



ABN 33 087 741 571

ASX ANNOUNCEMENT

31 March 2026

PO VALLEY ENERGY LTD (ASX:PVE)

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Po Valley Energy Limited (**ASX:PVE**) encloses its Full Year Statutory Financial Report for the year ended 31 December 2025.

This announcement was approved for release by the Board of Directors of Po Valley Energy Limited

Enquiries to:
Mr Kevin Bailey AM
Po Valley Chairman
+61 417 556 458

To ask questions directly to the Po Valley Energy view this report and access media content, visit our interactive investor website at: <https://povalley.com/link/eXNjEP>

Registered Office	Rome Office
Level 5/191 St Georges Terrace Perth WA 6000 Australia info@povalley.com	Via Isonzo 34, Rome, 00198 Italy TEL +39 06 4201 4968 FAX +39 06 4890 5824
Directors	
Mr. Kevin Bailey AM, Chairman and CEO Ms. Sara Edmonson, Non-executive Director Mr. Joseph Constable, Non-executive Director Ms. Katrina O’Leary, Non-executive Director Mr. Michael Gentile, Non-executive Director	



Join our community

Receive alerts for announcements, news and updates direct to your inbox and engage with the **Po Valley Energy** team using the Q&A tool.
Scan the QR code and sign up to our investor hub.

For personal use only



For personal use only

Annual Financial Report

For the year ended 31 December 2025

PO VALLEY ENERGY LIMITED
ABN 33 087 741 571
CONTENTS

CORPORATE DIRECTORY	2
DIRECTORS' REPORT	3
REMUNERATION REPORT	12
AUDITOR'S INDEPENDENCE DECLARATION	19
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
STATEMENT OF FINANCIAL POSITION	21
STATEMENT OF CHANGES IN EQUITY	22
STATEMENT OF CASH FLOWS	23
NOTES TO THE FINANCIAL STATEMENTS.....	24
CONSOLIDATED ENTITY DISCLOSURE STATEMENT	56
DIRECTORS' DECLARATION	57
INDEPENDENT AUDITOR'S REPORT	58

For personal use only

PO VALLEY ENERGY LIMITED
ABN 33 087 741 571
CORPORATE DIRECTORY

Directors	Kevin Bailey AM Sara Edmonson Joseph Constable Katrina O'Leary Michael Gentile	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Lucia McLean	
Registered Office	Level 5, 191 St Georges Terrace, Perth WA 6000	
Rome Office	Via Isonzo 34, Rome 00198 Italy Tel: +39 06 42014968	
Share Register	Automic Level 5, 191 St Georges Terrace, Perth WA 6000 Tel: 1300 288 664	
Auditor	HLB Mann Judd Level 4, 130 Stirling Street, Perth WA 6000	
Solicitors	Steinepreis Paganin Level 14, QV1 Building, 250 St Georges Terrace Perth WA 6000	
Stock Exchange Listing	Australian Securities Exchange (ASX) under the code PVE OTC Markets Group (OTCQB) under the code PVLEF	
Website address	www.povalley.com	

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

The Directors of Po Valley Energy Limited (“the Company” or “PVE”) present their report together with the financial report for the year ended 31 December 2025 of the Group, being the Company and its controlled entities (“the Group” or “Po Valley”).

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Kevin Bailey AM — Director since 22 April 2016

Non-Executive Chairman

DipFP, Age 65

Kevin was appointed as a director on 22 April 2016 and as Chairman on 2 May 2022. He has been a shareholder of PVE since April 2008 and brings significant business acumen and experience to the Board. Kevin is a highly successful businessman with a range of business interests, both local and overseas. He worked for 28 years as a Certified Financial Planner and was a founding director of Shadforth Financial Group Limited. He was a member of the Prime Minister’s Community Business Partnership and devotes considerable time to philanthropic interests. Kevin is currently Chairman of Parousia Media Pty Ltd and has served as director of various entities including the Investment Advisory Board of the Timor Leste Petroleum Fund, the \$17bn Sovereign Wealth Fund of Timor Leste, Outward Looking International Pty Ltd, Halftime Australia Pty Ltd, Alpha Australia, Empart Inc, and Dads4Kids Fatherhood Foundation. In the past three years, Kevin has not been a director of any other listed company.

Sara Edmonson — Director since 23 December 2019

Non-Executive Director

BSBA, MBA, Age 46

Sara was appointed as a director on 23 December 2019. Sara has extensive experience in natural gas, the critical transition fuel for a low carbon future. Sara is a former President at Associazione Energia Nazionale, an Italian association created to promote sustainable production, transportation and use of domestic energy and is fluent in Italian, having previously worked both in Italy and internationally for Ernst & Young Transaction Advisory Services. During her tenure at EY, Sara advised numerous blue-chip corporate clients on transactions in Russia, Romania, Turkey and the US including the US\$5 billion acquisition of DRS Technologies by Finmeccanica in 2008. She holds an MBA from St John’s University in New York City and a Masters in Sustainability Sciences from Harvard University. Sara led PVE as CEO from July 2010 to 2017 and served on the board of Coro Energy Plc from November 2017 to October 2018 and as executive until March 2019. Sara has spent the last several years focused on the energy transition leading large commercial-scale development of green hydrogen projects in Europe. She has been deeply involved in the policy shaping around decarbonisation and climate targets at EU and Member State level. In the past three years, Sara has not been a director of any other listed company.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Joseph Constable — Director since 30 November 2021

Non-Executive Director

BA(Hons) MPhil, Age 34

Joseph was appointed as a director on 30 November 2021. Joseph has been a long term shareholder of PVE and has a detailed understanding of the company's assets and brings his significant financial skills to PVE and the Board. Joseph was previously an executive director of Hancock & Gore (ASX: HNG), and portfolio manager at H&G Investment Management Limited and Executive Director at H&G High Conviction Limited (ASX: HCF). Joseph is a non-executive director of The Hydration Pharmaceuticals Company Limited (ASX:HPC). Other than as listed above, in the past three years, Joseph has not been a director of any other listed company.

Katrina O'Leary — Director since 2 May 2022

Non-Executive Director

BA LLB, LLM, Age 62

Katrina was appointed as a director on 2 May 2022. Katrina is an Intellectual Property (IP) and Information Technology lawyer with decades of experience in IP management, commercial and litigious matters. Katrina also advises on ESG compliance especially in the area of ethical sourcing. Her practice is international, and she has worked in Italy, the USA and Australia representing government and international organisations and major public companies. Katrina brings to the board her strength in legal compliance, governance, and risk management. In the past three years, Katrina has not been a director of any other listed company.

Michael Gentile — Director since 25 November 2024

Non-Executive Director

CFA Charter Holder, Age 46

Michael was appointed as director on 25 November 2024. Michael is considered one of the leading strategic investors in the junior resource sector in Canada, owning significant top-five ownership stakes in over 20 small-cap mining companies, and is also a shareholder of PVE. He is currently a director of Group Eleven Resources (TSX-V: ZNG), Northern Superior Resources (TSXV:SUP), OnGold (TSX-V:ONAU) Radisson Mining Resources (TSX-V: RDS), Roscan Gold (TSX-V: ROS) and Solstice Gold (TSX-V: SGC) and a Strategic Advisor to Northisle Copper and Gold (TSX-V: NCX). Michael cofounded Bastion Asset Management in January 2022 a rapidly growing money management firm in Montreal focused on small to mid-cap equities in the USA and Canada. Michael was previously a Vice President and Senior Portfolio Manager with Formula Growth Limited where he worked from 2002 to 2018. In the past three years, Michael has not been a director of any other ASX listed company.

2. Company Secretary

Kevin Hart – Company Secretary, B.Comm, FCA – Resigned 26 March 2026

Kevin Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 17 April 2018. He has over 30 years' experience in accounting, management and administration of public listed entities in the mining, mining services and exploration industry. Kevin is a Principal in the Company Secretarial and CFO divisions of the Automic Group which provides Company Secretarial, CFO support and corporate compliance advice to a number of ASX listed entities. Kevin retired on 26th March 2026.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Lucia McLean – Company Secretary, B.Comm, HDipAcc CA –Appointed 26 March 2026

Lucia is a Chartered Accountant with over 30 years' experience in finance, accounting and company secretarial services in private, public and listed companies in Australia, UK and South Africa. She holds a Bachelor of Commerce and Higher Diploma in Accountancy from Rhodes University, South Africa and is a member of the Chartered Accountants Australia & New Zealand. Lucia is a Senior Manager with Automic Group Professional Services. Lucia has been appointed as Company Secretary following Kevin Hart's retirement on 26 March 2026.

3. Directors' Meetings

The number of meetings of the Board of Directors held during the financial year and the number of meetings attended by each director are provided below:

Director	Attended	Held
Kevin Bailey AM	7	7
Sara Edmonson	7	7
Joseph Constable	7	7
Katrina O'Leary	7	7
Michael Gentile	6	7

Held: represents the number of meetings held during the time director held office.

