450,828
Impact of changes to cost estimates	-	(544,679)
Impact of changes to assumptions	-	(39,460)
Increase in provision from unwind of discount rate	<u>19,680</u>	<u>108,302</u>
Closing balance	<u>994,671</u>	<u>974,991</u>

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 14: PROVISIONS (continued)

Provision has been made based on the net present value of the estimated cost of restoring the environmental disturbances and abandonment of the Podere Maiar-1 well site in the Selva Malvezzi production concession. The estimated net present value at 30 June 2024 is €994,671 (net 63% to the Group) (31 December 2023 €974,991) based on an undiscounted total future liability of €1,122,572 (net) using a discount factor, being the risk-free interest rate, of 4.04% p.a. and inflation rate of 2.79% p.a. Payments of these costs are expected at the end of life of the field in approximately 13 years. The provision will be adjusted at the end of each reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Increases in the provision due to the passage of time will be recognised as a finance cost whereas increases/decreases due to changes in estimated future cash flows are capitalised where there is a future economic benefit associated with the asset. Actual costs incurred upon settlement of the rehabilitation and restoration obligation are charged against the provision to the extent the provision has been established.

NOTE 15: ISSUED CAPITAL

	Issue Price	30 June 2024 Number	30 June 2024 €	31 December 2023 Number	31 December 2023 €
Share Capital					
Opening balance - 1 January		1,158,961,620	56,847,751	1,150,961,620	56,632,102
<u>Shares issued during the reporting period:</u>					
Shares issued on exercise of performance rights					
Shares issued on exercise of options	- A\$0.05	-	-	3,000,000 5,000,000	61,225 155,711
Share issue costs			-		(1,287)
Closing balance – 30 June / 31 December		1,158,961,620	56,847,751	1,158,961,620	56,847,751

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 or previous period.

PO VALLEY ENERGY LIMITED

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 16: RESERVES

	30 June 2024	31 December 2023
	€	€
Foreign currency translation reserve	1,192,269	1,192,269
Share based payment reserve	-	107,714
	<u>1,192,269</u>	<u>1,299,983</u>

The translation reserve comprises all foreign currency differences arising from translation of foreign operations prior to the change in functional currency.

The share based payment reserve comprises the fair value of vested options and performance rights issued.

	6 Months to 30 June 2024	Year to 31 December 2023
	€	€
Share based payment reserve reconciliation for the period:		
Opening balance	107,714	179,626
Options exercised in the period	-	(10,687)
Performance rights exercised in the period	-	(61,225)
Options expired during the period	(107,714)	-
Vesting of performance rights during the period	-	-
Closing balance	<u>-</u>	<u>107,714</u>

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 17: 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 Board reviews internal management reports on a monthly basis.

	Exploration and evaluation		Development		Production		Total	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
							€	€
External revenues	-	-	-	146,530	2,657,510	-	2,657,510	146,530
Segment profit / (loss) before tax	-	(10,226)	-	113,470	1,935,373	(38,925)	1,935,373	64,319
Depreciation and amortisation	-	-	-	-	(255,284)	-	(255,284)	-
Unwind of discount on site restoration provision	-	-	-	-	(19,680)	-	(19,680)	-
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
<u>Reportable segment assets:</u>								
Property plant & equipment	-	-	-	-	1,893,870	1,938,726	1,893,870	1,938,726
Resource property costs	4,783,041	4,733,654	-	-	5,053,993	5,241,713	9,837,034	9,975,367
Receivables	5,000	-	-	-	503,223	421,461	508,223	421,461
Other assets	11,325	11,325	-	-	-	-	11,325	11,325
	4,799,366	4,744,979	-	-	7,451,086	7,601,900	12,250,452	12,346,879
Capital expenditure	49,386	71,984	-	1,191,140	32,434	37,805	81,820	1,300,929
<u>Reportable segment liabilities:</u>								
Rehabilitation and restoration provision	-	-	-	-	(994,671)	(974,991)	(994,671)	(974,991)
Other liabilities	(52,643)	-	-	-	(356,790)	(90,466)	(409,433)	(90,466)
	(52,643)	-	-	-	(1,351,461)	(1,065,457)	(1,404,104)	(1,065,457)

