PME Biofuels Ltd
ABN 91 107 920 945

Annual Report
30 June 2020

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Contents

Directors' Report

PME Biofuels Ltd directors present their report on the Company for the financial year ended 30 June 2020.

Directors

The following persons were directors of PME Biofuels Ltd during or since the financial year and up to the date of this report unless otherwise stated:

James B. Richardson
Paul Simon Finkelstein
Guy Le Page

Principal activities

During the financial year the company did not trade.

Dividends

There were no dividends paid or declared during the year [2019: nil].

Review of operations

The only expenses the Company incurred in 2020 were legal, accounting fees, audit fees and statutory fees.

The only expenses that will be incurred in 2021 will be statutory fees, accounting fees & audit fees.

Matters subsequent to the end of the financial year

The Company is undertaking legal due diligence on a material mineral resource in Central Asia with a view to acquiring this project, raising capital and listing on the Australian Securities Exchange.

Other than the above mentioned sale, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years,
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

Further information on likely developments within the Company and the expected results of operations have not been included in this annual report as the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Information on Directors

James B Richardson Dip Fin.Plan. *Managing Director. Age 63.*

Experience and expertise
James is a founding director and a shareholder of PME. James is also a director of RM Capital Pty Ltd and is actively involved in a range of corporate activities on behalf of RM Capital. James has been actively involved in the development, documentation, negotiation and marketing of a number of successful financial instruments that have encompassed various sectors of the investment market.

His experience has been gained predominantly from the front end of these commercial transactions that have included complex negotiations between various government departments, both domestic and international. James has been employed as a specialist business development executive in some of the most successful national financial services organisations. Several of these investment companies have since become listed on ASX. He has gained extensive experience in evaluating investment opportunities, structuring projects and negotiating financial transactions to meet the expectations of the investment market, in particular the retail public. He holds a Diploma in Financial Planning from Deakin University in Victoria.

Paul Simon Finkelstein CPA. *Non Executive Director. Age 70.*

Experience and expertise
Paul is a Certified Practising Accountant and a Senior Consultant in Finkelstein Hickmott Pty Ltd, Certified Practising Accountants. Paul was a Principal in his own practice for over 30 years, and during that time was involved with general business consultancy, and the set up and development of a number of service related businesses. In recent years, he has focused on the areas of general business consulting and business management. He has previously been a director of various ASX listed companies. His primary focus is corporate governance.

Guy Le Page B.A, B.Sc. B.App.Sc. (Hons), MBA, M.Fin.Plan., GradDipAppFin&Inv MAusIMM, FFIN
Non-Executive Director. Age 56.

Mr Le Page is currently a director & corporate advisor of RM Corporate Finance Pty Ltd specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles.

Mr Le Page was Head of Research at Morgan Stockbroking Limited (Perth) prior to joining Tolhurst Noall as a Corporate Advisor in July of 1998. As Head of Research, Mr Le Page was responsible for the supervision of all Industrial and Resources Research. As a Resource Analyst, Mr Le Page published detailed research on various mineral exploration and mining companies listed on the Australian Securities Exchange.

Prior to entering the stockbroking industry, he spent 10 years as an exploration and mining geologist in Australia, Canada and United States. His experience spans gold and base metal exploration and mining geology, and he has acted as a consultant to private and public companies.

Mr Le Page holds a Bachelor of Arts, a Bachelor of Science and Master' s Degree in Business Administration from the University of Adelaide, a Bachelor of Applied Science (Hons) from the Curtin University of Technology, a Master's in Financial Planning from Kaplan and a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.

Meetings of Directors

	Full meetings of directors	
	A	B
James B Richardson	**1**	**1**
Paul Finkelstein	**1**	**1**
Guy Le Page	**1**	**1**

A = Number of meetings attended
B = Number of meetings entitled to attend during the time the director held office

Insurance of officers

During the financial year, the Company did not pay any premium to insure the directors, secretary and divisional general managers of the company (2019: nil).

Indemnification of officers

The Company has indemnified each officer of the Company out of the assets of the Company to the relevant extent against any liability incurred by the officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the duties of the officer. An officer means a Director, Secretary, executive officer or employee of the Company.

Proceedings on behalf of the Company

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of the directors' report.

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

James Richardson – Director
Perth

17th May 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PME Biofuels Ltd for the year ended 30 June 2020, 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
17 May 2021

L Di Giallonardo
Partner

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PME Biofuels Ltd
ABN 91 107 920 945
Financial report - 30 June 2020

Contents

This financial report covers the financial statements for PME Biofuels Ltd. The financial report is presented in Australian currency.