The roles and responsibilities normally undertaken by the Audit and Risk Committee and the Remuneration and Nominations Committee have been dealt with by the full board as part of its duly convened meetings rather than through separate committees.

4. Principal Activities

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

- Production of gas at Podere-Maiar 1 in the Selva Malvezzi concession.
- The exploration for gas and oil in the Po Valley region in Italy.
- Appraisal and development of gas and oil fields.

5. Operating and financial review

Overview

During the reporting period, Po Valley Energy Limited maintained stable production performance from its Selva Malvezzi gas field while advancing key development initiatives to support future growth. The Company continues to operate as a low-cost, cash-generative onshore gas producer in Italy, with a focus on disciplined capital management and progression of its development pipeline.

The Company continued to progress its Selva Malvezzi development strategy, which represents the primary source of near-term growth. Plans include the drilling of additional wells within the Selva Concession, including the Casale Guida 1d, Ronchi 1d, Bagnarola1d and Selva Malvezzi-1d prospects.

During the period, a 3D geophysical survey was completed to refine subsurface understanding and optimise future drilling locations. Environmental and regulatory approval processes for the expansion program continued, with engagement ongoing with relevant Italian authorities.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

In addition to Selva, the Company maintains a portfolio of exploration and development assets, including Teodorico (offshore Adriatic) and other onshore exploration permits such as Cadelbosco di Sopra, Grattasasso and Torre del Moro. These assets provide longer-term optionality for production growth.

Financial results for the year

During the reporting period, Po Valley Energy Limited maintained stable production performance from its Selva Malvezzi gas field while advancing key development initiatives to support future growth. The Company continues to operate as a low-cost, cash-generative onshore gas producer in Italy, with a focus on disciplined capital management and progression of its development pipeline.

Production from the Group's primary asset, the PM-1 well at Selva Malvezzi, remained consistent throughout the year. Daily production rates averaged approximately 75,000 to 80,000 standard cubic metres per day, resulting in total production for the year was 28,205 Mcm of gas (gross, net to the Group of 63% or 17,769 Mcm) generating revenue of €7 million for the Group. This sustained performance reflects stable reservoir characteristics and effective field operations. The asset continues to provide a reliable base level of production with minimal operational disruption.

The Company delivered continued positive operating cash flow across the reporting period supported by steady production and favourable gas pricing conditions during parts of the year. Operating costs remained tightly controlled. This cost discipline underpins the Company's strong operating leverage and resilience to commodity price movements.

The Company maintained a strong financial position, ending the period with cash and financial investments of approximately €8 million and no debt. A portion of surplus liquidity was allocated to low-risk government bond investments, reflecting a conservative treasury management approach.

The profit after tax for the year from continuing operations was €2,724,263 (2024: €2,391,151).

The Group's cash reserves as at 31 December 2025 were €2,462,580 (31 December 2024: €4,993,913).

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

Summary of results table:	2025	2024
	Mcm	Mcm
Production volume (net)	17,769	17,364
	€'000	€'000
Gas Sales	7,047	6,524
EBITDA ¹	4,482	4,004
Depreciation and amortisation – production	(547)	(532)
Depreciation	(28)	(27)
Unwind of discount of restoration provision	(41)	(39)
EBIT ¹	3,866	3,405
Finance income (costs) other than restoration provision discounting	19	(14)
Taxation	(1,161)	(1,000)
Net profit after tax attributable to shareholders	2,724	2,391

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 by the Company's auditor.

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Share issues

There were no new shares issued in the financial year.

Earnings per share

The basic earnings per share for the Group from continuing operations was 0.24 € cents (2024: 0.21 € cents).

Operations

Selva Gas Field (63% PVO) - Selva Malvezzi Production Concession

The Selva Malvezzi Production Concession is an onshore natural gas asset in the eastern Po Plain, Bologna province, Emilia-Romagna Region. Granted in July 2022, the 80.68 km² concession was carved out of the former Podere Gallina Exploration Permit and includes the producing Podere Maiar gas field alongside nearby gas prospects of Selva Malvezzi 1d, Casale Guida 1d, Ronchi 1d and Bagnarola 1d. Po Valley Operations Pty Limited ('PVO'), a wholly owned subsidiary of the Company, operates the concession and holds a 63% interest, with the remaining 37% held by the Prospex Group.

Podere Maiar-1 ("PM-1") gas facility and production:

Production has been consistent throughout the year averaging ~75,000-80,000 scm per day, with the exception of days during which slick line operations were undertaken and/or brief scheduled production halts for routine plant maintenance.

Routine slick line operations in the year confirmed pressure evolution as per expectations and there was no sand or water detected during the slick lines. There also has not been any unexpected readings on surface sand detection equipment during the year.

Gas is currently sold under the gas sales agreement (GSA) with Hera Trading S.r.l, a group entity headed by Hera S.p.A with operational headquarters in the Bologna province. This partnership offers the Group an opportunity to collaborate with local business and has strengthened its engagement with local community.

The 12-month contract with potential to extend commenced 1 October 2025, replaced the previous GSA with BP Gas marketing. The Group completed 2 ½ successful years with partner BP Gas Marketing from its first gas flow in July 2023 to 30 September 2025 delivering ~58.6 million scm (gross) of gas from PM1-d to BP Gas Marketing.

Under the Hera GSA, the Group will deliver an estimated 27,9m scm (gross) in the 12 months with the gas supply price linked to the Italian Gas Index (IG INDEX GME).

The table below summarises the production results for the year:

Podere Maiar-1 (PM-1) Production Results	Mar 2025 Quarter	Jun 2025 Quarter	Sept 2025 Quarter	Dec 2025 Quarter	Dec 2025 Year
Avg. daily production (scm) [gross]	77,292	79,793	78,795	79,220	78,900
Quarterly production ('000 scm) [net]	4,236	4,574	4,566	4,392	17,769
Weighted average price (per scm)	€0.50	€0.39	€0.37	€0.33	€0.39
Revenue ('000) [net]	€2,103	€1,805	€1,689	€1,450	€7,047
Field Operating costs ('000) ¹	€196	€126	€276	€146	€744

Note: All figures in the table above, other than the daily production rate, are quoted on a net-63% share to PVE

1. Cash outflows field operating costs per quarter excludes accrued royalties

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Cumulative production since initial flow has reached 65.6million scm from the C2 level, equating to approximately 95% of the certified P1 reserves reported in the July 2022 CPR (PVE's net share is 63%).

Selva Malvezzi Prospects: Casale Guida 1d, Ronchi 1d, Bagnarola 1d, Selva Malvezzi 1d wells

The key area of focus for the Company with the next stages of development is at Casale Guida 1d (Selva North discovery), Ronchi 1d (South Selva discovery), Selva Malvezzi 1d (East Selva prospect) and Bagnarola 1d (Riccardina prospect) all of which are located within the Selva Malvezzi Production Concession.

The EIA covering the drilling, development, construction and production phases of the four wells filed in December 2024 is presently under review in order to incorporate recommendations and amendments received from the Ministry in order to update the project including the full scope of potential works and impacts (treatment facilities, pipelines, Podere Maiar upgrade). The additional specialist studies requested by the EIA commission are in progress and expected to be submitted to the Ministry in Q2 2026.

3D Geophysical survey

The Company completed the 3D geophysical data acquisition over the Selva Malvezzi concession area. The program covered approximately 140 km². After laying out 8,380 wireless geophones, the data acquisition commenced on 13 November 2025 using single sweeps from four vibroseis trucks operating simultaneously in separate quadrants. The data acquisition was completed on time and under budget, benefitting from unusually dry weather for November, but its success was driven by extensive planning and outstanding execution by contractors, Geotec for permitting and Geofyzika Torun (GT) for acquisition & data recording, and PVO technical team tight supervision.

The data acquired collated and prepared by GT for next data processing and interpretation over the next quarter. This work will deliver a high-resolution three-dimensional subsurface model to support future field development planning and potential resource upgrades at Selva Malvezzi. Schlumberger have been engaged for this portion of work in February 2026. Subsequent interpretation of the data will be done in-house. The Company is targeting communication of these results with the market in Q2/2026. The data acquired will be instrumental in fine tuning the Company's 4 well development program in this license.

Teodorico Offshore Gas field development (100% PVO)

The Teodorico gas field is located in shallow waters (approximately 30m deep) off the east coast 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.

