



31 July 2019

QUARTERLY ACTIVITIES REPORT

For the 2019 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 2019, 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 (Onshore Gas):** Addition of significant 2C gas resources of 14.1bcf in Selva North and South Flanks to existing gas reserves of 13.3bcf (2P). Priority has been to advance the environmental approval of the Selva development. EIA study was officially filed to competent authorities on April 19th. Prospective resources (best) in the concession area were increased to 91.5 bcf.
- **Teodorico (Offshore Gas):** Primary environmental approval granted and documentation for integrations for final approval has been submitted to the Ministry on July 16th.
- **Torre del Moro (Oil/Gas condensate):** Maiden Prospective Resource Estimate of 106 million barrels recoverable declared in April 2019 with geological and geophysical studies advancing to further appraise this large onshore oil condensate exploration play.
- **Bagnolo in Piano and Ravizza (Oil):** Large increase in Ravizza and Bagnolo in Piano Contingent Resources to 16.1 and 27.3 million barrels recoverable (2C). Work is underway to quantify production profile from a horizontal well development on the Bagnolo discovery (the largest of the two oil fields).

Po Valley CEO, Michael Masterman:

"We commenced the June quarter 2019 with significant upgrades in resources in our Selva and Bagnolo and Ravizza licences and a maiden resource of over 100 million barrels recoverable at our onshore Torre del Morro exploration project" (refer ASX announcement 26 April 2019)

"Our priority focus has been on the gas development projects, Selva and Teodorico, both of which have made solid progress through the regulatory approval process. These two projects have the reserves to move forward to first gas production in 2020 and 2021 respectively."

Selva Malvezzi Production Concession – 63% PVE

Selva advanced significantly during the quarter with addition of significant additional 2C and 2P resources to the existing reserves in the production concession application area and importantly good progress with the environmental approval process.

Po Valley was formally granted the Selva Malvezzi preliminary gas Production Concession (80.68km²) by the Italian Ministry for the Economic Development. EIA study was officially submitted to competent authorities on April 19th and officially illustrated to the Ministry of Environment on July 11th. Following concession preliminary award, Reserves of 13.3bcf (2P) (refer ASX announcement 8 February 2019) were certified and new Contingent Resources in the Selva North and South Flank of 14.1bcf (2C) have been added (refer ASX announcement 26 April 2019).

With the benefit of the successful Podere Maiar well, and access to well and seismic data, the East Selva field's chance of success has been increased to 40% and a new large prospective resource for the Riccardina structure added, taking this concession's total Prospective Resources (best) to 91.5bcf (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 (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).

Teodorico Offshore Gas Field Development (100% PVE)

Teodorico also advanced through the regulatory approval process following grant of primary environmental approval. Key related EIA approval documentation has now been submitted and Po Valley expects to complete the regulatory approval process in the December quarter or 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.

The Company has already received a preliminary award for the Teodorico Production Concession.

In the 2019 March quarter, Teodorico was granted the primary environmental approval. Additional requests from the Ministry for specific plans for water treatment and decommissioning have been submitted. Po Valley hopes to complete the EIA process and obtain remaining environmental approval in 4Q 2019 or early 2020.

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

The PVE team, with independent third party assessment and validation from French consultancy CGG, has 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 excess of 300 MMbbls oil already produced). The presence of an active petroleum system is demonstrated by the oil shows in the nearby Sarsina-1 well drilled downdip from Po Valley's Torre del Moro prospect. Further work is underway to progressively de-risk this large-scale exploration prospect and identify the best well location in order to finalize a drilling program

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) , flows from fresh seismic revision and geological evaluation work. This enhanced structure volumes and recovery factors, increases derived from the use of horizontal development wells (extensively drilled in these kind of reservoirs). In addition, available data of similar oil fields such as Cavone and Villafortuna were utilised (refer ASX announcement 26 April 2019).

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).

The next stage in the evaluation of the two oil fields will be to develop a horizontal drilling program for the development of Bagnolo discovery contingent resource, the largest and most prospective of the two fields. The extensive data available will be employed to prepare an estimated production profile.

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;
- 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 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 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.