PME Biofuels Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

PME Biofuels Ltd
Level 1
1205 Hay Street
West Perth WA 6005

A description of the nature of the Company's operations and its principal activities is included in the directors' report on page 1, which is not part of this financial report.

The financial report was authorised for issue by the directors on the 17th May 2021. The directors have the power to amend and reissue the financial report.

PME Biofuels Ltd
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	**2020** $	2019 $
Interest income	3	**24**	176
Dividends Received	3	**34,007**	-
Capital Gain on Sale of Investments	3	**23,111**	-
Administration costs		**(12,362)**	(19,374)
Profit / (Loss) before income tax		**44,780**	(19,198)
Income tax expense	4	-	-
Profit / (Loss) for the year		**44,780**	(19,198)
Other comprehensive income, net of income tax			
Net changes in fair value of equity investments		36,385	-
Other comprehensive income for the year, net of tax		**36,385**	-
Total comprehensive loss for the year		**81,165**	(19,198)

The accompanying notes form part of these financial statements.

PME Biofuels Ltd
Statement of Financial Position
As At 30 June 2020

	Note	**2020** **$**	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	5	**17,375**	26,955
Trade and other receivables	6	**1,646**	1,478
Total current assets		**19,021**	28,433
Non-Current assets			
Equity investments	7	**164,539**	68,097
Total non-current assets		**164,539**	68,097
Total assets		**183,560**	96,530
LIABILITIES			
Current liabilities			
Trade and other payables	9	**20,721**	14,856
Total current liabilities		**20,721**	14,856
Total liabilities		**20,721**	14,856
Net assets		**162,839**	81,674
EQUITY			
Issued capital	10	**6,061,697**	6,061,697
Accumulated losses		**(5,939,389)**	(5,984,169)
Revaluation reserve	11	**40,531**	4,146
Total equity		**162,839**	81,674

The accompanying notes form part of these financial statements.

PME Biofuels Ltd
Statement of Changes in Equity
For the Year Ended 30 June 2020

	Note	Issued Capital $	Accumulated Losses $	Revaluation Reserve $	Total Equity $
Balance as at 1 July 2018		6,061,697	(5,964,971)	4,146	100,872
Loss for the year		-	(19,198)	-	(19,198)
Other comprehensive income, net of income tax	11	-	-	-	-
Total comprehensive loss for the year			(19,198)	-	(19,198)
Balance at 30 June 2019		6,061,697	(5,984,169)	4,146	81,674
Balance as at 1 July 2019		6,061,697	(5,984,169)	4,146	81,674
Profit for the year		-	44,780	-	44,780
Other comprehensive income, net of income tax	11	-	-	36,385	36,385
Total comprehensive loss for the year		-	44,780	36,385	81,165
Balance at 30 June 2020		6,061,697	(5,939,389)	40,531	162,839

The accompanying notes form part of these financial statements.

PME Biofuels Ltd
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		**(6,576)**	(28,043)
Interest received		**23**	176
Net cash outflow from operating activities	16	**(6,553)**	(27,867)
Cash flows from investing activities			
Sale of Listed Investments		**86,973**	-
Purchase of Unlisted Investments		**(90,000)**	-
Net cash outflow from investing activities		**(3,027)**	-
Net decrease in cash and cash equivalents		**(9,580)**	(27,867)
Cash and cash equivalents at the beginning of the financial year		**26,955**	54,822
Cash and cash equivalents at end of year	5	**17,375**	26,955

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

(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, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis, except for equity investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

The company is a public company, incorporated and operating in Australia. The entity's principal activities are in Australia.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2020
In the year ended 30 June 2020, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the company accounting policies, other than the adaption of AASB 16 Leases:

AASB 16 Leases
The new AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations.
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short term and low value asset leases.
- provides new guidance on the application of the definition of lease and on sale and lease back accounting.
- largely retains the existing lessor accounting requirements in AASB 117.
- requires new and different disclosures about leases.

Impact on finance leases
The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.
AASB 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117.
Based on an analysis of the Company's finance leases as at 30 June 2020 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that this change will not have an impact on the amounts recognised in the Company's financial statements.

(c) Statement of Compliance

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).

(d) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no critical accounting judgements or key sources of estimation uncertainty that have been applied in the current financial year.

1. Statement of Significant Accounting Policies (continued)

(d) Critical accounting judgements and key sources of estimation uncertainty (continued)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(e) Going Concern

At balance date, the company had cash assets of $17,375 and working capital deficit of $1,700. The directors recognise that the company is required to generate funding in the future to enable it to meet ongoing administration costs and to continue as a going concern. The directors are confident that this funding can be obtained, however if the company is unable to obtain sufficient funding, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and extinguish its liabilities in the normal course of business.