The Company has progressed the preparation of an updated new EIA addressing the additional requirements, particularly in relation to the two environment protection areas that required further study following the Regional Administrative Court (TAR) ruling in 2024. This new EIA study will incorporate the recommendations of the Directorate of the Ministry of Environment, specifically addressing the protected areas that were not included in the original submission because they were established after that time. PVO has sought further information on technical requirements for Teodorico connection and gas treatment at the Naomi-Pandora facility operated by ENI. The Company has commenced discussion with ENI and will evaluate outcomes and impact on the EIA that is in progress. The Company plans to finalise and submit the updated EIA at the earliest opportunity.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

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

The Company is continuing reviewing optimal exploration and development paths for the other onshore exploration assets (Cadelbosco di Sopra, Grattasasso and Torre del Moro), including the possibility of third-party investors / partners interested in participating in their exploration and development. Cadelbosco di Sopra and Grattasasso are shallow gas opportunities which fit neatly within the Company's proven exploration and development capabilities, whilst Torre del Moro is a large deep gas/condensate prospect. In addition, these areas include oil contingent resources at Cadelbosco and Grattasasso discoveries as well as gas prospective resources at Torre del Moro.

Health, safety and environment

Paramount to Po Valley's ability to pursue its strategic priorities is a safe workplace and a culture of safety first. The Group regards environmental awareness and sustainability as key strengths in planning and carrying out business activities. Po Valley's daily operations are conducted in a way that adheres to these principles and management is committed to their continuous improvement. Whilst growing from exploration roots, the Group has strived to continually improve underlying safety performance. The Group has adopted an HSE Management System which provides for a series of procedures and routine checks (including periodical audits) to ensure compliance with all legal and regulatory requirements and best practices in this area. In 2025, the Group maintained its outstanding occupational health safety and environmental track record with no incidents or near misses to report.

Principal risks and uncertainties

Oil and gas exploration and appraisal involves significant risk. The future profitability of the Group and the value of the Company's shares are directly related to the results of exploration and appraisal activities. There are inherent risks in these activities. No assurances can be given that funds spent on exploration and appraisal will result in discoveries that will be commercially viable. Future exploration and appraisal activities, including drilling and seismic acquisition, may result in changes to current perceptions of individual prospects, leads and permits.

The Group identifies and assesses the potential consequences of strategic, safety, environmental, operational, legal, reputational and financial risks in accordance with the Group's risk management policy. Po Valley management continually monitors the effectiveness of the Group's risk management, internal compliance and control systems which includes insurance coverage over major operational activities, and reports to the Board on areas where there is scope for improvement. The Board as a whole is responsible for oversight of the Group's risk management and control system. The principal risks and uncertainties that could materially affect PVE's future performance are described below.

External risks

Exposure to gas pricing

Volatile gas prices make it difficult to predict future price movements with any certainty. Decline in gas prices could have an adverse effect on PVE. The Group does not currently hedge its exposures to gas price movements long term. The profitability of the Group's prospective gas assets will be determined by the future market for domestic gas. Gas prices can vary significantly depending on other European gas markets, worldwide supply and the terms under which long term take or pay arrangements are agreed.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Changes to law, regulations or Government policy	Changes in laws and regulations or government policy may adversely affect PVE's business. Examples include changes to land access or the introduction of legislation that restricts or inhibits exploration and production. Similarly changes to direct or indirect tax legislation may have an adverse impact on the Group's profitability, net assets and cash flow.
Uncertainty of timing of regulatory approvals	Delays in the regulatory process could hinder the Group's ability to pursue operational activities in a timely manner including drilling exploration and development wells, installing infrastructure, and to producing gas. In particular, oil and gas operations in Italy are subject to both Regional and Federal approvals.

Operating risks

Exploration, development and production	The future value of PVE will depend on its ability to find, develop, and produce gas that is economically recoverable. The ultimate success or otherwise of such ventures requires successful exploration, establishment of commercial reserves, establishment of and successful effective production from processing facilities, and transport and marketing of the end product. Through this process, the business is exposed to a wide variety of risks, including failure to locate hydrocarbons, changes to reserve estimates or production volumes, variable quality of hydrocarbons, weather impacts, facility malfunctions, lack of access to appropriate skills or equipment and cost overruns.
Estimation of reserves	The estimation of oil and natural gas reserves involves subjective judgments and determinations based on geological, technical, contractual and economic information. It is not an exact calculation. The estimate may change because of new information from production or drilling activities.
Tenure security	Exploration licences held by PVE are subject to the granting and approval by relevant government bodies. Government regulatory authorities generally require the holder of the licences to undertake certain proposed exploration commitments and failure to meet these obligations could result in forfeiture. Exploration licences are also subject to partial or full relinquishments after the stipulated period of tenure if no alternative licence application (e.g., production concession application) is made, resulting in a potential reduction in the Group's overall tenure position. In order for production to commence in relation to any successful oil or gas well, it is necessary for a production concession to be granted.
Health, safety and environmental matters	Exploration, development and production of oil and gas involves risks which may impact the health and safety of personnel, the community and the environment. Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Failure to manage these risks could result in injury or loss of life, damage or destruction of property and damage to the environment. Losses or liabilities arising from such incidents could significantly impact the Group's financial results.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Climate Change

PVE recognises climate-related risks and the need for these to be managed effectively particularly across the energy industry.

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

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels. In addition, there may be increased uncertainty, time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to a lower carbon economy may also give rise to opportunity for PVE's potential gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition. Possibility to produce Blue H2 (with CCS/CCUS) and/or LNG from PVO gas fields (utilising access and support via EU or Italian research development funds).
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and PVE's development and production assets and production capability. These events could have a financial impact on the Group through increased operating costs, maintenance costs, revenue generation and sustainability of production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on PVE's operations.

PVE is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside its activities and operations.

In addition to the external and operating risks described above, the Group's ability to successfully develop future projects including their infrastructure is contingent on the Group's ability to fund those projects through operating cash flows and affordable debt and equity raisings.

6. Dividends

No dividends have been paid during the year ended 31 December 2025. As announced on 30 January 2026, the directors declared a maiden dividend of AU\$0.00043 per share (total AU\$500,000) unfranked, to be paid from free cash flows on 31 March 2026 for the year ended 31 December 2025.

7. Significant events after balance date

There were no events between the end of the financial year and the date of this report that, in the opinion of the Directors, will affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

8. Likely Developments

With strong production ongoing at the Podere Maiar-1 well, the Group will continue to invest in its current exploration portfolio through geological and geophysical studies and, subject to available finance, in its planned drilling program for high potential gas prospects. The Group may seek a suitable farm-out partner for selected assets.

9. Environmental Regulation

The Group's operations are subject to environmental regulations under both national and local municipality legislation in relation to its mining exploration and development activities in Italy. Group management monitors compliance with the relevant environmental legislation. The Directors are not aware of any breaches of legislation during the period covered by this report.

10. Remuneration Report - audited

The Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the Directors and other Key Management Personnel of the Group.

Remuneration Policy

The Board is responsible for reviewing and recommending compensation arrangements for the Directors, the Chief Executive Officer and the senior executive team. The Board assesses the appropriateness of the size and structure of remuneration of those officers on a periodic basis, with reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The Group aims to ensure that the level and composition of remuneration of its Directors and executives is sufficient and reasonable in the context of the internationally competitive industry in which the Group operates.

For senior executives based in Rome, the Board will have regard to remuneration levels and benefit arrangements that prevail in the European oil and gas industry when setting remuneration which remains highly competitive.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholders' wealth the Board has regard to the following indices in respect of the current and previous financial years.

Indices	2025	2024	2023	2022	2021
Production (Mcm) (net)	17,769	17,364	6,198	-	-
Average realised gas price (€ cents per cubic metre)	39	38	38	-	-
Profit / (Loss) attributable to owners of the Company (€'000s)	2,724	2,391	587	(984)	(596)
Earnings / (loss) per share (€ cents per share)	0.24	0.21	0.05	(0.09)	(0.07)
Share price at year end - AU\$	0.062	0.04	0.046	0.062	0.025

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long-term creation of shareholder wealth, the Board has regard for the stage of development of the Company's business and gives consideration to each of the indices outlined above and other operational and business development achievements of future benefit to the Company which are not reflected in the aforementioned financial measures.

Senior Management, Executives and Executive Directors

The remuneration of Po Valley's senior management and executives is based on a combination of fixed salary, discretionary short term incentive bonuses which are based on performance, and in some cases a long term incentive which may be payable in cash or shares. Other benefits may include employment insurances, accommodation and other benefits, and superannuation contributions. In determining bonus payments, the board assesses the performance and contribution of executives against a series of objectives defined at the beginning of the year. These objectives are a combination of strategic and operational company targets which are considered critical to shareholder value creation and objectives which are specific to the individual executive. More specifically, objectives mainly refer to operating performance from both a financial and technical standpoint and growth and development of the Group's asset base. The Board exercises its discretion when determining awards and exercises discretion having regard to the overall performance and achievements of the Group and of the relevant executive during the year. No remuneration consultants were used during the current or previous year.