The fields and prospects in granted exploration licences (Torre del Moro, Bagnolo in Piano, and Ravizza) are covered under the Italian Government's Plan of Areas Program. Under this program, the timeframe for field activities such as drilling and related approvals is suspended to between July 2020 and January 2021 (18-24 months from the date of Ministerial decree in February 2019) as the Ministry conducts an environmental clearance program. This aligns with the Company's technical advancement program on Torre del Moro, Bagnolo in Piano, and Ravizza, allowing Po Valley to advance and prioritise low cost geological and geophysical evaluation, and to advance drilling location selection and prepare drilling programs over a prudent timeframe. PVE's drilling programs have very small footprints and are designed to the highest environmental and safety standards. While the Company is confident that the areas in which it operates should clear the environmental clearance process, there is always a risk of delay or non-clearance.

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	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

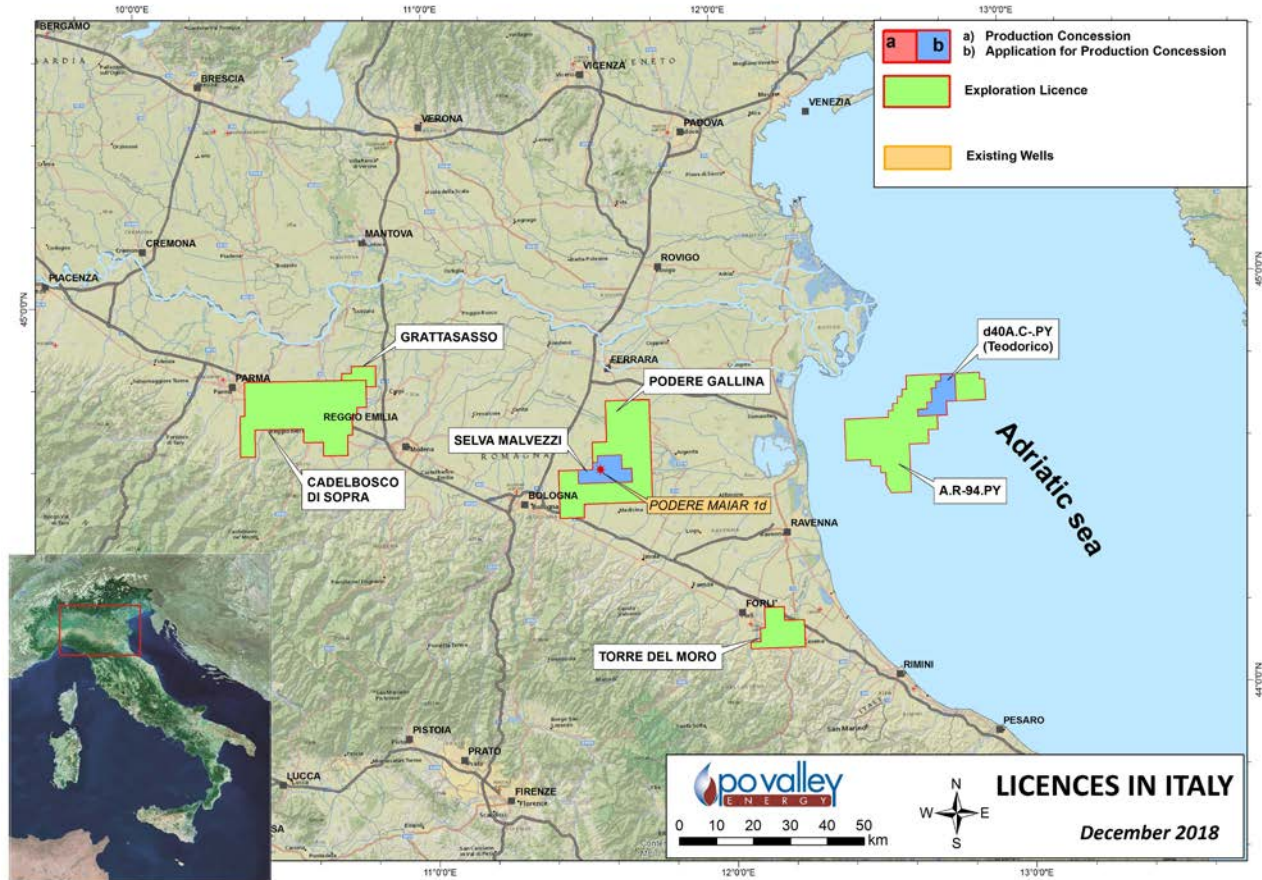
Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
Gas Bcf										
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
	East Selva [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
Oil MMbbl										
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.

Licences in Italy



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