



31 October 2019

## QUARTERLY ACTIVITIES REPORT

### For the 2019 September quarter and to the date of this report

Australia's Po Valley Energy Limited, ("Po Valley" or "The Company") is pleased to provide its Quarterly Activities Report for the period ending 30 September 2019, covering the Company's further progress on gas and oil exploration, development and production outcomes across its onshore and offshore assets in northern Italy.

### Highlights

Highlights for the quarter include:

- **Selva Malvezzi (Onshore Gas):** Steady progress with environmental approval for the Selva gas field development. Final EIA integrations requested from Ministry of Environment have been formally submitted and under final Ministry review.
- **Teodorico (Offshore Gas):** Primary environmental approval was granted and subsequent Integrations requested by the Italian Ministry in accordance with the new regulatory decree of February 2019 were submitted for final Ministry review.
- **Torre del Moro (Oil/Gas condensate):** Following maiden prospective resources of 106 million barrels (best estimate), well location and associated regional source and migration studies were commenced to further de-risk this large prospect.
- **Bagnolo in Piano and Ravizza (Oil):** Following increases in Ravizza and Bagnolo in Piano Contingent Resources to 16.1 and 27.3 million barrels recoverable (2C), work on production profiles for horizontal wells in both these oil discoveries was commenced and will be reviewed in the 2019 December quarter.
- **Corporate:** A\$1.4m placement successfully completed to several institutional and sophisticated investors.

### Po Valley CEO, Michael Masterman:

*"The team has made good progress with final environmental approval documentation for the Selva and Teodorico gas field developments being submitted. We expect to proceed to final grant of production concessions in the New Year.*

*"In addition, work has continued to advance the large gas condensate/oil developments and prospects in the portfolio."*

### **Selva Malvezzi Production Concession – 63% PVE**

Selva advanced steadily through the quarter with the final submission of the Integrated Environmental Approval documentation to the Italian Ministry. This follows extensive consultation and positive feedback from the relevant regional and national environmental departments.

Po Valley was formally granted the Selva Malvezzi preliminary gas Production Concession (80.68km<sup>2</sup>) by the Italian Ministry for Economic Development. The EIA study was officially submitted to competent authorities on April 19<sup>th</sup> and officially illustrated to the Ministry of Environment on July 11<sup>th</sup>. Following concession preliminary award, Reserves of 13.3bcf (2P, 100%) (refer ASX announcement 8 February 2019) were certified and new Contingent Resources in the Selva North and South Flank of 14.1bcf (2C,100%) have been added (refer ASX announcement 26 April 2019).

Under the first phase of the development plan, Po Valley will install a fully automated gas plant at the existing Selva/Podere Maiar 1dir well site and install a one-kilometre long pipeline to connect the well with the nearby Italian National Gas Grid. Based on dynamic reservoir studies, the field development is designed to produce at a rate of up to 150,000 cubic metres/day (5.3 mmscf/day) from successfully tested C1 and C2 production levels in the Medium-Upper Pliocene sands of the Porto Garibaldi Formation (refer ASX announcement 29 May 2018).

### **Teodorico Offshore Gas Field Development (100% PVE)**

Following the granting of the primary environmental approval in March 2019, during the quarter Teodorico continued to advance through the regulatory approval process. Key related EIA approval integrated documentation has now been submitted and Po Valley expects to complete the regulatory approval process early in 2020.

The Teodorico gas field is located in shallow waters (30m) of 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's gas fields and is at an advanced stage of assessment, ready for development.***

### **Torre del Moro Gas / Oil Condensate Exploration (100% PVE)**

The PVE team, with independent third-party assessment and validation from French consultancy, CGG, has previously announced a Maiden Prospective Resource of 106 million barrels recoverable (best estimate) from an OOIP of 312 million barrels (refer ASX announcement 26 April 2019).

The evaluation highlighted a large and clearly structurally closed faulted ramp anticline feature structurally and geologically similar to the already discovered Villafortuna oil field in northern Italy's Po Valley plain area (in which in excess of 230MMbbls oil has been produced). The presence of an active petroleum system is demonstrated by the oil shows in the nearby Sarsina-1 well drilled down dip from Po Valley's Torre del Moro prospect.

