



31 January 2020

## QUARTERLY ACTIVITIES REPORT

**For the 2019 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 2019, 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 Ministry of Environment published the technical positive opinion on environmental compatibility for the Selva gas field development - advancing this core project towards production
- **Teodorico (Offshore Gas): Final environmental approval is expected in the March quarter following** primary environmental approval in 2019
- **Torre del Moro (Oil/Gas condensate):** Following maiden prospective resources of 106 million barrels (best estimate), further Geological and Geophysical studies, selection of drilling location and preparation of the well drilling program are currently underway
- **Bagnolo in Piano and Ravizza (Oil):** Production optimisation work is underway on both fields and will be advanced during the first half of calendar 2020
- **Corporate:** PVE is actively looking to expand its portfolio of large, low-cost, onshore gas fields in Europe.

### Po Valley CEO, Michael Masterman:

*"Environmental approvals for the low cost, high return Selva gas field, and the imminent environmental approval for Teodorico, have set the scene for a very robust project out-performance in the opening half of this year."*

### **Selva Malvezzi Production Concession – 63% PVE (Operator)<sup>1</sup>**

With the Italian Government confirming preliminary technical environmental approval for the Selva gas field, east of Bologna, development and preliminary work has now commenced to prepare the field for gas production in 2020. Final EIA decree is expected in 2Q 2020.

This follows the granting early last year to Po Valley of the formal Selva Malvezzi preliminary gas Production Concession (80.68km<sup>2</sup>) 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).

### **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.

Following the granting of the primary environmental approval in February 2019, Teodorico continued during the December quarter to advance through the regulatory approval process. Key related EIA approval integrated documentation has now been submitted and Po Valley expects to complete the regulatory approval process early in 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 at 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.

The current focus of activities for the Torre del Moro site, south of Forli, is to identify the best drilling location, prepare a petroleum system study and the drilling plan for submission to the Government as soon as the exploration activities ban will end in February 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 2020.

## Corporate

Po Valley appointed Sara Edmonson as Non-Executive Director in December 2019. Sara has extensive experience in natural gas, the critical transition fuel for a low carbon future, having led Po Valley Energy from July 2010 to 2017. She is currently the President at Associazione Energia Nazionale, an Italian association created to promote sustainable production, transportation and use of domestic energy.

Po Valley remains a northern Italy-focused energy development and exploration 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.

The Company has commenced the new decade with primary environmental approval for Selva and Teodorico and a plan to advance both of these large-scale fields during 2020. Selva in particular has low development costs and is likely to be the first of the two gas fields to first gas production.

## Summary of Tenements<sup>1</sup>

		Tenement	Location	Interest held
PRC	PREL. AWARDED	<i>Teodorico (d.40.AC-PY)</i>	Italy, Adriatic Offshore	100% Po Valley
		<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

<sup>1</sup> Po Valley Energy holds the quota for 100% of the Podere Gallina and Selva licences. United Oil and Gas and Prospex have 20% and 17% economic interests and are awaiting Italian government approval for the 20% and 17% licences quotas to be transferred to them

## Reserves and Resources\*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
<b>Gas Bcf</b>										
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 [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
<b>Oil MMbbl</b>										
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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