



30 October 2020

## QUARTERLY ACTIVITIES REPORT

**For the 2020 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 2020, 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 Italian Ministry of Environment published the technical positive opinion on environmental compatibility for the Selva gas field development in January 2020; project came back to new environmental technical commission for additional minor review. Updated guidance points to production concession approval expected in the first quarter of calendar 2021.
- **Teodorico (Offshore Gas):** Environmental technical commission confirmed "environmental compatibility" of the project in April 2020. The final EIA decree is waiting for the Environmental Minister's signature. Final production concession approval is expected in the first quarter calendar 2021.
- **Covid-19 and Italian Government state of emergency:** Despite the state of emergency, Po Valley's team has been working at the office, under all government anti-Covid rules. Restrictions connected to Covid-19 have been extended to the end of November 2020.
- **Corporate:** The Company is actively communicating with Italy's Environmental Ministry, Economic Development Ministry, Regional and Municipal authorities in order to follow and expedite the authorisation procedures.

#### **Po Valley CEO, Michael Masterman:**

*"In a very challenging Covid-19 environment, Po Valley has continued to advance the approvals and development processes for its gas field developments in Italy while keeping its people safe and streamlining costs."*

## **Selva Malvezzi Production Concession – 100% PVE (Operator)<sup>1</sup>**

1. Italian Authorities released the final decree for the quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit where PVO is operator, in October 2020. Transfer approval for Selva Malvezzi to be formally requested.

In the Selva gas field, east of Bologna, development and preliminary work has continued to prepare the field for maiden gas production in 2021. Latest government guidance points to final EIA decree and Production Concession expected in 1Q 2021.

This follows the granting by the Italian Ministry for Economic Development, early last year, to Po Valley of the formal Selva Malvezzi preliminary gas Production Concession (80.68km<sup>2</sup>)

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).

In accordance with environmental monitoring plan, a GPS system installed last June, is continuing to record subsidence data.

In October 2020, the Podere Gallina exploration licence received the final decree from the Economic Development Ministry for the joint venture quota transfer of 20% to United Oil and Gas and 17% Prospex Oil and Gas.

## **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. Primary environment approval was granted in 2019.

Teodorico continued during the quarter to advance through the regulatory approval process. Italy's Environmental Technical Commission confirmed "environmental compatibility" and the EIA decree is awaiting final Minister of Environment signature. Po Valley expects Production Concession approval from MISE in the first quarter of calendar 2021.

*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 with 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 the study of the petroleum system and the drilling plan for submission to the Government to be carried out as soon as the exploration activities ban ends in August 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.

### **COVID-19 Impact**

COVID-19 continues to have a significant impact in Italy. The Company's priority remains keeping our operations team safe. The team is working safe from PVO premises since July and is operating under all the anti-Covid 19 health and safety rules, with minimal field operations and have continued to advance several key workstreams.

### **Corporate**

Additional loans of AU\$500k (equivalent to €306k) were provided during the quarter from related parties and/or their associates and major shareholders with the following terms:

- a) The Company is not restricted on how it may utilise the funds. However, the loans are intended for general working capital purposes;
- b) The loans have a maturity date of 31 December 2021;
- c) The principal attracts interest of 10% p.a.;

The majority of the funds were drawn down during the quarter (€294k) with the balance of €12k received early in October.

Repayment terms on existing loans from these related parties were also extended to 31 December 2021.

Exploration expenditure payments in the quarter amounted to €60k.

There were no amounts paid during the quarter to related parties.

The Company is actively communicating with Italy's Environmental Ministry, Economic Development Ministry, Regional and Municipal authorities in order to follow and expedite the authorisation procedures for its development assets.

Po Valley remains a northern Italy-focused energy development, exploration and near-term production 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

*This announcement has been authorised for release by the Board of Directors of the Company*

## Summary of Tenements

	Tenement	Location	Interest held	
PRODUCTION CONCESSIONS	PREL. AWARDED	<b>Teodorico (d.40.AC-PY)</b>	Italy, Adriatic Offshore	
			100% Po Valley	
EXPLORATION PERMITS	PREL. AWARDED	<b>Selva Malvezzi<sup>(1)</sup></b>	Italy, Emilia Romagna	
			100% Po Valley	
	GRANTED	<b>AR94PY</b>	Italy, Adriatic Offshore	100% Po Valley
		<b>Cadelbosco di Sopra</b>	Italy, Emilia Romagna	100% Po Valley
		<b>Grattasasso</b>	Italy, Emilia Romagna	100% Po Valley
<b>Podere Gallina<sup>(1)</sup></b>		Italy, Emilia Romagna	63% Po Valley	
<b>Torre del Moro</b>		Italy, Emilia Romagna	100% Po Valley	

1. Italian Authorities released the final decree for the quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit in October 2020. Transfer approval for Selva Malvezzi to be formally requested.

## Reserves and Resources\*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
AR94PY	Teodorico outside 12miles	26.7	36.5	47.5						
	Teodorico Inside 12 miles PL3-C				7.4	10.6	14.0	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
Cadelbosco di Sopra	East Selva							18.3	21.9	25.6
	Riccardina							8.2	24.4	81.2
	Zini (Qu-B)				1.1	2.7	4.6			
	Canolo (Qu-A)				0.7	1.1	1.7			
Cadelbosco di Sopra	Canolo (Plioc)				0.4	3.6	10.5			
	Zini (Qu-A)							0.6	1.4	2.4

\*Refer ASX announcements and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019

## Reserves and Resources\*

Licence	Project	Reserves				Contingent Resources		Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
Torre del Moro	Torre del 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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