

## 1. POLICY OBJECTIVE

Po Valley Energy Limited (Po Valley) is an Australian emerging gas and oil exploration and production company with operations in Italy. The progression of the Company's discovered hydrocarbon reserves from appraisal studies through to development and production is core to the Company's purpose and market value. As such, the aim of this policy is to implement processes, standards and controls to provide reliable hydrocarbon reserves estimates, consistent with current industry best practice, to facilitate effective business management decision-making and clear communication of the Company's reserves to all clients and stakeholders. Within this policy, the term reserves refers to technically mature and commercially viable recoverable hydrocarbon resources. The term contingent resources is applied to hydrocarbon discoveries awaiting development evaluation. The term prospective resources is used to describe hydrocarbon volumes assessed in undrilled prospects and leads.

## 2. POLICY

### The Company will:

- a) Prepare, maintain and reconcile estimates of Po Valley's discovered hydrocarbon reserves, together with supporting documentation, in compliance with ASX Listing Rules, other relevant statutory requirements and Po Valley's Hydrocarbon Reserves Policy.
- b) Publicly report Po Valley's estimated reserves as and when required:
  - Normally once a year in the form of the Company's annual Reserves Summary to ASX Limited, published in conjunction with the Company's annual results. This will include production and recategorisation adjustments;
  - When there are material reserve revisions, in compliance with Po Valley's continuous disclosure obligations. When considering materiality each case will be reviewed on its merits. As a guideline, material revisions may include but are not limited to 10% or greater variation to Po Valley's total 2P discovered reserves.
- c) Conform its resources determination and classification process to reserves definitions and guidelines published in the Society of Petroleum Engineers Inc., World Petroleum Congresses (SPE/WPC) as amended from time-to-time.
- d) Train and demonstrate the competency of all staff (including consultants as required) involved in hydrocarbon reserves estimation, management and reporting to be compliant with ASX Listing Rules, Po Valley's Hydrocarbon Reserves Policy and relevant statutory requirements.
- e) Complete internal reserve estimate reviews prior to public reporting for all new reserve bookings and for all projects or fields for which there has been a material change (provided that nothing in this policy prevents early public reporting of information about a change in order to comply with Po Valley's continuous disclosure obligations).

- f) Commission an independent review on each of the project with reserves at least once every four years, with the findings of all such reviews to be reported to the Company's CEO and to the Board. Such reviews are to be performed by a recognized, competent person who does not have a financial or beneficial interest in the Company, in the projects or in the fields being examined.

### **3. APPLICATION**

The Chief Executive Officer is responsible for the implementation of this Policy. This responsibility is discharged via the COO and the COO's staff. The Po Valley Board is responsible for the approval of the Policy and overseeing its correct implementation.

*Adopted by the Board 14 September 2009.*