



29 January 2021

QUARTERLY ACTIVITIES REPORT

For the 2020 December quarter and to the date of this report

Australia's Po Valley Energy Limited, ("Po Valley" or "The Company") provides its Quarterly Activities Report for the period ending 31 December 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):** Italy's new Environmental Technical Commission confirmed "environmental compatibility" on November 10th 2020, and on December 23rd, 2020, the Environmental Ministry published on its website that the final EIA decree is waiting for the Environmental Minister's signature. Final production concession approval is expected in the first quarter 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:** Restrictions connected to COVID-19 have been extended to the end of March 2021. Despite the state of emergency, Po Valley's team has maintained working at the office, under all government anti-COVID rules.
- **Corporate:** The Company is actively continuing communications with Italy's Environmental Ministry, Economic Development Ministry, Regional and Municipal authorities in order to follow and expedite the authorization 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)¹

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

The Italian Ministry for Economic Development granted to Po Valley in 2019, the formal Selva Malvezzi preliminary gas Production Concession (80.68km²). The new Environmental Technical Commission confirmed “environmental compatibility” approval on November 10th 2020 and the final EIA decree is waiting for the Environmental Minister's signature.

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 meters/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).

The GPS system installed last June, is continuing to record subsidence data in accordance with the environmental monitoring plan.

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% to Prospex Oil and Gas.

1. Transfer approval of UOG and PROSPEX quotas for Selva Malvezzi to be formally requested as soon as Concession will be awarded.

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 environmental approval was granted in 2019 and the new Environmental Technical Commission confirmed “environmental compatibility” in April 2020. The final EIA decree is waiting for the Environmental Minister's signature.

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Po Valley expects Production Concession approval from the 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 which is planned 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 continues to working safely from PVO premises and is operating under all the anti-COVID 19 health and safety rules, with minimal field operations but continue to advance several key workstreams.

Corporate

Additional loans of AU\$166k (equivalent to €100k) 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.;

Further funding from related parties of AU\$200k has been agreed subsequent to the quarter end to provide additional working capital.

Exploration expenditure incurred in the quarter was €15k with payments in the quarter amounting to €117k. These payments included a €60k final instalment relating to a historic amount that was subject to a settlement agreement and payments for amounts incurred in prior periods.

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 authorization 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 authorized for release by the Board of Directors of the Company

Summary of Tenements

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

1. Transfer approval for UOG and PROSPEX quotas Selva Malvezzi to be formally requested as soon as Concession will be awarded.

Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	Gas Bcf			Low	Best	High
AR94PY	Teodorico outside 12miles	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
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			
	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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