



30 July 2018

QUARTERLY ACTIVITIES REPORT

For the 2018 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 2018, covering the Company's gas exploration, development and production outcomes across its onshore and near offshore energy assets in northern Italy.

Highlights

Key highlights for the quarter include:

- Application lodged for the Selva production concession following the significant gas discovery confirmed at the Podere Maiar 1dir well
- Advancement of the planned 3D seismic programme to define large gas field targets at Selva South, Selva East and Riccardina within the planned Selva production concession
- Progression of Teodorico through the environmental approval process – targeting EIA approval end calendar 2018
- Purchase of 2D seismic from ENI on the Torre del Moro licence and its structure
- Completion of the merger of Coro Energy/Saffron Energy with Sound Energy Italy and GBP14m capital raising
- Completion by Po Valley of the in-specie distribution of its Coro shares on a 5.9 to 1 basis to PVE shareholders

Selva Malvezzi production concession – 63% PVE

PVE has formally submitted the production concession (80.8 Km²) application to the Italian Ministry for the development of the Selva Malvezzi field. This followed the successful flow testing of the field's recently drilled Podere Maiar 1dir exploration well within the Podere Gallina Exploration licence in northern Italy (PVE 63% Operator; United Oil & Gas Plc 20%; Prospex Oil & Gas Plc 17%).

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 at a cost of EUR2.4m (A\$3.78m) and install a one kilometre long pipeline to connect with the nearby Italian National Grid. Based on dynamic reservoir studies, the field development is designed to produce, in the first phase, at a rate of up

to 150,000 cubic metres (5.3 mmscf/day) a day from successfully tested C1 and C2 production levels in the Medium-Upper Pliocene sands of the Porto Garibaldi Formation.

In the second phase of the development (contingent on 3D seismic results), additional wells would be drilled: a Selva gas field development well, the highly prospective Selva East, Selva South Flank, and Riccardina prospects, all of which fall within the production concession application area. Following the success of the Podere Maiar 1dir well in January this year, 3D seismic will be acquired (subject to JV approval) across these areas in the second half of 2018 or early 2019 with a view to significantly increasing the size of the Selva natural gas resource.

Preparation is advanced to proceed forward with a 3D seismic programme in the December 2018/March 2019 quarters and a formal Selva JV decision is expected in August.

The UNMIG office in Bologna has extensively reviewed the application and the Italian Ministry is expected to review the Selva production application at its next Hydrocarbon Commission meeting, expected in the September quarter.

In parallel, Po Valley has commenced preparation of environmental approval documentation.

Teodorico Offshore Gas field development (100% PVE)

The Teodorico gas field is located in shallow waters of the northern Adriatic Sea – the primary source of domestic gas production for much of Italy – and in close proximity to existing off-shore gas production facilities.

Teodorico has the largest gas in place of all of Po Valley's gas fields, is at an advanced stage of assessment and is ready for development. The Company received a preliminary award of the Teodorico Production Concession last year and is advanced in securing environmental approval - the main step before full grant of the Production Concession.

In the June quarter, approvals of Teodorico continued to advance with a number of key meetings completed with Environmental Approval officials.

Additional requested information is under preparation and our target remains environmental approval at the end of 2018.

