



31 October 2018

## **QUARTERLY ACTIVITIES REPORT**

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

### **Highlights**

Key highlights for the quarter include:

- Advancement towards Preliminary award of the Selva gas field production concession
- Technical definition 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 area
- Acceleration of the offshore Teodorico gas project through the environmental approval process
- Purchase of 2D seismic and commencement of geological and geophysical evaluation of the Torre del Moro gas / oil condensate target

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

PVE has formally submitted the gas production concession (80.68km<sup>2</sup>) 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 €2.4m (AU\$3.78m) 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 (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:

- i) a Selva gas field development well

ii) exploration wells

in 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, preparation is now advanced to proceed with a 3D seismic acquisition programme in the December 2018 / March 2019 quarters with a view to significantly increase the size of the Selva natural gas resource. Final bids will be received shortly and a final Joint Venture decision will be made in November 2018.

An extensive technical review of the Selva production concession application has been completed by UNMIG (Economic Development Ministry - Bologna department) and its approval is expected to be considered at the next Italian Ministry Hydrocarbon Commission meeting, expected in November.

In parallel, Po Valley has advanced preparation of the environmental approval documentation and is ready to submit it shortly after the expected preliminary production concession award.

### **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 for 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 September quarter, approvals of Tedorico accelerated with key meetings with the Environmental Approval officials completed and all requested information provided to the Ministry. The Company's target for environmental approval is 1Q 2019.

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

Following the purchase of existing 2D seismic lines for Torre del Moro, geological and geophysical evaluations of this large gas / oil condensate prospect have advanced with an update report expected in November 2018. This work will advance quantitative estimates of the size of the prospective resource and target drilling location.

### **Market Conditions**

The energy market in Italy strengthened further in the September quarter with prices rising to €0.30/cm on the back of stronger demand and strong global energy markets. The Italian gas price has increased 50% this year and oil prices have increased from US\$55/barrel to US\$80/barrel over the past 12 months.

## Italian PSV<sup>1</sup> Natural Gas Price (€ / scm)



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

### Corporate

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

- The onshore gas development at Selva
- Offshore Adriatic gas 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 continuing to yield significant results.

Consolidated cash-at-bank at the end of the quarter was €123,000 (AU\$198,000).

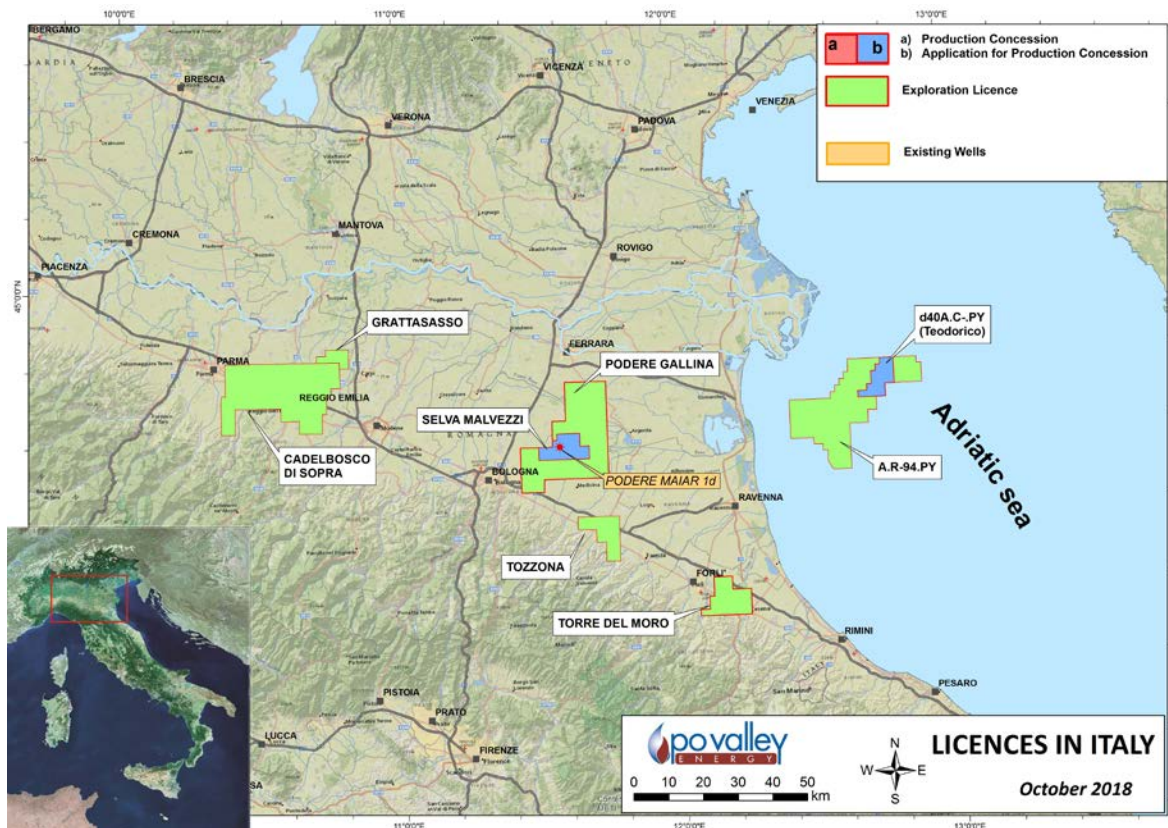
### Summary of Tenements

Po Valley will now retain the Grattasasso and Cadelbosco di Sopra licences in northern Italy (Refer ASX announcement 11/10/2018) following a major shareholder of Delta Energy blocking completion of the proposed Delta Energy acquisition transaction. Given the higher oil price, upgraded potential of the two existing oil fields and the shallow gas development opportunities, Po Valley will now focus its attention on realizing significant value from these assets.

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

\* Waiting for voluntary relinquishment approval

## Licences in Italy



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