



30 July 2021

QUARTERLY ACTIVITIES REPORT

For the June 2021 quarter and to the date of this report

Australia's Po Valley Energy Limited (ASX: **PVE**), ("**Po Valley**" or "**The Company**") provides its Quarterly Activities Report for the period ending 30 June 2021, 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:

- **A\$10.1 million Equity Capital raising:**
 - A\$1 million Placement at \$0.028 per share
 - 1 for 2 accelerated non-renounceable pro rata entitlement offer at \$0.028 per share to raise approximately A\$ 9.1m comprising an institutional offer and a retail entitlement offer.
 - The Entitlement offer fully underwritten by Henslow Pty Limited
- **Selva Malvezzi (Onshore Gas):** Following the issue of the Environmental Impact Assessment (EIA) decree approving the Selva Malvezzi Production Concession and related work program to bring the Podere Maiar 1dir gas well on stream, the Ministry of the Ecological Transition (MiTE) is reviewing the final documentation necessary to issue the Final Production Concession.
- **Teodorico (Offshore Gas):** Following the issue of the EIA decree approving the d40 AC PY Production Concession and related work program necessary to put in production the Teodorico gas field, the Ministry of Ecological Transitions is reviewing the final documentation necessary to issue the Final Production Concession.
- **Regulatory:** The Company is actively progressing through the traditional regulatory requirements with MiTE and the relevant authorities from the Emilia Romagna Region to expedite the granting of the Selva Malvezzi and Teodorico final Production Concession decrees.

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 license at Torre del Moro, and
- The expanded Ravizza (Grattasasso Permit) and Bagnolo (Cadelbosco di Sopra Permit) oil reservoirs and extensions and nearby gas prospects

Selva Malvezzi Production Concession – 100% PVE (Operator)¹

Selva Malvezzi is an onshore gas development asset located in the eastern part of the Po Plain, Italy.

Po Valley was awarded the Selva Malvezzi preliminary gas Production Concession (80.68km²) in 2019 and had the final Environmental Impact Assessment (EIA) decree issued by Italy's Ecological Transition Ministry (MiTE) effective date of 29 March 2021.

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-kilometer 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).

Po Valley continues to progress its preliminary work in the Selva gas field to prepare for development and maiden gas production and is progressing with regulatory requirements in the application process for the grant of the final production concession.

Presently Po Valley is preparing the environmental monitoring plan as requested by EIA decree and is carrying out field activities in order to install instruments for seismic and subsidence monitoring.

Following the issue of the EIA, Po Valley has progressed regulatory requirements for the application for an INTESA between the regional Emilia Romagna authorities and the national government, which is standard procedure for onshore gas fields in Italy. This process is currently ongoing with the latest government guidance indicating Production Concession could be expected to be granted in the fourth quarter of 2021.

¹ Transfer approval of JV Partners, UOG (20%) and PROSPEX (17%), quotas for Selva Malvezzi production concession are to be formally requested as soon as final Production Concession is awarded. The relevant quotas to the JV partners on the Podere Gallina exploration licence was formally transferred in October 2020

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. 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.

MiTE issued the final EIA decree for Teodorico with effective date of 29 March 2021 which paves the way for the grant of full production concession. Po Valley has progressed regulatory requirements and expects final Production Concession approval from MiTE in the fourth quarter of 2021.

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 estimate² 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 September 2021.

² refer ASX announcement 26 April 2019

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. Additional gas prospects firmed up in the license.

Corporate

Po Valley launched a A\$10.1 million equity raise in June 2021 (refer ASX announcement 18 June 2021) by way of a placement of A\$1 million and an Accelerated Non-Renounceable Rights Issue (“ANREO” or “Entitlement Offer”) of A\$9.1m at \$0.028 per New Share. The ANREO comprised a non-renounceable entitlement offer to institutional shareholders (Institutional Offer) and to retail shareholders (Retail Offer). The Entitlement offer was fully underwritten by Henslow Pty Ltd.

The placement and Institutional Offer completed on 21st June 2021 raising approximately A\$7.5 million (before costs). Approximately A\$1 million was raised through the issue of approximately 35.7 million New shares under the Placement. The Institutional offer raised approximately A\$6.5 million, which included conversion of debt of approximately A\$3.35 million.