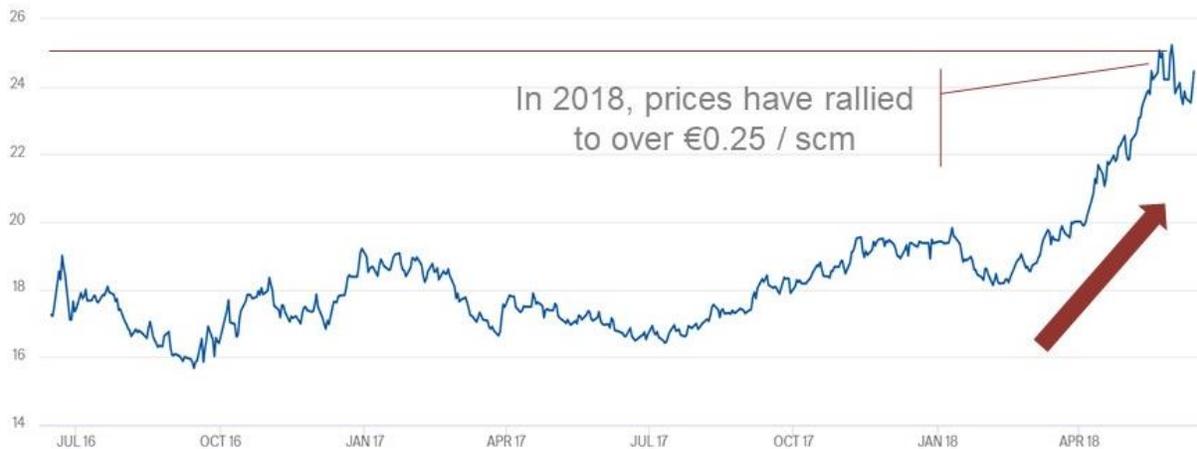
Torre del Moro Gas/Oil Condensate exploration (100% PVE)

Following the grant of the Torre del Moro licence in northern Italy, Po Valley has moved to purchase 2D seismic covering the large anticline structure in the centre of the Torre del Moro licence. The data has been received and is currently being processed as part of a full geological and geophysical study expected to be completed at the end of 2018.

Market Conditions

The energy market in Italy remained very strong through the June quarter with prices rising to EUR0.25c/cm on the back of stronger demand and strong global energy markets.

Italian PSV¹ Natural Gas Price (€ / scm)



1 – PSV = Punto di Scambio Virtuale («Virtual Trading Point») organized and managed by Snam Rete Gas.

Corporate

During the quarter, Po Valley completed the restructuring and spin-off of its subsidiary, Saffron Energy Plc (now Coro Energy Plc) to Po Valley Energy shareholders. A number of key transactions were completed from late in March through to July to finalise the transactions:

- Saffron Energy Plc acquired Sound Energy Italy and completed a GBP14m (A\$24.8m) capital raise.
- Po Valley Energy secured shareholder approval and proceeded to distribute the 100m shares it held in Saffron Energy to Po Valley Energy shareholders. Po Valley shareholders received 1 Coro Energy Plc (Saffron Energy Plc) share for every 5.9 shares held in Po Valley Energy.

With the completion of the merger and capital raising, and the distribution of 100m Saffron/Coro shares to shareholders, Po Valley remains a northern Italy focused energy development and exploration company but with a more streamlined focus on three large assets:

- The onshore gas development at Selva
- Offshore Adriatic development at Teodorico, and
- The large-scale gas/oil condensate exploration licence at Torre del Moro.

The restructuring has substantially streamlined the business and allowed the skilled technical team to focus on these three large high impact gas and oil assets. The focus and progress is yielding significant results.

Po Valley completed a A\$2.5 million convertible note issue in June to fund ongoing Selva, Teodorico and Torre del Moro development.

Consolidated cash-at-bank at the end of the quarter was €1.01 million (A\$1.6 million). This figure is after deconsolidation of Saffron Energy Plc following the Coro transaction and distribution of Coro shares to PVE shareholders.