Non-Executive Directors

The remuneration of Po Valley's Non-Executive Directors comprises cash fees. There is no current scheme to provide performance-based bonuses or retirement benefits to Non-Executive Directors. The Board of Directors and shareholders approved the maximum agreed remuneration pool for Non-Executive Directors at €250,000 per annum.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Service contracts

The major provisions of the service contracts held with the directors and executives, in addition to any performance related bonuses and/or options are as follows:

Kevin Bailey AM, Chairman and Chief Executive Officer

- Commencement Date: Contract as Chairman/ Chief Executive Officer from 1 June 2025, prior to that the service contract as Non-executive Chairman from 2 May 2022 to 30 May 2025.
- Term: Contract as Chief Executive Officer is for 12 months, the term may be extended by mutual consent. On termination of the Chief Executive Offer Services agreement, Mr Bailey will revert to terms under previous agreement as Chairman.
- Remuneration for the year ended 31 December 2025: €113,388 (A\$200,833)
- Annual remuneration at date of this report is A\$265,000 plus statutory superannuation
- 3 months' notice by either party
- Incentives subject to Board discretion, any equity securities subject to shareholder approval

Sara Edmonson, Non-Executive Director

- Commencement Date: 23 December 2019
- Fixed remuneration for the year ended 31 December 2025: €29,230 (A\$50,000)
- Annual remuneration at date of this report is A\$50,000
- No termination benefits

Joseph Constable, Non-Executive Director

- Commencement Date: 30 November 2021
- Fixed remuneration for the year ended 31 December 2025: €28,391 (A\$50,000 p.a.)
- Annual remuneration at date of this report is A\$50,000
- No termination benefits

Katrina O'Leary, Non-Executive Director

- Commencement Date: 2 May 2022
- Fixed remuneration for the year ended 31 December 2025: €28,337 (A\$50,000 p.a.)
- Annual remuneration at date of this report is A\$50,000
- No termination benefits

Michael Gentile, Non-Executive Director

- Commencement Date: 25 November 2024
- Fixed remuneration for the year ended 31 December 2025: €28,300 (A\$50,000 p.a.)
- Annual remuneration at date of this report is A\$50,000
- No termination benefits

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

The Non-Executive Directors are not appointed for any fixed term but rather are required to retire and stand for re-election in accordance with the Company's constitution and the ASX Listing Rules.

Key Management Personnel remuneration outcomes

The remuneration details of each Key Management Personnel (KMP) (being the Directors) during the year are presented in the table below:

		Director fees €	Salary €	Super-annuation €	Other €	Termination payments €	Total €	Performance related %
K Bailey AM <i>Chairman and Chief Executive Officer</i>	2025	17,920	87,023	8,445	-	-	113,388	-
	2024	45,841	-	-	-	-	45,841	-
S Edmonson <i>Non-Executive</i>	2025	29,230	-	-	-	-	29,230	-
	2024	30,460	-	-	47,355*	-	77,815	-
J Constable <i>Non-Executive</i>	2025	28,391	-	-	-	-	28,391	-
	2024	30,576	-	-	-	-	30,576	-
K O'Leary <i>Non-Executive</i>	2025	28,337	-	-	-	-	28,337	-
	2024	30,543	-	-	-	-	30,543	-
M Gentile <i>Non-Executive</i>	2025	28,300	-	-	-	-	28,300	-
	2024	3,000	-	-	-	-	3,000	-
Total	2025	132,178	87,023	8,445	-	-	227,646	-
	2024	140,420	-	-	47,355	-	187,775	-

*Fees in relation to consultancy services provided during the financial year

Analysis of bonuses included in remuneration

There was no short-term incentive bonuses awarded to KMP in the current year.

Options over equity instruments granted as compensation

No options were granted as compensation to KMP during the reporting period (2024: Nil). There are no options granted to KMP that vested during 2025. (2024: Nil)

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to KMP) have been altered or modified during the reporting period or the prior period.

Exercise and lapse of options granted as compensation

No options over ordinary shares in the Company were held by any KMP during 2025 and no options were exercised or lapsed during 2025.

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of the Company, held directly and indirectly by KMP, including their personally related entities is as follows:

31 December 2025	Held at 31 Dec 2024	Acquired	Held at 31 Dec 2025
Directors			
K Bailey AM	295,319,282	4,681,458	300,000,740
S. Edmonson	3,708,007	-	3,708,007
J Constable	930,352	-	930,352
K O'Leary	-	-	-
M Gentile	40,749,300	-	40,749,300
Total	340,706,941	4,681,458	345,388,399

Other transactions and balances with KMP and their related parties

There are no other transactions during the year or material balances with KMPs or related parties at the balance date.

11. Directors' interests

At the date of this report, the direct and indirect interests of the current Directors in the shares of the Company, as notified by the Directors to the ASX in accordance with S205G (1) of the Corporations Act 2001, are as follows:

	Ordinary Shares
K Bailey AM	300,000,740
S Edmonson	3,708,007
J Constable	930,352
K O'Leary	-
M Gentile	40,749,300

12. Equity securities on issue

	31 December 2025	31 December 2024
Ordinary fully paid shares	1,158,961,620	1,158,961,620

Unissued shares under option and performance rights

No options or performance rights were granted, cancelled or expired during or subsequent to the financial year (2024: 7,500,000 options expired)

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

At the date of this report there are no unissued ordinary shares of the Company under option or performance rights.

Shares issued on exercise of options and performance rights

No shares were issued on exercise of options or performance rights in the year.

Options granted to directors and executives of the Company

The Company has not granted any options over unissued ordinary shares in the Company to any directors or specified executive during or since the end of the financial year.

13. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Po Valley support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the ASX Corporate Governance Council and considers that Po Valley is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource company.

The Group has elected to publish its Statement of Corporate Governance Practices on its website www.povalley.com. In addition, each year the Key to Disclosures - Corporate Governance Council Principles and Recommendations - will be available to shareholders at the same time that the Annual Report is released.

14. Indemnification and insurance of officers

The Group has agreed to indemnify current Directors against any liability or legal costs incurred by a director as an officer of the Company or entities within the Group or in connection with any legal proceeding involving the Company or entities within the Group which is brought against the Director as a result of his capacity as an officer.

During the financial year the Group paid premiums to insure the Directors against certain liabilities arising out of the conduct while acting on behalf of the Group. Under the terms and conditions of the insurance contract, the nature of liabilities insured against and the premium paid cannot be disclosed.

15. Indemnification of auditors

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. The Group has not provided any insurance for an auditor of the Company.

16. Non audit services

During the year HLB Mann Judd, the Group's auditor, did not provide non-audit services. Refer to note 8 of the financial report for details of the auditor's remuneration.

17. Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

For personal use only

PO VALLEY ENERGY LIMITED
DIRECTORS' REPORT

18. Lead Auditor's independence declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the Directors' report for the financial year ended 31 December 2025.

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



Kevin Bailey AM
Chairman
31 March 2026

For personal use only

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Po Valley Energy Limited for the year ended 31 December 2025, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31 March 2026



M R Ohm
Partner

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

PO VALLEY ENERGY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

		CONSOLIDATED	
	NOTES	2025 €	2024 €
Continuing Operations			
Revenue from contracts with customers	4	7,047,458	6,524,036
Cost of sales	5	(809,148)	(744,691)
Royalties payable		(690,131)	(630,500)
Depreciation and amortisation expense – production assets	5	(546,846)	(532,206)
Gross profit		5,001,333	4,616,639
Other income		327,459	173,971
Employee benefit expenses	6	(835,351)	(784,517)
Depreciation expense		(28,291)	(27,205)
Corporate overheads	7	(558,084)	(533,851)
Profit from operating activities		3,907,066	3,445,037
Finance income		29,140	425
Finance expense		(51,406)	(54,063)
Net finance expense	9	(22,266)	(53,638)
Profit before tax		3,884,800	3,391,399
Income tax expense	10	(1,160,537)	(1,000,248)
Profit for the year		2,724,263	2,391,151
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		2,724,263	2,391,151
Basic earnings share (€-cents) from continuing operations	11	0.24	0.21

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

PO VALLEY ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	NOTES	CONSOLIDATED	
		2025 €	2024 €
Current Assets			
Cash and cash equivalents	12	2,462,580	4,993,913
Other financial assets	13	6,028,804	-
Trade and other receivables	14	839,203	1,107,553
Total Current Assets		9,330,587	6,101,466
Non-Current Assets			
Inventory – non-current		33,438	33,438
Other assets		4,678	4,678
Deferred tax assets	10	-	115,676
Property, plant & equipment	15	1,777,499	1,923,097
Resource property costs	16	10,550,134	9,998,987
Total Non-Current Assets		12,365,749	12,075,876
Total Assets		21,696,336	18,177,342
Current Liabilities			
Trade and other payables	17	1,137,759	987,075
Taxation payable		868,440	139,857
Lease liabilities	19	27,888	24,851
Provisions	18	3,852	2,974
Total Current Liabilities		2,037,939	1,154,757
Non-Current Liabilities			
Provisions	18	950,585	1,014,361
Lease liabilities	19	51,874	76,549
Total Non-Current Liabilities		1,002,459	1,090,910
Total Liabilities		3,040,398	2,245,667
Net Assets		18,655,938	15,931,675
Equity			
Issued capital	20	56,847,751	56,847,751
Reserves	20	1,192,269	1,192,269
Accumulated losses		(39,384,082)	(42,108,345)
Total Equity		18,655,938	15,931,675