(f) Segment reporting

A business segment is identified for a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of PME Biofuels Limited.

During the year, the Company did not trade. Accordingly, no further disclosure is required in the notes to the financial statements.

(g) Foreign Currency Translation

Both the functional and presentation currency of PME Biofuels Ltd is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(i) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable

income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

1. Statement of Significant Accounting Policies (continued)

(i) Income Tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) Other taxes

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Impairment of assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. Statement of Significant Accounting Policies (continued)

(l) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(m) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

(n) Financial assets

A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). The company has made this election in respect of its equity investments as set out in Note 7.

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(o) Derecognition of financial assets and financial liabilities

(i) Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

1. Statement of Significant Accounting Policies (continued)

(o) Derecognition of financial assets and financial liabilities (continued)

- the Company has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a

guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-

settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

2. Financial Instruments

(a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from 2019.

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

(b) Categories of financial instruments

	2020 $	2019 $
Financial assets		
Loans and receivables	**1,646**	1,478
Cash and cash equivalents	**17,375**	26,955
Investments	**164,539**	68,097
Financial liabilities		
Trade and other payables	**20,721**	14,856

(c) Financial risk management

The Company is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the board of directors. The board identifies and evaluates financial risks and also assesses overall risk management.

(d) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(i) Foreign exchange risk

The Company undertook transactions denominated in foreign currencies during the current year and certain losses were incurred on foreign currency translation.

(ii) Interest rate risk management

The Company is exposed to interest rate risk to the extent that they receive interest on bank deposits. The Company's exposures to interest rate on financial assets are detailed in the liquidity risk management section of this note.

(iii) Interest rate risk sensitivity analysis

During 2019/2020, if interest rates had been 5% higher or lower than the prevailing rates realised, with all other variable held constant, there would have been an immaterial change in post-tax profit for the year. The impact on equity would have been the same.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading record to rate its major customers.

2. Financial Instruments (continued)

(e) Credit Risk Management (continued)

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's expected maturity for its financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Less than 6 mths	6 – 12 mths	Total
	$	$	$
At 30 June 2020			
Non-interest bearing	-	-	-
At 30 June 2019			
Non-interest bearing	-	-	-

(g) Fair value

All financial assets and financial liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

3. Revenue

	2020	2019
From operations	$	$
Interest	24	176
Dividends Received	34,007	-
Capital Gain on Sale of Investments	23,111	
	57,142	176

4. Income tax expense

	2020	2019
(a) Numerical reconciliation of income tax expense to prima facie tax payable	$	$
Profit/(Loss) before income tax expense	44,780	(19,198)
Prior year losses applied	(44,780)	-
	-	(19,198)
Tax at the Australian tax rate of 30% (2019: 27.5%)	-	(5,279)
Deferred tax asset not recognised	-	5,279
	-	-

	2020	2019
	$	$
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**2,214,906**	2,200,569
Potential tax benefit @ 30% (Australian) (2019: 27.5%)	**664,472**	605,156
	664,472	605,156

5. Cash and cash equivalents

	2020	2019
	$	$
Cash at bank and on hand	**17,375**	26,955

Cash at bank bears interest at a floating rate which was 1.5% per annum (2019: 1.5%) at the reporting date.

6. Trade and other receivables

	2020	2019
	$	$
Other receivables	**1,646**	1,478
Total other receivables	**1,646**	1,478

7. Equity investments

	2020	2019
	$	$
Interfone Pte Ltd – at cost	**1,315,476**	1,315,476
Less: Provision for Impairment	**1,315,475**	(1,315,475)
	1	1
Tribune Resources Ltd	**157,158**	-
Prometheus Minerals Ltd	**7,380**	-
Pointerra Limited	**-**	68,096
	164,539	68,097

The equity investments, being shares in ASX listed company Tribune Resources Limited, unlisted Australian company Prometheus Minerals Ltd and unlisted foreign company Interfone Pte Ltd (incorporated in Singapore), are classified as fair value through other comprehensive income. The market value of all listed equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. The value of unlisted shares, including Interfone Pte Ltd, has been impaired to $1 in prior periods. Interfone Pte Ltd ceased trading in May 2017. The directors believe an estimate of the fair value of this investment as at 30 June 2020 to be $1.00. These investments were classified as Level 1 financial instruments.