The team has commenced regional exploration evaluation work to better define the source and migration of oil or gas condensate to this large structural trap. Well location studies were also commenced during the quarter.

### **Ravizza, Bagnolo in Piano, and Bagnolo SW Exploration (100% PVE)**

The significant upgrade in the estimated 2C resources in Bagnolo in Piano and Ravizza oil discoveries, from 5.6 million and 4.4 million barrels respectively to 27.3 million and 16.1 million barrels (as independently assessed and validated by French consultancy, CGG) were previously reported (refer ASX announcement 26 April 2019). These upgrades resulted from refreshed seismic and geological evaluation work and resulted in enhanced structure volumes. Recovery factors are increased by making use of horizontal development wells which have been extensively deployed in these types of reservoirs. In addition, available data of similar oil fields such as Cavone and Villafortuna was utilised.

In addition to these Contingent Resources estimates, a maiden Prospective Resource of 54.5 million barrels (best estimate) has been defined in the Bagnolo SW prospect, being a geological/structural south-western extension of the Bagnolo in Piano oil discovery (refer ASX announcement 26 April 2019).

Work has advanced on the two oil fields to finalise a preliminary horizontal drilling program and associated oil production profile for the development of both oil discoveries. Updated production profiles and well development programs will be complete by the March quarter of 2020.

### **Corporate**

Po Valley remains a northern Italy-focused energy development and exploration company with a streamlined focus on four large assets:

- The onshore gas development at Selva Malvezzi;
- Offshore Adriatic gas development at Teodorico;
- The large-scale gas/oil condensate exploration licence at Torre del Moro, and
- The expanded Ravizza and Bagnolo oil reservoirs and extensions.

The Company's priority is very focused on bringing the low cost Selva Malvezzi and Teodorico fields into gas production. The size and scale of Torre del Moro and Ravizza / Bagnolo in Piano, warrant initiatives to de-risk and prioritise the projects and design drilling programs. PVE's focus and progress is continuing to yield significant results.

While the current Italian regulatory environment remains challenging, the Italian Ministry has confirmed that recent government amendments to energy policy will not affect the approval processes for Selva Malvezzi and Teodorico, both of which continue to progress through the normal approval procedures. Gas remains a critical transition fuel in Italy's move to greater renewables and the development and employment generation from the Company's two advanced projects enjoy good local support.

## Summary of Tenements

	Tenement	Location	Interest held
PROD. CONCESSIONS	PREL. AWARDED <i>Teodorico (d.40.AC-PY)</i>	Italy, Adriatic Offshore	100% Po Valley
	PREL. AWARDED <i>Selva Malvezzi</i>	Italy, Emilia Romagna	63% Po Valley
EXPL. PERMITS	<i>AR94PY</i>	Italy, Adriatic Offshore	100% Po Valley
	<i>Cadelbosco di Sopra</i>	Italy, Emilia Romagna	85% Po Valley
	GRANTED <i>Grattasasso</i>	Italy, Emilia Romagna	100% Po Valley
	<i>Podere Gallina</i>	Italy, Emilia Romagna	63% Po Valley
	<i>Torre del Moro</i>	Italy, Emilia Romagna	100% Po Valley

## Reserves and Resources\*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
AR94PY	Teodorico outside 12 miles	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]	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	2.9
	Fondo Perino							6.4	9.2	12.9
	EastSelva[Net]							18.3	21.9	25.6
Riccardina							8.2	24.4	81.2	
Cadelbosco di Sopra [Net]	Zini (Qu-B)				0.9	2.3	3.9			
	Canolo (Qu-A)				0.6	0.9	1.4			
	Canolo (Plioc)				0.3	3.1	8.9			
	Zini (Qu-A)							0.5	1.2	2.0
<b>Oil MMbbl</b>										
Torredel Moro	Torredel Moro							65.0	106.0	240.0
	Cadelbosco	Bagnolo in Piano				6.6	27.3	80.6		
		Bagnolo SW						22.1	54.5	112.0
Grattasasso	Ravizza				2.8	16.1	41.6			

\*Refer ASX announcements and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019

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.

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