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## ASX Announcement

26 October 2021

### Selva Natural Gas Field Development and Market Update

Po Valley's primary focus since completing the \$10m capital raising in July 2021 has been to secure approvals and expedite development of the Selva Gas field. Since that time, there have been some changes to the development plan for Selva which will affect both estimated capital expenditure as well as time of execution. There has also been a change in market conditions in the Italian and European Gas markets, namely an unprecedented increase in natural gas prices.

#### Selva Malvezzi Production Concession – 100% PVE (Operator)<sup>1</sup>

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

The Board would like to provide the market with the following Selva update:

- **Schedule update:** In accordance with the gas network code, the national pipeline operator is responsible for both the costs to construct the grid connection point for new gas developments as well as the construction itself. Following a review of the tie in execution plan with pipeline operator Snam, we have been informed that the estimated time to complete the tie would delay first gas to the first half of 2023. It is our understanding that long lead times of equipment and materials over the past year in part flowing from Covid has caused a bottleneck effect in supply lines.
- **Capital Expenditure estimate (100% basis):** Recent increases in the prices of equipment materials, namely steel, have resulted in an increase in the development capex for the Selva Gas field which is now estimated to be Euro 2.65 million (compared to Euro 2.3 million) (refer ASX release dated 18 June 2021)
- **Regulatory approvals.** The Ministry has confirmed they are progressing the Selva and Teodorico production concessions and we expect the INTESA for Selva to be approved by the Regional Government in 4Q21 and the full production concession granted in 1Q22.
- **Environmental Monitoring:** Initial GPS monitoring began in June 2020 and this program will be continued jointly with seismic and subsidence monitoring programs. The first 12 months of full monitoring will be completed within December 2022.



The Board and Management team are committed to do their utmost to improve this revised development timeline including working closely with SNAM, appreciating however that some aspects are out of our direct control.

Gas prices in Italy have surged from around Euro 20 cents per scm to above Euro 90 cents per scm reflecting inventory shortages in Italy and Europe underpinning strong economics for both Selva and Teodorico.

Michael Masterman, Chairman of Po Valley commented "We are very focused on doing everything we can to expedite the development of Selva in a exceptionally strong gas market environment. Regulatory changes and supply chain issues are certainly challenging. We are confident we have the fundamentals in place to move to first gas production."

*This announcement has been authorised for release by the board*

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