8. Loan Receivable

	2020	2019
	$	$
Loan receivable from Interfone Pte Ltd	**8,958**	8,958
Less Provision for Impairment	**(8,958)**	(8,958)
Total	**-**	-

9. Trade and other payables

	2020	2019
	$	$
Other payables	**20,721**	14,856

10. Issued capital

a) Share capital

	2020	2020	2019	2019
	Shares	**$**	Shares	$
Ordinary shares				
Fully paid	**48,333,900**	**6,061,697**	48,333,900	6,061,697

b) Movements in ordinary share capital

	2020		2019	
	Shares	$	Shares	$
Movement in ordinary shares on issue				
Balance at beginning of financial year	48,333,900	6,061,697	48,333,900	6,061,697
Balance at end of financial year	48,333,900	6,061,697	48,333,900	6,061,697

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

d) Options

There are no options outstanding at the end of the financial year.

11. Reserves

a) Revaluation Reserve

Movements in revaluation reserve were as follows:	2020	2019
	$	$
Balance 1 July	**4,146**	4,146
Revaluation of equity investments	**36,385**	-
Balance 30 June	**40,531**	4,146

b) The revaluation reserve is used to record increases and decreases in the fair value of equity investments.

12. Key management personnel disclosures

(a) Directors
The following persons were directors of PME Biofuels Ltd during the current and prior financial year:

a. *Executive directors*
   James B Richardson
b. *Non-executive directors*
   Paul Finkelstein
   Guy Le Page

12. Key management personnel disclosures (continued)

(b) Other key management personnel

No other persons had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year.

(c) Key management personnel compensation

	2020	2019
	$	**$**
Short-term employee benefits	-	-
	-	-

(d) Key management personnel disclosures

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

Other than the above criteria there is no relationship between the compensation policy and the Company's performance.

(e) Equity instrument disclosures relating to key management personnel

Option holdings
No options are held by key management personnel (2019: NIL).

Share holdings
The numbers of shares in the Company held during the financial year by each director of PME Biofuels Ltd including their personally related parties are set out below:

2020 **Name**	Balance 1 July	Received during the year on the exercise of options	Other changes during the year	Balance 30 June
Directors of PME Biofuels Ltd				
Ordinary shares				
James B Richardson	6,342,799	-	(400,000)	5,942,799
Guy Le Page	6,042,799		(517,799)	5,525,000

2019 Name	Balance 1 July	Received during the year on the exercise of options	Other changes during the year	Balance 30 June
Directors of PME Biofuels Ltd				
Ordinary shares				
James B Richardson	6,342,799	-	-	6,342,799
Guy Le Page	6,042,799			6,042,799

13. Remuneration of auditors

During the year the following fees were paid or payable for services provided by an auditor of the Company.

(a) Audit services	2020 $	2019 $
HLB Mann Judd		
Audit of financial report	**3,000**	10,000
Total remuneration for audit services	**3,000**	10,000

14. Commitments

(a) Lease commitments

The Company does not have any commitments that require disclosure. (2019: nil)

15. Related party transactions

(a) Key management personnel

Disclosure relating to key management personnel are set out in note 12.

16. Reconciliation of profit/(loss) after income tax to net cash outflow from operating activities

	2020 $	2019 $
Profit/(Loss) for the year	**44,780**	(19,198)
Dividend Received (non-cash)	**(34,007)**	-
Gain on Sale of Investments	**(23,111)**	-
(Increase)/ decrease in receivables	**(168)**	681
Increase/(decrease) in trade and other creditors	**5,865**	(9,350)
Other	**88**	-
Net cash outflow from operating activities	**(6,553)**	(27,867)

17. Events after balance date

The company is undertaking legal due diligence on a material mineral resource in Central Asia with a view to acquiring this project, raising capital and listing on the Australian Securities Exchange.

Other than the above mentioned due diligence, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(a) the Company's operations in future financial years,
(b) the results of those operations in future financial years, or
(c) the Company's state of affairs in future financial years.

PME Biofuels Ltd

ABN 91 107 920 945

Directors' Declaration
For the Year Ended 30 June 2020

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*, including:

      (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
      (ii) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

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

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

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

James Richardson
Director
Perth

May 17th 2021

INDEPENDENT AUDITOR'S REPORT
To the members of PME Biofuels Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PME Biofuels Ltd ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2020 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 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.

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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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view 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 Company 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 Company 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 Company'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 Company'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 Company 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, related safeguards.

HLB Mann Judd	**L Di Giallonardo**
Chartered Accountants	**Partner**

Perth, Western Australia
17 May 2021