

27 July 2023

## ASX ANNOUNCEMENT

### QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2023

#### Highlights

##### Selva Malvezzi

- Gas production commenced at Podere Maiar-1 (PM-1) site in Italy, delivering first gas on 4 July 2023
- Initial ramp-up is progressing in accordance with production and commissioning plans
- First gas will provide Po Valley Energy with its maiden revenue from the Selva Malvezzi Production Concession
- PM-1 is supplying the gas to BP Gas Marketing under an 18-month supply agreement.

##### Next steps

- PVE intends to advance other projects within the Selva Malvezzi Production Concession

##### Corporate

- €757,000 recovered from SNAM Performance Bonds (63% to PVO €476,910)
- Cash at 30 June 2023 €939k (A\$1,539k)

Australia's Po Valley Energy Limited (ASX: **PVE**) ("**Po Valley**" or "**The Company**") is pleased to provide its Quarterly Activities Report for the period ending 30 June 2023, covering the Company's gas exploration, development and production outcomes across its onshore and offshore assets in northern Italy.

##### Selva Malvezzi

Selva is an onshore natural gas field in the eastern part of the Po Plain, among the Ferrara and Bologna provinces, in the Emilia Romagna Region. The production concession measures 80.68 sq km and is the former Podere Gallina Exploration Permit which is now reclassified as a production concession.

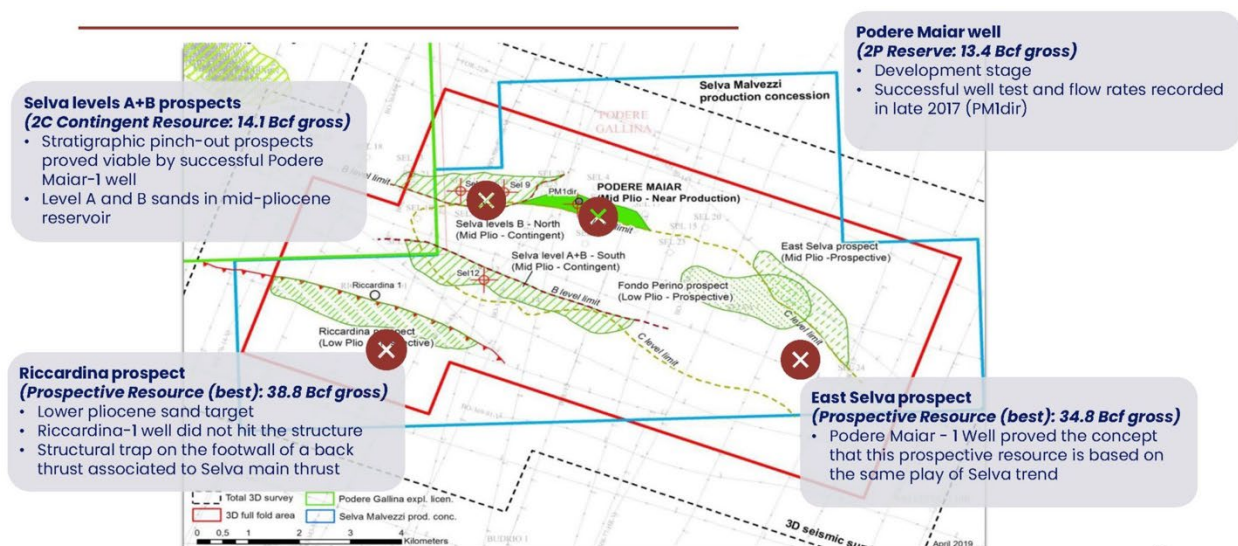


Figure 1: Selva Malvezzi Production concession

### **Podere Maiar gas plant and pipeline construction**

On 4 July 2023, Po Valley commenced gas production at its 63 % owned Podere Maiar – 1 (PM-1) gas facility in the Selva Malvezzi Production Concession, located in the Po Valley plains of northern Italy. PM-1 is supplying the gas to BP Gas Marketing under an 18-month gas supply agreement (refer to ASX Announcement dated 14 February 2023).

First gas delivery was achieved following the successful sign-off from UNMIG and Italy’s Fire Department in the June 2023 quarter, ensuring compliance with all necessary safety and operational requirements. Subsequently, the company received full approval from the Ministry and final authorisation for gas production to commence at PM-1.

Construction and grid connection of PM-1 to the Italian national pipeline grid operated by **SNAM** (Società Nazionale Metanodotti / National Pipeline Company) took place in May 2023 with all activities completed on schedule and within 3% of budget.



*Figure 2: Podere Maiar – 1 Gas Plant*

As part of the gas production ramp-up process, Po Valley will actively monitor production in order to determine the optimal flow rate and ensure sustainable production levels from the PM-1 well. By settling on a sustainable flow rate, Po Valley aims to maximise the production potential of the PM-1 reserves.

Initial ramp-up is progressing in accordance with production and commissioning plans which is very pleasing. Once the ramp-up programme is complete, the Company will make further announcements on this process and future production.