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

PO VALLEY ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

Consolidated	Attributable to equity holders of the Company				Total €
	Issued capital €	Translation Reserve €	Share Based Payment Reserve €	Accumulated Losses €	
Balance at 1 January 2024	56,847,751	1,192,269	107,714	(44,607,210)	13,540,524
Profit for the year	-	-	-	2,391,151	2,391,151
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,391,151	2,391,151
Issue of securities (net of costs)	-	-	-	-	-
Options expired	-	-	(107,714)	107,714	-
Balance at 31 December 2024	56,847,751	1,192,269	-	(42,108,345)	15,931,675
Balance at 1 January 2025	56,847,751	1,192,269	-	(42,108,345)	15,931,675
Profit for the year	-	-	-	2,724,263	2,724,263
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,724,263	2,724,263
Issue of securities (net of costs)	-	-	-	-	-
Options expired	-	-	-	-	-
Balance at 31 December 2025	56,847,751	1,192,269	-	(39,384,082)	18,655,938

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

PO VALLEY ENERGY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTES	CONSOLIDATED	
		2025	2024
		€	€
Operating activities			
Receipts from customers		7,313,974	6,116,710
Receipts from joint operation partners (operations)		293,412	187,819
Payments to suppliers and employees		(2,180,654)	(2,020,821)
Interest received		336	425
Interest paid		(1,651)	(3,318)
Royalties paid		(616,131)	-
Taxes paid		(316,280)	(76,428)
Net cash from operating activities	12	4,493,006	4,204,387
Investing activities			
Investment in government bonds		(6,000,000)	-
Payments for property plant and equipment		(38,883)	(22,201)
Payments for resource property costs (net of joint operation partner recoveries)		(994,300)	(405,094)
Net cash used in investing activities		(7,033,183)	(427,295)
Financing activities			
Payments of lease liabilities		(28,900)	(28,700)
Net cash used in financing activities		(28,900)	(28,700)
Net (decrease) / increase in cash and cash equivalents		(2,569,077)	3,748,392
Cash and cash equivalents at 1 January		4,993,913	1,252,717
Exchange difference on cash and cash equivalents		37,744	(7,196)
Cash and cash equivalents at 31 December	12	2,462,580	4,993,913

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 1: SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

REPORTING ENTITY

Po Valley Energy Limited (“the Company” or “PVE”) is a listed public company domiciled in Australia. The consolidated financial report for the year ended 31 December 2025 comprises the Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities and operations.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on an historical cost basis, unless otherwise stated.

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

For the purpose of preparation of the consolidated financial statements the Company is a for-profit entity.

Adoption of New and Revised Standards – Changes in accounting policies on initial application of accounting standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting year ended 31 December 2025. There are no new or amended Accounting Standards which will materially affect the Group

(b) STATEMENT OF COMPLIANCE

The financial report was authorised for issue on 31 March 2026.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(c) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary, to align them with the policies adopted by the Group. Investments in subsidiaries are carried at cost less any impairment losses.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment losses.

(ii) Joint arrangements

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

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

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

(iii) Transactions eliminated on consolidation

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

(d) TAXATION

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

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance date.

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

Judgement is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgement is also required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(e) IMPAIRMENT

Non-financial assets

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

In calculating VIU, the estimated future cash flows are discounted to their present value using an after-tax discount rate (10%) that reflects current market assessments of the time value of money and the risks specific to the asset/CGU.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Group bases its impairment 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.

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

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

(f) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

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

Cost includes expenditure that is directly attributable to acquisition of the asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" in profit or loss.

(ii) Subsequent expenditure

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(iii) Depreciation

Gas producing assets

When the gas plant and equipment is installed ready for use, costs carried forward will be depreciated using the units-of-production method (“UOP”) over the life of the economically recoverable reserve (Proved plus Probable (2P)) from date of commencement of production.

The depreciation rate of gas plant and equipment used in the period of each project in production is as follows:

	2025	2024
Podere Maiar -1	8.26%	7.47%

The life of each item, assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation / amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimate changes.

Other property, plant and equipment

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, unless a units of production method represents a more reasonable allocation of the assets depreciable value over its economic useful life. The depreciation will commence when the asset is installed ready for use.

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

	2025	2024
Office furniture & equipment	3 – 5 years	3 – 5 years
Right-of-use assets: buildings	6 years	6 years

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(g) RESOURCE PROPERTIES

Exploration properties

Exploration properties are carried at cost less accumulated impairment losses. Exploration properties include the cost of acquiring resource properties, mineral rights and exploration and evaluation expenditure incurred subsequent to acquisition of an area of interest.

Exploration properties are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying value amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

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

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

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Development properties

Development properties are carried at balance date at cost less accumulated impairment losses. Development properties represent the accumulation of all exploration, evaluation and acquisition costs in relation to areas where the technical feasibility and commercial viability of the extraction of

PO VALLEY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

gas resources in the area of interest are demonstrable and all key project permits, approvals and financing are in place.

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

Production properties

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

Depletion charges are calculated to amortise the depreciable value of carried forward exploration, evaluation and subsurface development expenditure of production properties over the life of the Proved plus Probable (2P) reserves for a hydrocarbon reserve, together with future subsurface costs necessary to develop the respective hydrocarbon reserve.

Amortisation of costs is provided on the unit-of-production basis (UOP), separate calculations being performed for each area of interest. The UOP base results in an amortisation charge proportional to the depletion of economically recoverable reserves. The amortisation rate used in the period for each project in the production phase is as follows:

	2025	2024
Podere Maiar -1	8.26%	7.47%

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

The Group reviews the recoverable amount of resource property costs at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated (refer Note 1 (e)).

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(h) PROVISIONS

Restoration and rehabilitation costs

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

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

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

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

(i) FINANCIAL ASSETS

Government bonds are classified as financial assets.

The Group holds these bonds to collect contractual cash flows, which consist solely of principal and interest. Accordingly, the bonds are measured at amortised cost using the effective interest method. Interest income is recognised in the statement of profit or loss and other comprehensive income using the effective interest rate.

(j) REVENUE

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

Revenue from contracts with customers – gas sales

Gas sales revenue is recognised based on volume sold under contract with customers at the point in time where performance obligations are considered met. Generally, for the sale of gas, the performance obligation will be met when control of the gas passes at the delivery point. Gas sales

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

are based on market prices under contractual arrangement, at the time of the delivery, there is only minimal risk of change in transaction price to be allocated to the product sold. Accordingly, at the point of sale there is no significant risk of revenue reversal relative to the cumulative revenue recognised, there is no constraining of variable consideration.

During the current and previous year, 100% of the gas sales revenue were from one customer at any one time.

Proceeds received in advance of control passing are recognised as contract liability for deferred revenue. Deferred revenue liabilities unwind as revenue from contracts with customers, upon satisfaction of the performance obligation.

(k) EMPLOYEE BENEFITS

(i) Long-term service benefits

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

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

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

(iii) Superannuation

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

(l) 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.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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.

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to specific risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from transactions with customers and investments.

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

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

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

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

(ii) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Interest rate risk

The Group has significant cash assets which may be susceptible to fluctuations in changes in interest rates. Whilst the Group requires the cash assets to be sufficiently liquid to cover any planned or unforeseen future expenditure, which prevents the cash assets being committed to long term fixed interest arrangements. The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in bank accounts earning interest.

Currency risk

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

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

(iii) Capital Management

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

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

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

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

(iv) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

(v) Climate change risk

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

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

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

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

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 3: FINANCIAL REPORTING BY SEGMENTS

The Group's 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.

