



ABN 33 087 741 571

1 March 2022

ASX Announcement

UPDATE ON ITALIAN PLANNING REGULATIONS REGARDING OIL&GAS ACTIVITIES (PITESAI - PLAN OF AREAS)

Po Valley Energy would like to provide an update on the Italian Government's recently published plan of sustainable energy transition of suitable areas ("**Pitesai**", "**Plan**" or "**Plan of Areas**").

The Plan and details are quite complex and the team and external advisors to Po Valley have reviewed the plan carefully with the aim to analyse and understand the implications to the company and its portfolio of licenses.

The Plan was finalised on the 28th of December 2021 and made public on the 11th of February 2022 when it was adopted by the Ministry of Ecological Transition (MiTE). By means of background, the Pitesai process started in February 2019 along with a ban on new exploration & production activities which was instigated by the former government. Indeed, only production concessions, including the Selva and Teodorico production concession applications, were allowed to continue through the permitting process on the basis that they were projects which were well advanced.

The Plan's purpose was to define suitable areas, onshore and offshore, where exploration and production activities would be allowed without threatening Italy's environmental, social and economic sustainability. While not specifically requested by the European Commission, Italy, like all member states, is required to delineate its regulations to align with the overall decarbonisation goals set by the European Union. This plan was an additional elective step taken by the former coalition government.

Separately, following the Winter 2022 European energy crisis, the new Italian Government has issued an Energy Decree with a view to reduce gas imports, currently around 97% of which 42% from Russia, by doubling the national production of natural gas. According to annual reports issued by the Ministry of Economic Development, doubling national production would increase domestic gas production from 4MMsmc to 8 MMsmc. The Italian government and the European Commission have both recognized natural gas as a strategic transition fuel in the overall decarbonisation journey.

In addition to the definition of suitable areas, an important outcome of the Pitesai is the ban of new oil activities.

Po Valley has reviewed the documentation issued by MiTE and considered the impacts on its own Exploration and Production assets.

| Registered Office | Rome Office |
|--|--|
| Suite 8, 7 The Esplanade Mt Pleasant WA 6153 Australia TEL +61 (08) 9316 9100 FAX +61 (08) 9315 5475 | Via della Luce, 58 Rome, 00153 Italy TEL +39 06 4201 4968 FAX +39 06 4890 5824 |

The main conclusions following this review are as follows:

- **Selva Malvezzi /Podere Maiar** onshore gas field is unaffected. Additional gas prospects in the concession such as Selva North, Selva South and Riccardina are unaffected. We are seeking further clarification with the Ministry on East Selva.
- **Teodorico** offshore gas field may be affected by the Pitesai as the existing 12-mile no development zone has been extended due to the recent institution of environmental protected areas in proximity of the license. Po Valley has initiated a discussion with the Ministry in order to better understand the impact on the basis that the concession was requested before the Pitesai process started in February 2019, it received environmental approval last year and the gas field reserves are in excess of the threshold for continuation.
- **Torre del Moro**: we are seeking clarification on how the gas condensate exploration and targeted gas cap may be treated.
- **Cadelbosco/Grattasasso**: Canolo and Zini gas prospects remain unaffected. Activity for Bagnolo and Ravizza oil discoveries as detailed in table 1 below will not proceed under the new plan and we will adjust resource and reserve definitions accordingly. Expenditure to date on these oil discoveries has been negligible (approximately Euro 30,000). Not proceeding with the Bagnola and Ravizza projects is not considered to be material to the Company.

Table1:

| Licence | Project | Reserves | | | Contingent Resources Oil MMbbl | | | Prospective Resources | | |
|--------------------------|------------------|----------|----|----|-----------------------------------|------|------|-----------------------|------|-------|
| | | 1P | 2P | 3P | 1C | 2C | 3C | Low | Best | High |
| Cadelbosco ¹ | Bagnolo in Piano | | | | 6.6 | 27.3 | 80.6 | | | |
| | Bagnolo SW | | | | | | | 22.1 | 54.5 | 112.0 |
| Grattasasso ¹ | Ravizza | | | | 2.8 | 16.1 | 41.6 | | | |

¹ Resource estimated are as reported and CPR reports dated 29 April 2019. Refer ASX announcement 29 April 2019

Following careful review, Po Valley intends to relinquish the exploration acreage which is no longer eligible for development under the Plan of Areas.

The Plan of Areas documentation is extensive and complicated. The Board and Management will continue to analyse the details to develop the best course of action.

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

For further information please contact:

Michael Masterman, Po Valley CEO, 0418 951 792

Reserves and Resources¹

| Licence | Project | Reserves | | | Contingent Resources | | | Prospective Resources | | |
|-----------------------------------|---------------------------|------------------------|------|------|----------------------|------|------|-----------------------|-------|-------|
| | | Gas Bcf | | | | | | | | |
| | | 1P | 2P | 3P | 1C | 2C | 3C | Low | Best | High |
| AR94PY | Teodorico outside 12miles | 26.7 | 36.5 | 47.5 | | | | | | |
| | Teodorico Inside 12 miles | | | | 7.4 | 10.6 | 14.0 | | | |
| | PL3-C | | | | | | | 7.9 | 15.9 | 25.0 |
| Podere Gallina [Net] ² | Selva (Podere Maiar1) | 2.6 | 8.4 | 18.8 | | | | | | |
| | Selva level A South | | | | 0.7 | 1.1 | 2.3 | | | |
| | Selva level B North | | | | 2.2 | 5.6 | 11.2 | | | |
| | Selva level B South | | | | 0.6 | 2.2 | 5.9 | | | |
| | Cembalina | | | | | | | 1.3 | 2.1 | 3.0 |
| | Fondo Perino | | | | | | | 6.4 | 9.2 | 12.9 |
| | East Selva | | | | | | | 18.3 | 21.9 | 25.6 |
| Riccardina | | | | | | | 8.2 | 24.4 | 81.2 | |
| Cadelbosco di Sopra | Zini (Qu-B) | | | | 1.1 | 2.7 | 4.6 | | | |
| | Canolo (Qu-A) | | | | 0.7 | 1.1 | 1.7 | | | |
| | Canolo (Plioc) | | | | 0.4 | 3.6 | 10.5 | | | |
| | Zini (Qu-A) | | | | | | | 0.6 | 1.4 | 2.4 |
| Licence | Project | Reserves | | | Contingent Resources | | | Prospective Resources | | |
| | | Oil MMbbl ³ | | | | | | | | |
| | | 1P | 2P | 3P | 1C | 2C | 3C | Low | Best | High |
| Torre del Moro | Torre del Moro | | | | | | | 65.0 | 106.0 | 240.0 |

¹ Reserve and Resource estimated are as reported and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019 (Refer ASX announcements 19 February 2018, 8 February 2019, 26 April 2019)

² Net to the Company's 63% economic interest in Podere Gallina

³ Resources relating to oil discoveries at Bagnolo and Ravizza removed from this table

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements referred to in this announcement and, in the case of estimates for petroleum reserves, contingent resources and prospective resources, all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.