The retail offer closed on the 9th July with completion on the 15th July 2021 raising approximately A\$2.6 million (before costs), which included a conversion of debt of approximately A\$0.6 million.

The capital raising will be used for the development of the Selva Malvezzi project and has strengthened the balance sheet with the retirement of existing shareholder loans, interest on loans and convertible notes and repayment of some convertible notes.

Net operating cash outflows for the quarter was €136k. Exploration expenditure incurred in the quarter was again kept at minimum levels with payments in the quarter amounting to €18k. The Group’s cash reserves at 30 June 2021 was € 1.87 m.

With regards to Section 6.1 and 6.2, no payments were paid to related parties or their associates in the quarter.

Po Valley CEO, Michael Masterman:

“The successful completion of the placement and entitlement offer is a significant capital raising for Po Valley Energy and establishes the balance sheet and funding base to advance the Selva gas field development. The board is very pleased to have the support of new key institutional investors and existing shareholders in the pivotal capital raising”

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			
	<i>Teodorico (d.40.AC-PY)</i>	Italy, Adriatic Offshore	100% Po Valley	
	PREL. AWARDED			
	<i>Selva Malvezzi⁽¹⁾</i>	Italy, Emilia Romagna	100% Po Valley ⁽¹⁾	
EXPLORATION PERMITS	GRANTED	<i>AR94PY</i>	Italy, Adriatic Offshore	100% Po Valley
		<i>Cadelbosco di Sopra</i>	Italy, Emilia Romagna	100% 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

¹ Transfer approval for UOG (20%) and PROSPEX (17%) quotas Selva Malvezzi to be formally requested as soon as Concession will be awarded.

Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		Gas Bcf			Gas Bcf			Gas Bcf		
		1P	2P	3P	1C	2C	3C	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] ²	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
Cadelbosco di Sopra	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

*Reserve and Resource estimated are as reported and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019 (Refer ASX announcements 19 February 2018, 8 February 2019, 26 April 2019)

² Net to the Company's 63% economic interest in Podere Gallina

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
	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			

*Reserve and Resource estimated are as reported and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019 (Refer ASX announcements 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.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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Directors	
Mr Michael Masterman, Chairman and Chief Executive Officer Mr Kevin Bailey, Non-executive Director Ms. Sara Edmonson, Non-executive Director	

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PO VALLEY ENERGY LIMITED

ABN

33 087 741 571

Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows		Current quarter €000	Year to date (6 months) €000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(53)	(103)
	(e) administration and corporate costs	(83)	(188)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(136)	(291)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(18)	(35)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter €000	Year to date (6 months) €000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(18)	(35)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,375	2,375
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(26)	(26)
3.5	Proceeds from borrowings	95	286
3.6	Repayment of borrowings	(477)	(477)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,967	2,158

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	63	44
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(136)	(291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(35)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,967	2,158

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter €000	Year to date (6 months) €000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,876	1,876

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter €000	Previous quarter €000
5.1	Bank balances	1,876	63
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,876	63

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
€000**

-

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end €000	Amount drawn at quarter end €000
7.1	Loan facilities	481	481
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Notes	1,105	1,105
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.1: <i>In June, AU\$2,977k of the loan facilities provided by entities related to directors/related parties of the Company and accumulated interest of (AU)\$265k were converted to equity pursuant to the capital raising undertaken. AU(\$)\$635k of loans converted post-quarter end on settlement of the Retail Entitlement Offer on 15 July 2021.</i> <i>€481k shown above is at the AUD:€ spot exchange rate on 30 June 2021 of 0.6319</i>			
7.3: <i>In June 2021 (AU)\$750k of convertible note principle was repaid and accumulated interest of AU(\$)\$504k was converted to equity pursuant to the capital raising undertaken in June 2021.</i> <i>The remaining (AU)\$1,750k Convertible Notes have a Conversion price of (AU)\$0.042 per share with interest at 8% and redeemable before 29 April 2022.</i> <i>€1,105k shown above is at AUD:€ spot exchange rate on 30 June 2021 of 0.6319</i>			

8.	Estimated cash available for future operating activities	€000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(136)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(18)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(154)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,876
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,876
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	12.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

Authorised by: The Board of Po Valley Energy Limited
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.