For personal use only

	Exploration and evaluation		Development		Production		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	€	€	€	€	€	€	€	€
External revenues	165,537	101,592	-	-	7,083,069	6,524,036	7,248,606	6,625,628
Segment profit before tax	70,202	57,630	-	-	4,971,178	4,605,478	5,041,380	4,663,108
Depreciation and amortisation - production	-	-	-	-	(546,846)	(532,206)	(546,846)	(532,206)
Unwind of discount on site restoration provision	-	-	-	-	(41,326)	(39,370)	(41,326)	(39,370)
Reportable segment assets:								
Resource property costs	6,205,373	5,148,625	-	-	4,344,761	4,850,362	10,550,134	9,998,987
Property, plant and equipment	-	-	-	-	1,698,219	1,820,071	1,698,219	1,820,071
Receivables	20,313	24,269	-	-	505,056	923,869	525,369	948,138
Other assets	33,438	33,438	-	-	-	-	33,438	33,438
	6,259,124	5,206,332	-	-	6,548,036	7,594,302	12,807,160	12,800,634
Capital expenditure	1,056,748	414,970	-	-	17,906	22,201	1,074,654	437,171
Reportable segment liabilities:								
Rehabilitation and restoration provision	-	-	-	-	(950,585)	(1,014,361)	(950,585)	(1,014,361)
Other liabilities	(90,578)	(61,312)	-	-	(779,740)	(734,546)	(870,318)	(795,858)
	(90,578)	(61,312)	-	-	(1,730,325)	(1,748,907)	(1,820,903)	(1,810,219)

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 3: FINANCIAL REPORTING BY SEGMENTS (continued)

Reconciliation of reportable segment profit or loss, assets and liabilities	CONSOLIDATED	
	2025 €	2024 €
Profit or loss:		
Total profit for reportable segments	5,041,380	4,663,108
<i>Unallocated amounts:</i>		
Net finance income / (expense) not allocated to reportable segments	19,060	(14,268)
Other expenses	(1,175,640)	(1,257,441)
Consolidated profit before income tax	<u>3,884,800</u>	<u>3,391,399</u>
Assets:		
Total assets for reportable segments	12,807,160	12,800,634
Other assets	8,889,176	5,376,708
Consolidated total assets	<u>21,696,336</u>	<u>18,177,342</u>
Liabilities:		
Total liabilities for reportable segments	(1,820,903)	(1,810,219)
Other liabilities	(1,219,495)	(435,448)
Consolidated total liabilities	<u>(3,040,398)</u>	<u>(2,245,667)</u>

Geographical Information – Non-Current Assets

The Group's non-current assets (excluding financial instruments and deferred tax assets) are all located in Italy.

Geographical Information – Revenue

All gas sales are generated in Italy

NOTE 4: REVENUE

Gas sales contract with customers	<u>7,047,458</u>	<u>6,524,036</u>
-----------------------------------	------------------	------------------

All gas sales are recorded as revenue at a point in time and are generated in Italy.

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	CONSOLIDATED	
	2025	2024
	€	€
NOTE 5: COST OF SALES		
Production operating costs	759,791	706,610
Capacity and transportation costs	49,357	38,081
Cash costs of production	<u>809,148</u>	<u>744,691</u>
Depreciation of plant and equipment	146,348	140,856
Depletion of resource property costs	400,498	391,350
Depreciation and amortisation expense	<u>546,846</u>	<u>532,206</u>
NOTE 6: EMPLOYEE BENEFIT EXPENSES		
Wages, salaries and fees	690,132	745,095
Contributions to defined contribution plans	145,219	147,444
Less: allocation to projects	-	(108,022)
	<u>835,351</u>	<u>784,517</u>
NOTE 7: CORPORATE OVERHEADS		
Corporate overheads comprise:		
Company administration and compliance	154,161	120,039
Professional fees	315,869	287,006
Office costs	38,334	30,861
Travel and entertainment	40,709	26,974
Other expenses	9,011	68,971
	<u>558,084</u>	<u>533,851</u>
NOTE 8: AUDITOR'S REMUNERATION		
Audit and review of the Group financial statements		
<i>Auditor of the Company: HLB Mann Judd</i>	<u>49,090</u>	<u>46,863</u>

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

CONSOLIDATED

2025 2024
€ €

NOTE 9: FINANCE INCOME AND EXPENSE

Recognised in profit and loss:

Interest income	29,140	425
Finance income	29,140	425
Interest expense	4,369	7,147
Unwind of discount on site restoration provision	41,326	39,370
Foreign exchange losses (net)	5,711	7,546
Finance expense	51,406	54,063
Net finance expense	(22,266)	(53,638)

NOTE 10: INCOME TAX

Current tax

Current year	1,053,312	178,093
--------------	-----------	---------

Deferred tax

Deferred tax expense	107,225	822,155
Total income tax expense	1,160,537	1,000,248

Numerical reconciliation between tax expense and pre-tax accounting profit

Profit for the year before tax from continuing operations	3,884,800	3,391,399
Income tax benefit expense using the Company's domestic tax rate of 30% (2024: 30%)	1,165,440	1,017,420
Permanent differences	(159,189)	(29,283)
Effect of tax rates in foreign jurisdictions	(268,279)	(231,324)
Current year losses and temporary differences for which no deferred tax asset was recognised	209,965	168,412
Changes in temporary differences	(102,775)	(103,070)
Foreign regional taxes payable	208,150	178,093
Income tax expense	1,160,537	1,000,248

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 10: INCOME TAX (continued)

Recognised deferred tax assets

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

	CONSOLIDATED	
	2025 €	2024 €
Tax losses (Italy)	-	179,276
Accrued expenses and liabilities	-	(63,600)
Recognised deferred tax assets	-	115,676

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

Unrecognised deferred tax assets

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

Tax losses (Australia)	3,765,927	3,780,878
Tax losses (Italy)	-	24,531
Deductible temporary differences	14,752	42,539
Unrecognised deferred tax assets	3,780,679	3,847,948

Deferred tax benefit will only be obtained if:

- (i) The relevant company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) The relevant company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the relevant company in realising the benefit from the deductions for the losses.

Movement in recognised temporary differences during the year

	Balance 1		Equity	Balance 31		Equity	Balance 31
	January 2024	Profit and loss		December 2024	Profit and loss		
Consolidated	€	€	€	€	€	€	€
Tax losses	910,822	(731,546)	-	179,276	(179,276)	-	-
Accrued expenses and liabilities	27,009	(90,609)	-	(63,600)	63,600	-	-
Total recognised deferred tax asset	937,831	(822,155)	-	115,676	(115,676)	-	-

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 11: EARNINGS PER SHARE

Basic earnings per share (€ cents)	0.24	0.21
------------------------------------	------	------

The calculation of basic earnings per share from continuing operations was based on the profit after tax for the year of €2,724,263 (2024: €2,391,151) and a weighted average number of ordinary shares outstanding during the year of 1,158,961,620 (2024: 1,158,961,620).

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

	CONSOLIDATED	
	2025	2024
	€	€
NOTE 12: CASH AND CASH EQUIVALENTS		
(a) Cash and cash equivalents	2,462,580	4,993,913
(b) Reconciliation of cash flows from operating activities		
Profit for the year	2,724,263	2,391,151
<u>Adjustment for non-cash items:</u>		
Depreciation and amortisation	575,137	559,411
Unrealised foreign exchange losses	(37,744)	7,196
Employee benefit costs capitalised	-	(108,022)
Interest on lease liabilities	2,718	3,829
Unwind of discount on site restoration provision	41,326	39,370
Plant and equipment written off		-
<u>Change in operating assets and liabilities:</u>		
Decrease / (increase) in receivables	222,634	(522,418)
Increase in trade and other payables	119,535	911,634
Increase / (decrease) in provisions	878	(1,583)
Increase in corporate and regional tax payable	728,582	101,665
Decrease in deferred tax assets	115,677	822,155
Net cash inflow from operating activities	4,493,006	4,204,387

NOTE 13: OTHER FINANCIAL ASSETS

Government Bonds

Italian Government Treasury Bond	6,000,000	-
Accrued interest receivable	28,804	-
	6,028,804	-

The bonds are issued by the Italian Government and carry fixed coupon rates ranging from 1.25% to 3.85%, with maturity dates between July 2026 and December 2026.

The Group's exposure to credit and interest risks related to trade and other receivables are disclosed in Note 21.

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	CONSOLIDATED	
	2025	2024
	€	€
NOTE 14: TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	268,464	188,811
Sundry debtors	47,814	17,182
Indirect taxes receivable	30,115	142,234
Accrued revenue	492,810	759,326
	<u>839,203</u>	<u>1,107,553</u>

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 21.

NOTE 15: PROPERTY PLANT & EQUIPMENT

Land – gas producing well site	58,690	52,100
Gas producing plant and equipment		
<i>At cost</i>	1,977,011	1,959,105
<i>Accumulated depreciation</i>	(337,482)	(191,134)
	<u>1,639,529</u>	<u>1,767,971</u>
Office Furniture & Equipment:		
<i>At cost</i>	29,666	29,666
<i>Accumulated depreciation</i>	(25,232)	(22,179)
	<u>4,434</u>	<u>7,487</u>
Right-of-use asset: Building (Note 19)		
<i>At cost</i>	154,556	150,011
<i>Accumulated depreciation</i>	(79,710)	(54,472)
	<u>74,846</u>	<u>95,539</u>
Total property plant & equipment	<u>1,777,499</u>	<u>1,923,097</u>

Reconciliations:

Reconciliation of the carrying amounts of each class of property, plant & equipment are set out below:

<i>Land – production well site</i>		
Carrying amount at beginning of period	52,100	52,100
Additions – improvements on land	6,590	-
	<u>58,690</u>	<u>52,100</u>
<i>Gas production plant and equipment</i>		
Carrying amount at beginning of period	1,767,971	1,886,626
Additions	17,906	22,201
Depreciation expense	(146,348)	(140,856)
	<u>1,639,529</u>	<u>1,767,971</u>