PO VALLEY ENERGY LIMITED

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

NOTE 17: FINANCIAL REPORTING BY SEGMENTS (continued)

Reconciliation of reportable segment profit or loss, assets and liabilities	30 June 2024 €	30 June 2023 €
Profit or loss:		
Total profit for reportable segments	1,935,373	64,319
<i>Unallocated amounts:</i>		
Net finance expense	(4,080)	(34,889)
Other corporate expenses	(588,254)	(428,690)
Consolidated profit / (loss) before income tax	1,343,039	(399,260)
	30 June 2024 €	31 December 2023 €
Assets:		
Total assets for reportable segments	12,250,452	12,346,879
Other assets	4,029,241	2,594,381
Consolidated total assets	16,279,693	14,941,260
Liabilities:		
Total liabilities for reportable segments	(1,404,104)	(1,065,457)
Other liabilities	(404,824)	(335,279)
Consolidated total liabilities	(1,808,928)	(1,400,736)

NOTE 18: SHARE BASED PAYMENTS

Performance rights:

There were no performance rights granted in this period nor any outstanding over unissued ordinary shares at 30 June 2024. There have been no rights granted subsequent to the period end.

Options:

No options were granted or exercised during the period.

7,500,000 options expired on 30 June 2024 (2023: Nil) as per the table below:

Grant date	Exercise price	Expiry date	Balance at 30 June 2024	Vested and Exercisable at 30 June 2024	Balance at 31 December 2023
15 Aug 2022	AU\$0.10 (€0.068)	30 Jun 2024	-	-	7,500,000

PO VALLEY ENERGY LIMITED

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 18: SHARE BASED PAYMENTS (continued)

The table below summarises the movement in options for the period:

	30 June 2024		31 December 2023	
	No.	WAEP (€ cents)	No.	WAEP (€ cents)
Options outstanding at the start of the period	7,500,000	0.068	12,500,000	0.053
Expired in the period	(7,500,000)	0.068	-	-
Exercised in the period	-	-	(5,000,000)	0.031
				0.068
Performance rights at the end of the period	-	-	7,500,000	(AU\$0.10)

No options were issued or cancelled subsequent to the period end.

NOTE 19: FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	30 June 2024	31 December 2023
	€	€
Financial assets		
Cash and cash equivalents	3,114,319	1,252,717
Receivables – current	705,738	691,719
Other assets	4,678	4,678
Total financial assets	3,824,735	1,949,114
Financial liabilities		
Trade and other payables - current	(697,189)	(296,251)
Lease liabilities – current	(24,851)	(24,851)
Lease liabilities – non-current	(87,660)	(100,086)
	(809,700)	(421,188)

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).

PO VALLEY ENERGY LIMITED

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

NOTE 19: FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Current receivables, current payables and cash and 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.

There are no other financial assets and liabilities at fair value.

NOTE 20: COMMITMENTS AND CONTINGENCIES

The table below summarises material commitments for the Group.

	Within one year	One to five years	After 5 years
Leases (refer note 13)	28,680	93,210	-

Other than the above, there are no other material commitments or contingent liabilities not provided for in the financial statements of the Group as at 30 June 2024.

NOTE 21: SUBSEQUENT EVENTS

There were no 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, in subsequent financial periods.

DIRECTORS' DECLARATION

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

1. the consolidated financial statements and notes, as set out on pages 5 to 24, 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 2024 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, professional reporting requirements and other mandatory requirements; 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.

A handwritten signature in black ink, appearing to read 'Kevin Bailey', with a stylized flourish at the end.

Kevin Bailey AM
Chairman
12 September 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Po Valley Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Po Valley Energy Limited ("the Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group 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 accompanying 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 Group's financial position as at 30 June 2024 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 responsibility is further described in the *Auditor's Responsibility 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.

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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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 Group's financial position as at 30 June 2024 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 September 2024



L Di Giallonardo
Partner