



31 January 2019

QUARTERLY ACTIVITIES REPORT

For the 2018 December 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 31 December 2018, covering the Company's gas and oil exploration, development and production outcomes across its onshore and offshore assets in northern Italy.

Highlights

Highlights for the quarter include:

- **Selva:** Key milestone achieved with the preliminary award of the Selva Malvezzi gas field production concession, an important step towards near-term development
- **Selva:** 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 Malvezzi production concession area
- **Teodorico:** Significant progress made through the environmental approval process
- **Torre del Moro:** Completion of the first phase of geological and geophysical evaluations of the gas / oil condensate target
- **Corporate:** A\$1.2m placement successfully completed to several institutional and sophisticated investors

Po Valley CEO, Michael Masterman commented:

"This quarter saw significant progress with key milestones achieved across all three assets. The preliminary award of the Selva production license is a key milestone in advancing the asset towards production, along with further work preparing the 3D seismic programme to define additional large gas targets across Po Valley's permit. In addition, our offshore Teodorico gas project is progressing strongly with the environmental approval process nearing completion.

Po Valley also successfully completed a A\$1.2m capital raising from institutional and sophisticated investors with the proceeds to be applied towards the development of Selva and Teodorico across 2019."

Selva Malvezzi Production Concession – 63% PVE

Po Valley was formally granted the Selva Malvezzi preliminary gas production concession (80.68km²) by the Italian Ministry, for the development of the Selva Malvezzi gas field.

Under the first phase of the development plan, Po Valley will install a fully automated gas plant at the existing Selva/Podere Maiar 1 dir 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 (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 (refer ASX announcement 29 May 2018).

In parallel, Po Valley has completed the environmental approval documentation and will submit the documentation in the March quarter 2019.

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 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. The Company received a preliminary award for the Teodorico production concession last year and understands environmental approval is imminent. EIA approval is the main step before full grant of the production concession.

In the December quarter, Teodorico neared final approval, with key meetings with the Environmental Approval officials now complete. 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 finalised in December 2018. This work has advanced quantitative estimates of the size of the prospective resource and target drilling location.

Market Conditions

The energy market in Italy rebalanced in the December quarter with prices stabilising around €0.25/cm on the back of modest gas demand and volatile global energy markets.

Italian PSV¹ Natural Gas Price (€ / scm)



¹ – PSV = Punto di Scambio Virtuale («Virtual Trading Point») organised 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 internal restructuring over 2017-2018 substantially streamlined the business and allowed our 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.

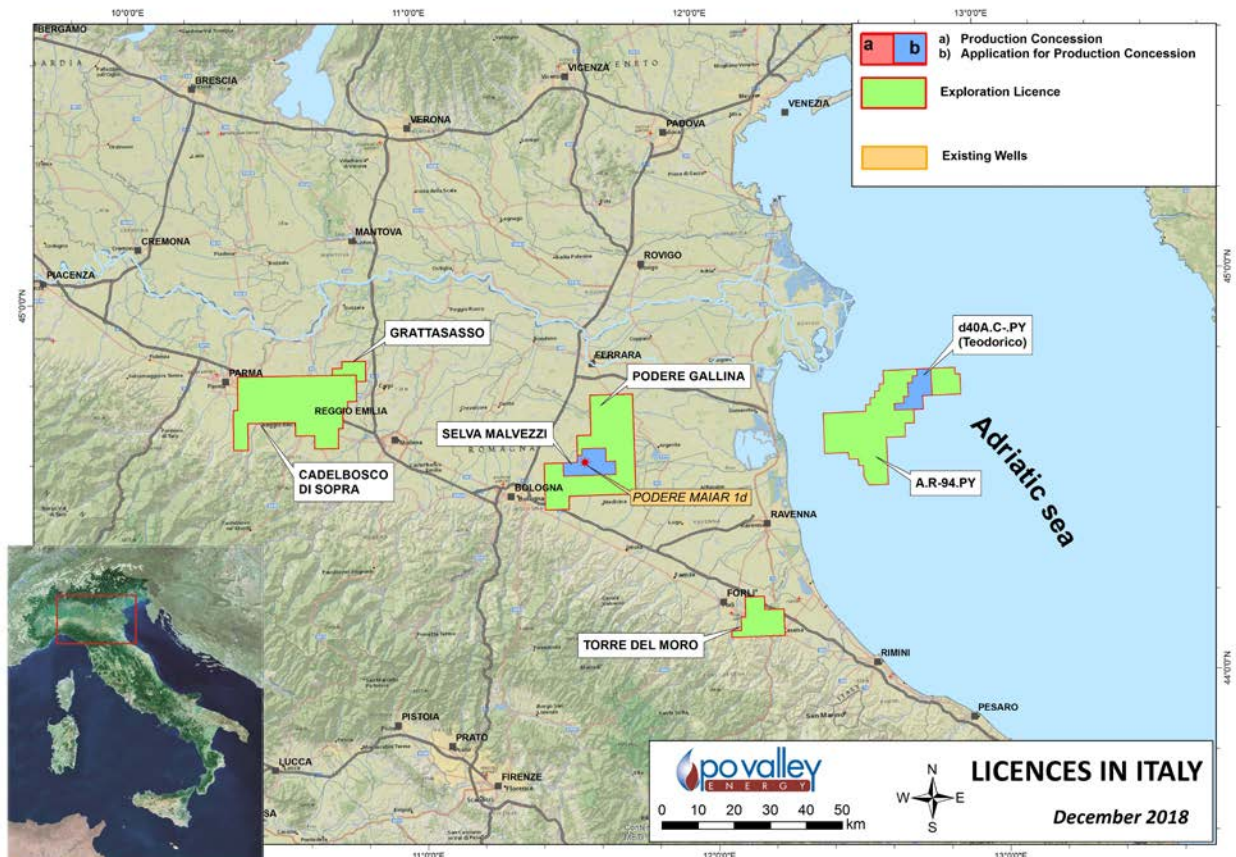
In recent days, the Italian Ministry has also confirmed that recent government amendments to energy policy will not affect the approval processes for Selva and Teodorico, which both continue to progress through the normal approval procedures.

Consolidated cash-at-bank at the end of the quarter was €516,000 (AU\$837,000).

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
	<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

Licences in Italy



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