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

		CONSOLIDATED	
		2025	2024
		€	€
NOTE 15:	PROPERTY PLANT & EQUIPMENT (continued)		
	<i>Office furniture & equipment</i>		
	Carrying amount at beginning of year	7,487	9,569
	Depreciation expense	(3,053)	(2,082)
	Carrying amount at end of year	4,434	7,487
	<i>Right-of-use assets</i>		
	Carrying amount at beginning of year	95,539	119,328
	Remeasurement of lease arrangements	4,545	1,333
	Depreciation expense	(25,238)	(25,122)
	Carrying amount at end of year	74,846	95,539
		1,777,499	1,923,097
NOTE 16:	RESOURCE PROPERTY COSTS		
	Resource Property costs		
	Exploration and evaluation phase	6,205,372	5,148,624
	Development phase	-	-
	Production phase	4,344,762	4,850,363
		10,550,134	9,998,987
	Reconciliation of carrying amount of resource properties		
	<i>Exploration and Evaluation Phase</i>		
	Carrying amount at beginning of year	5,148,624	4,733,654
	Exploration expenditure	1,056,748	414,970
	Carrying amount at end of year	6,205,372	5,148,624
	Development Phase		
	Carrying amount at end of year	-	-

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

	CONSOLIDATED	
	2025	2024
	€	€
NOTE 16: RESOURCE PROPERTY COSTS (continued)		
Production Phase		
Carrying amount at beginning of period	4,850,363	5,241,713
Impact of changes to rehabilitation and restoration provision	(105,103)	-
Amortisation	(400,498)	(391,350)
	<u>4,344,762</u>	<u>4,850,363</u>

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.

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 its production assets 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 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 production assets, no impairment was required on the carrying value.

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 17: TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2025	2024
	€	€
Trade payables and accruals	1,137,759	987,075
	<u>1,137,759</u>	<u>987,075</u>

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 21.

NOTE 18: PROVISIONS

Current:

Employee leave entitlements	3,852	2,974
-----------------------------	-------	-------

Non-current:

Rehabilitation and restoration provision	950,585	1,014,361
--	---------	-----------

Reconciliation of rehabilitation and restoration provision:

Opening balance	1,014,361	974,991
Impact of changes to cost estimates	-	-
Impact of changes to assumptions	(105,102)	-
Unwind of discount	41,326	39,370
Closing balance	<u>950,585</u>	<u>1,014,361</u>

Provision has been made for the future removal and environmental restoration costs at the Podere Maiar-1 well site in the Selva Malvezzi production concession. The estimated future obligation includes the costs of removing facilities, abandoning well site, restoring the affected area and is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date.

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.

The estimated net present value at 31 December 2025 is €950,585 (net 63% to the Group) (31 December 2024 €1,014,361) based on an undiscounted total future liability of €1,122,572 (net) (2024: €1,122,572 (net)) using a discount factor, being the risk-free interest rate, of 3.95% p.a. and inflation rate of 2.29% p.a. Payments of these costs are expected at the end of the life of the field in approximately 12 years.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 19: LEASES

Leases as lessee

The Group leases office facilities in Rome under a new lease agreement. The lease runs for a period of six years from the start of the lease in October 2022.

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

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant & equipment (see Note 15).

	CONSOLIDATED	
	2025 €	2024 €
Buildings		
Balance at 1 January	95,539	119,328
Remeasurement of lease arrangements	4,545	1,333
Depreciation	(25,238)	(25,122)
Total	<u>74,846</u>	<u>95,539</u>
<i>Amounts recognised in profit and loss:</i>		
Interest on lease liabilities	2,718	3,829
<i>Amounts recognised in statement of cash flows:</i>		
Payment of lease liabilities	28,900	28,700
<i>Lease liabilities:</i>		
Lease liabilities are presented in the statement of financial position separately within liabilities as follows:		
Lease liabilities – current	27,888	24,851
Lease liabilities – non-current	<u>51,874</u>	<u>76,549</u>
	<u>79,762</u>	<u>101,400</u>

Lease liabilities are for the main operations office in Rome Italy. Future minimum lease payments at 31 December were as follows:

	Within one year	One to five years	After 5 years	Total
Lease payments	29,498	53,029	-	82,527
Finance charges	(1,610)	(1,155)	-	(2,765)
Net Present values	<u>27,888</u>	<u>51,874</u>	-	<u>79,762</u>

For personal use only

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

20: CAPITAL AND RESERVES

	Issue price	Ordinary Shares		CONSOLIDATED	
		2025 Number	2024 Number	2025 €	2024 €
Share Capital					
Opening balance - 1 January		1,158,961,620	1,158,961,620	56,847,751	56,847,751
Closing balance – 31 December		1,158,961,620	1,158,961,620	56,847,751	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.

	CONSOLIDATED	
	2025 €	2024 €
Reserves		
Translation Reserve	1,192,269	1,192,269
Share Based Payment Reserve	-	-
	<u>1,192,269</u>	<u>1,192,269</u>

Translation Reserve

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

Share Based Payment Reserve

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

Share based payment reserve reconciliation for the period:

Opening balance	-	107,714
Options exercised during the period	-	-
Performance rights exercised during the period	-	-
Options expired	-	(107,714)
Closing balance	-	-

Dividends

No dividends were paid or declared during the current year (2024: Nil).

For personal use only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

Profile

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

	CONSOLIDATED	
	2025	2024
	€	€
Variable rate instruments		
Financial assets	2,462,580	4,993,913
Financial liabilities	-	-
	<u>2,462,580</u>	<u>4,993,913</u>
Fixed rate instruments		
Financial assets	6,028,804	-
Financial liabilities	(79,762)	(101,400)
	<u>5,949,042</u>	<u>(101,400)</u>

Interest rate risk arises from the Group's exposure to changes in market interest rates on financial assets and liabilities. The Group holds Italian Government Treasury Bonds with fixed coupon rates that are measured at amortised cost in accordance with AASB 9 because the assets are held to collect contractual cash flows consisting solely of principal and interest.

As the bonds are measured at amortised cost, changes in market interest rates do not affect the carrying value recognised in the statement of financial position. However, the bonds are exposed to fair value interest rate risk, as their market value may fluctuate with changes in interest rates.

Sensitivity Analysis

Change in interest rates	Impact on fair value of bonds
+1% increase	Decrease of €4,420
-1% decrease	Increase of €4,426

The sensitivity analysis illustrates the estimated change in the fair value of the government bond portfolio, assuming all other variables remain constant. Because the bonds are measured at amortised cost, these fair value changes would not affect profit or loss or equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21: FINANCIAL INSTRUMENTS (continued)

Cash flow sensitivity analysis for variable rate instruments:

A strengthening of 50 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2024.

<i>Effect in €'s</i>	Profit or loss		Equity	
	2025	2024	2025	2024
31 December				
Variable rate instruments	12,313	24,970	-	-

(b) Credit Risk

Exposure to credit risk

The Group is not exposed to significant credit risk.

Credit risk with respect to cash is held with recognised financial institutions with acceptable credit ratings.

The Group's investment in Italian Government bonds is considered to have low credit risk due to the sovereign credit rating of the issuer.

The Group has limited its credit risk in relation to its gas sales in that all transactions fall within an offtake agreement with Hera. The Group has a concentration of credit risk exposure to its one customer. Settlement and payment terms are 20 days after month end, and the customer has an investment grade credit rating.

Receivables from joint operations partners fall under the Joint Operations Agreement for the development of the Selva project.

Other receivables from Government agencies have limited credit risk as these are either offset against other indirect taxes or payroll taxes payable first with any remainder receivable within a 12-month period.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21: FINANCIAL INSTRUMENTS (continued)

The carrying amount of the Group's financial assets represents the maximum credit exposure and is shown in the table below.

No receivables are considered past due nor were any impairment losses recognised during the period.

	Note	CONSOLIDATED Carrying Amount	
		2025 €	2024 €
Cash and cash equivalents	12	2,462,580	4,993,913
Other financial assets	13	6,028,804	-
Receivables – current	14	839,203	1,107,553
Other assets		4,678	4,678
		<u>9,335,265</u>	<u>6,106,144</u>

(c) Liquidity risk

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

**Consolidated
31 December 2025**

€	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 – 2 Years	2 – 5 Years
Trade and other payables	(2,006,199)	(2,006,199)	(2,006,199)	-	-	-
Lease liabilities	(79,762)	(82,527)	(14,700)	(14,798)	(53,029)	-
	<u>(2,085,961)</u>	<u>(2,088,726)</u>	<u>(2,020,899)</u>	<u>(14,798)</u>	<u>(53,029)</u>	<u>-</u>

31 December 2024

€	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 – 2 Years	2 – 5 Years
Trade and other payables	(1,126,932)	(1,126,932)	(1,126,932)	-	-	-
Lease liabilities	(101,400)	(108,000)	(14,400)	(14,400)	(57,600)	(21,600)
	<u>(1,228,332)</u>	<u>(1,234,932)</u>	<u>(1,141,332)</u>	<u>(14,400)</u>	<u>(57,600)</u>	<u>(21,600)</u>

For personal use only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21: FINANCIAL INSTRUMENTS (continued)

(d) Net Fair Values of financial assets and liabilities

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

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

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

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

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

Other financial assets	Carrying amount €	Fair value €
Italian Government Treasury Bonds	6,028,804	6,015,664

The fair value of Government Treasury Bonds is determined using quoted market prices in active markets (Level 1 inputs).