Summary of Tenements

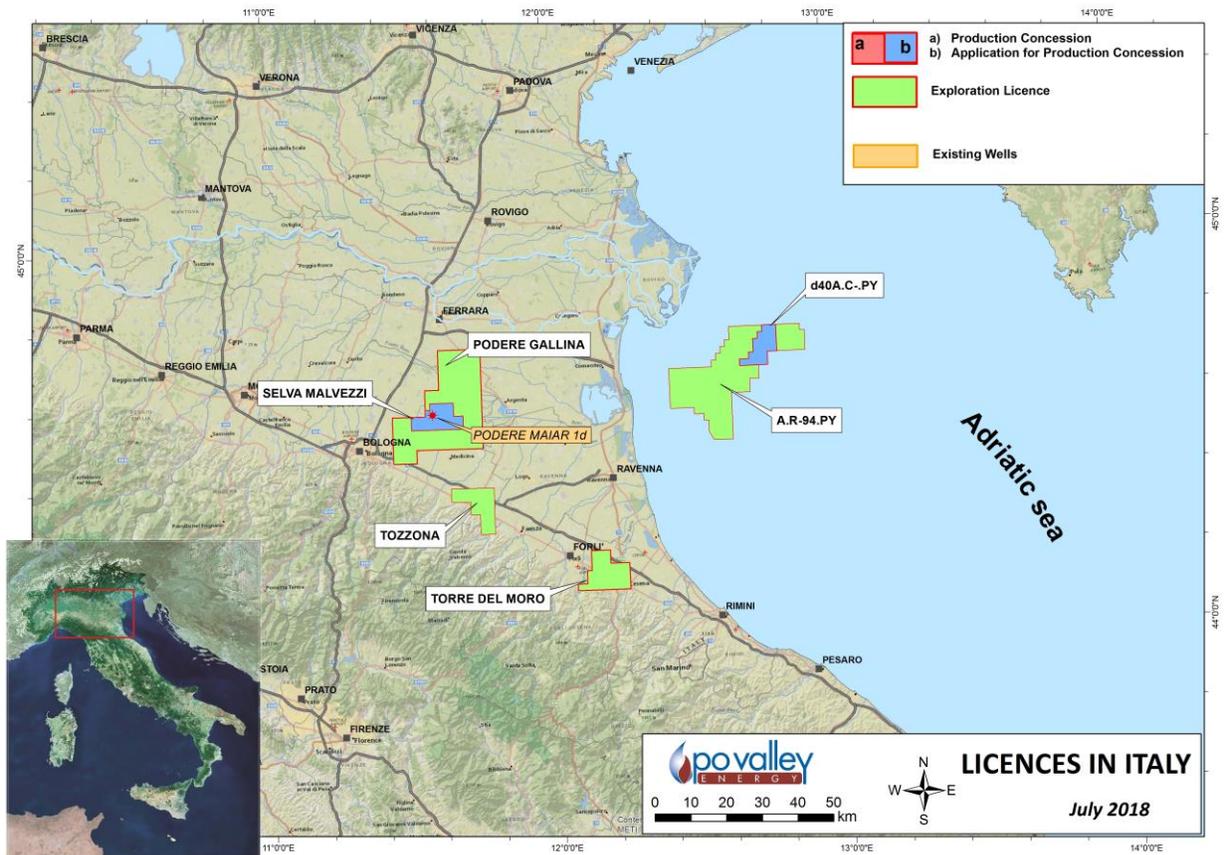
Licences held by Saffron Energy Plc (now Coro Energy Plc) have been removed following the successful spinoff of Coro Energy in the June Quarter 2018. See prospectus for details.

	Tenement	Location	Interest held	
PROD. CONCESSIONS	PREL. AWARDED	Teodorico (d.40.AC-PY)	Italy, Adriatic Offshore	100% Po Valley
	APPLICATION	Selva Malvezzi	Italy, Emilia Romagna	63% Po Valley
EXPL. PERMITS	GRANTED	AR94PY	Italy, Adriatic Offshore	100% Po Valley
		Cadelbosco di Sopra	Italy, Emilia Romagna	Sold to Delta Energy*
		Grattasasso	Italy, Emilia Romagna	Sold to Delta Energy*
		Podere Gallina	Italy, Emilia Romagna	63% Po Valley
		Torre del Moro	Italy, Emilia Romagna	100% Po Valley
		Tozzona **	Italy, Emilia Romagna	100% Po Valley

* Sale still under finalisation - waiting for Ministry approval

** Waiting for voluntary relinquishment approval

Licences in Italy



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