



31 July 2020

QUARTERLY ACTIVITIES REPORT

For the 2020 June 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 June 2020, 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):** The Italian Ministry of Environment published the technical positive opinion on environmental compatibility for the Selva gas field development in January 2020; project came back to new environmental technical commission for additional minor review. Production concession approval is expected in the second half of calendar 2020.
- **Teodorico (Offshore Gas):** Environmental technical commission confirmed "environmental compatibility" of the project in April 2020. Final production concession approval is expected in 2nd half 2020.
- **Covid-19 and Italian Government state of emergency.** Po Valley's team continue to operate under 'Smart Working' conditions from home, with minimal field operations.
- **Corporate:** PVE is actively looking to expand its portfolio of large, low-cost, onshore gas fields in Europe.

Po Valley CEO, Michael Masterman:

"In a very challenging Covid-19 environment, Po Valley has advanced its gas field developments in Italy while keeping its people safe and streamlining costs."

Selva Malvezzi Production Concession – 100% PVE (Operator)¹

In the Selva gas field, east of Bologna, development and preliminary work has now commenced to prepare the field for maiden gas production in 2021. Final EIA decree is expected in 3Q 2020.

This follows the granting early last year to Po Valley of the formal Selva Malvezzi preliminary gas Production Concession (80.68km²) by the Italian Ministry for Economic Development.

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 maximum 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).

In accordance with environmental monitoring plan, in June a GPS subsidence monitoring system was installed at the Podere Maiar well pad.

1. Italian Authorities approved the quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit where PVO is operator in March 2020; deeds of assignment were signed in June 2020; waiting for final decree. Transfer approval for Selva Malvezzi to be formally requested.

Teodorico Offshore Gas Field Development (100% PVE)

The Teodorico gas field is located in shallow east coast 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. Primary environment approval was granted in 2019.

Teodorico continued during the quarter to advance through the regulatory approval process. Key related EIA approval integrated documentation has been discussed and approved by the Environmental Technical Commission in April 2020. Po Valley expects to complete the regulatory approval process in the second half of 2020.

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)

Torre del Moro is a very large oil prospect with a maiden Prospective Resource of 106 million barrels best estimate and has the potential to transform the size and scale of the Company's operations.

A preliminary well location has been identified and the study of land constraints is underway.

The current focus of activities for the Torre del Moro site, south of Forli, is the study of the petroleum system and the drilling plan for submission to the Government as soon as the exploration activities ban ends in August 2021.

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

Development design work for these two proven undeveloped oil fields between Bologna and Parma has advanced with production profiles, development plan, design and verification work at an advanced stage. Po Valley's objective is to complete production planning and well design during the second half of 2020.

COVID-19 Impact

COVID-19 continues to have a significant impact in Italy. The Company's priority remains keeping our operations team safe. The team continue to operate under 'Smart Working' regime from home with minimal field operations and have effectively advanced several key workstreams.

Italian Government programs have allowed Po Valley to assess and streamline cost structures whilst continuing to advance our projects through the approval process so that the Company is ready to invest and create new jobs in the Italian energy sector as the economy recovers from this crisis.

Corporate

Related party transactions included in section 6 of the Appendix 5B ('Payments to related parties of the entity and their associates') are amounts paid during the quarter that relates solely to the payment of salaries and wages to members of the Board of Directors amounting to €8,167.

Director and related party financing facilities were extended with additional funding provided during the quarter of €60k and subsequent to the quarter end to the date of this report an additional amount €72k. These loans have been provided on the same terms as the existing facilities being unsecured repayable 31 December 2020 with interest rate of 10% p.a.

Po Valley remains a northern Italy-focused energy development, exploration and near-term production company with a streamlined focus on five 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 (Grattasasso Permit) and Bagnolo (Cadelbosco Permit) oil reservoirs and extensions

In these challenging times, it is a credit to our team, with the support of the Italian authorities, that we have been able to advance our natural gas projects through the approval processes.

This announcement has been authorised for release by the Board of Directors of the Company

Summary of Tenements

	Tenement	Location	Interest held
PRODUCTION CONCESSIONS	PREL. AWARDED	<i>Teodorico (d.40.AC-PY)</i>	Italy, Adriatic Offshore
	PREL. AWARDED	<i>Selva Malvezzi⁽¹⁾</i>	Italy, Emilia Romagna
EXPLORATION PERMITS		<i>AR94PY</i>	Italy, Adriatic Offshore
	GRANTED	<i>Cadelbosco di Sopra⁽²⁾</i>	Italy, Emilia Romagna
		<i>Grattasasso</i>	Italy, Emilia Romagna
		<i>Podere Gallina⁽¹⁾</i>	Italy, Emilia Romagna
		<i>Torre del Moro</i>	Italy, Emilia Romagna

1. Italian Authorities approved quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit where PVO is operator in March 2020; deeds of assignment were signed in June 2020; waiting for final decree. Transfer approval for Selva Malvezzi to be formally requested.
2. After Petrorep Italiana request, Italian Government on 25 February 2020 approved the 15% licence quota to be transferred from Petrorep Italiana to Po Valley Operations, now operator at 100%.

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	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

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

Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
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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