(e) Foreign Currency Risk

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

Amounts receivable/(payable) in foreign currency other than functional currency:	CONSOLIDATED	
	2025	2024
Cash	€ 41,604	€ 37,990
Current – payables	(72,758)	(5,816)
Net exposure	<u>(31,154)</u>	<u>32,174</u>

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 21: FINANCIAL INSTRUMENTS (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
Australian Dollar (\$)	0.571	0.610	0.575	0.598

Sensitivity Analysis

A 5% strengthening of these currencies against the Euro (€) at 31 December would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2024 was prepared using the same basis.

	CONSOLIDATED	
	Profit or loss €	Equity €
31 December 2025		
Australian Dollar to Euro (€)	(1,558)	-
31 December 2024		
Australian Dollar to Euro (€)	1,609	-

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

NOTE 22: COMMITMENTS AND CONTINGENCIES

Contractual 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 19)	29,498	53,029
	29,498	53,029	-

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 31 December 2025.

PO VALLEY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

NOTE 23: RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation included in employee benefit expenses (see Note 6) is as follows:

	CONSOLIDATED	
	2025	2024
	€	€
Short-term employee benefits	219,201	187,775
Termination benefits	-	-
Other long term benefits	-	-
Post-employment benefits	8,445	-
	<u>227,646</u>	<u>187,775</u>

NOTE 24: PARENT ENTITY DISCLOSURES

	COMPANY	
	2025	2024
	€	€
<i>Financial Position</i>		
Assets		
Current assets	82,540	66,429
Non-current assets	11,788,256	12,309,773
Total assets	<u>11,870,796</u>	<u>12,376,202</u>
Liabilities		
Current liabilities	(136,209)	(55,119)
Non-current liabilities	-	-
Total liabilities	<u>(139,209)</u>	<u>(55,119)</u>
Net Assets	<u>11,734,587</u>	<u>12,321,083</u>
Equity		
Issued capital	56,847,752	56,847,752
Reserves	-	-
Accumulated losses	(45,113,165)	(44,526,669)
Total equity	<u>11,734,587</u>	<u>12,321,083</u>
<i>Financial Performance</i>		
Loss	(586,496)	(463,332)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(586,496)</u>	<u>(463,332)</u>

For personal use only

PO VALLEY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

NOTE 25: INTERESTS IN OTHER ENTITIES AND JOINT OPERATIONS

The Group's interest in joint arrangements at 31 December 2025 is as follows:

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

The Group received the Selva Malvezzi Production concession in July 2022 and holds a 63% interest in the field together with Prospex Oil and Gas Plc ("Prospex") holding 37% (includes 20% held by Prospex subsidiary UOG Italia S.r.l). Po Valley Operations (100% subsidiary of the Company) is operator under a Joint Operations Agreement ("JOA").

Subsidiaries

The parent and ultimate controlling party of the Group is Po Valley Energy Limited. The investments held in controlled entities are included in the financial statements of the parent at cost less any impairment losses. Details of the subsidiary is tabled below:

Name:	Country of Incorporation	Class of Shares	2025 Investment €	2024 Investment €	Holding %
Po Valley Operations Pty Limited ("PVO")	Australia	Ordinary	4,253,419	4,253,419	100

NOTE 26: SUBSEQUENT EVENTS

Subsequent to year end, the directors declared an intention to pay a final dividend of AU\$0.00043 per share (total AU\$500,000) unfranked, payable on 31 March 2026. This dividend has not been recognised as a liability at the reporting date.

There were no other events between the end of the financial year and the date of this report that, in the opinion of the Directors, will affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

For personal use only

PO VALLEY ENERGY LIMITED

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Po Valley Energy Ltd is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the Group).

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency:

Current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance.

Foreign tax residency:

Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residence to ensure applicable foreign tax legislation has been complied with.

In accordance with subsection 295(3A) of the Corporations Act 2001, the consolidated entity disclosure statement provides information about each entity that was part of the Group at the end of the financial year.

Entity Name	Parent Entity	Entity Type	Place Formed/ Country of Incorporation	Ownership Interest %	Tax Residency
Po Valley Energy Ltd	-	Body corporate	Australia	-	Australia
Po Valley Operations Pty Ltd	Po Valley Energy Ltd	Body corporate	Australia	100%	Australia
Po Valley Operations Pty Ltd	Po Valley Energy Ltd	Branch	Branch registered as business in Italy	100%	Italy

For personal use only

DIRECTORS' DECLARATION

1. In the opinion of the directors of Po Valley Energy Limited ("the Company"):
 - i) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance, for the financial year ended on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - ii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - iii) the financial statements and notes are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
 - iv) the information disclosed in the Consolidated Entity Disclosure Statement is true and correct.
2. The directors have been given the declarations required by 295A of the *Corporations Act 2001* for the financial year ended 31 December 2025.

This declaration is made in accordance with a resolution of directors.



Kevin Bailey AM
Chairman
31 March 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Po Valley Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the 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 31 December 2025, 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 year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

hlb.com.au

HLB Mann Judd ABN 22 193 232 714

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matter	How our audit addressed the key audit matter
<p>Revenue recognition Refer to Note 4 to the financial report</p> <p>The Group generates revenue from gas sales. The Group recognised sales revenue of €7,047,458 for the year (2024: €6,524,036).</p> <p>Revenue recognition is considered to be a key audit matter given the significance of revenue to the Group's results as well as the fraud risk around revenue recognition including:</p> <ul style="list-style-type: none"> - An overstatement of revenues through premature revenue recognition or recording of fictitious revenues; or - Revenue not being recognised when control is transferred to the customer, resulting in it not being recognised in the correct accounting period. <p>Revenue is recognised when control is transferred to the buyer and the amount of revenue can be reliably determined. This occurs for the Group when the control of gas passes at the delivery point.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the Group's processes for revenue recognition and controls in place around gas sales; - Performing substantive tests of detail of all gas sales transactions during the year to supporting documentation and receipt of cash; - Assessing the Group's policies for recognition of revenue against the requirements of the accounting standards and ensuring these are applied correctly and adequately disclosed in the financial statements; - Performing sales cut-off procedures focusing on sales around balance date, testing a sample of transactions to underlying documentation and assessing the period in which they were recognised; and - Assessing the appropriateness of the disclosures in the financial report.
<p>Recoverability of exploration and evaluation assets Refer to Note 16 in the financial report</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group's accounting policy is to capitalise exploration and evaluation expenditure. As at 31 December 2025 the Group had €6,205,372 of capitalised exploration and evaluation costs.</p> <p>Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation costs, as this is one of the most significant assets of the Group. We planned our work to address the risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation costs may exceed their recoverable amounts.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of the key processes associated with management's review of the carrying values of each area of interest; - Verifying a sample of amounts capitalised; - Considering management's assessment of potential indicators of impairment; - Obtaining evidence that the Group has current rights to tenure of its areas of interest; - Examining the exploration budget and discussing with management the nature of planned activities; - Enquiring with management, reviewing ASX announcements and reviewing minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and - Assessing the appropriateness of the disclosures in the financial report.

Recoverability of gas producing plant and equipment and production assets

Refer to notes 15 and 16 of the financial report

As at 31 December 2025 the Group had gas producing plant and equipment with a carrying value of €1,639,529 and production phase assets of €4,344,762.

Assessing the recoverability and carrying value of these balances was considered to be a key audit matter due to the judgements and estimations involved.

These estimations and judgements relate to two main areas, being impairment indicators and depreciation and amortisation associated with these assets.

Impairment indicators involve assessing future forecasts and judgement around recoverability of the assets.

Depreciation and amortisation involve using estimated reserves and resources in a units of production methodology.

Our audit procedures included but were not limited to the following:

- Obtaining an understanding of the processes and controls in place around management's assessment of the recoverability of the assets;
 - Testing for impairment indicators to determine whether any such indicators exist at balance date;
 - Reviewing future plans for the cash-generating unit and ensuring that such plans support the recoverability of the related assets;
 - Ensuring items capitalised during the year were appropriate to capitalise;
 - Assessing the application of reserves and resources in the depreciation/amortisation models by comparing them to the latest published statement and underlying records.
 - Testing the mathematical accuracy of the depreciation/amortisation models; and
 - Assessing the adequacy of the Group's disclosures within the financial statements.
-

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (b) the consolidated entity disclosure statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Po Valley Energy Limited for the year ended 31 December 2025 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2026



M R Ohm
Partner