The Selva Malvezzi Concession is the key area of focus for the Company and we are assessing the next stages of development including drilling programmes at Selva North, South and East and a potential

seismic programme at the Riccardina prospect. The Company will provide further clarity on these programmes as they are developed and stakeholder approval milestones are progressed.

### **Other Assets**

The Company is also assessing how best to realise value from its 100%-owned Teodorico (AR94PY) off-shore asset, either via a joint venture or sale. In addition, the company is reviewing optimal development paths for its residual assets (Cadelbosco di Sopra, Grattasasso and Torre del Moro) including the potential for introduction of third party investors / partners who have interest in participating in their development.

Cadelbosco di Sopra and Grattasasso are shallow gas opportunities which fit neatly within the Company's proven exploration and development capabilities whilst Torre del Moro is a large deep gas prospect.

### **Corporate**

#### **Recovery of SNAM performance bond funds**

A process to recover the performance bond funds deposited with SNAM as part of the PM-1 grid connection process was finalised during the quarter. The amount reimbursed from SNAM was €757,000 (100% basis) with €476,910 net to PVO. This followed the completion of the pipeline tie-in connection to the newly built PM-1 gas treatment facility. The return of the bond deposited with SNAM was conditional on completion of the SNAM grid connection and the Gas Sales Agreement, announced on 14 February 2023.

#### **Issue of shares**

During the quarter, the Company issued 3,000,000 shares upon the exercise of the remainder of options with an exercise price of A\$0.05 and expiring 21 July 2023. Proceeds from the options exercised was €92k (A\$150k). At 30 June 2023, the company had 1,158,961,621 ordinary shares on issue and 7,500,000 unlisted options with an exercise price of A\$0.10 and expiring 30 June 2024.

#### **Cash flow**

Net operating cash outflow was €361k and development cost cash outflow for the Podere Maiar-1 well site was €137k in the quarter.

The Group's cash balance at 30 June 2023 was €939k (A\$1,539k).

Regarding Section 6.1 of the Appendix 5B and payments totalling €110k made to related parties and their associates during the quarter, the Company advises these payments consisted of director fees for the current and prior quarter and also include payment of accrued director fees from prior financial years.

#### **Information Provided in Accordance with ASX Listing Rules 5.4.1 and 5.4.2**

In accordance with ASX Listing Rule 5.4.1, the Company confirms that, other than the development underway at the Podere Maiar-1 well site, there have been no material developments or changes to its exploration activities. As the focus in this quarter was the development of the Poder Maiar-1 gas plant and pipeline, there were no other substantive exploration activities or costs incurred during the quarter.

In accordance with ASX Listing Rule 5.4.2, the Company advises that the development and production activities undertaken at the Podere Maiar-1 site and costs incurred are as described in the relevant sections above.

## Summary of Tenements

		Tenement	Location	Interest held
PRODUCTION CONCESSIONS	AWARDED	<i>Selva Malvezzi</i> <sup>(1)(2)</sup>	Italy, Emilia Romagna	100% Po Valley <sup>(1)</sup>
	PREL. AWARDED	<i>Teodorico (d.40.AC-PY)</i>	Italy, Adriatic Offshore	100% Po Valley
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>Torre del Moro</i>	Italy, Emilia Romagna	100% Po Valley

<sup>1</sup> Documentation requesting transfer of JV partner quota totalling 37% in Selva Malvezzi was submitted to the Ministry in November 2022

<sup>2</sup> Selva Malvezzi Production Concession includes exploration areas that are deemed suitable for exploration under the Pitesai, these areas were previously held under the Podere Gallina exploration permit and are included in the Selva Malvezzi production concession awarded 2022.

## Reserves and Resources\*

		Reserves			Contingent Resources			Prospective Resources		
		Gas BCF								
		1P	2P	3P	1C	2C	3C	Low	Best	High
AR94PY	Teodorico	27	37	48						
	Teodorico				7.4	10.6	14.0			
	PL3-C							7.9	15.9	25.0
Selva Malvezzi [Net] <sup>2</sup>	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			
	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	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
Torre del Moro	Torre del Moro							420.7	502.0	596.1

\*Reserve and Resource estimated are as reported and CPR report 25th July 2022 (Refer ASX announcement 26th July 2022)

<sup>2</sup> Net to the PVE 63%

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.

*This announcement was approved for release by the Board of Directors of Po Valley Energy Limited*

**Enquiries to:**

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<b>Directors</b>	
Mr. Kevin Bailey AM, Chairman Ms. Sara Edmonson, Non-executive Director Mr. Joseph Constable, Non-executive Director Ms. Katrina O’Leary, 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 2023

Consolidated statement of cash flows	Current quarter €'000	Year to date (6 months) €'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(183)	(288)
(e) administration and corporate costs	(178)	(298)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Recoveries from JV for overheads	78	78
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(361)</b>	<b>(505)</b>
<i>*payments made in current period include accrued director fees to current and previous directors</i>		
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(c) property, plant and equipment – Development of Well plant and pipeline	(137) *	(693) *
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	477	477

Appendix 5B

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter €'000</b>	<b>Year to date (6 months) €'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>340</b>	<b>(216)</b>
<i>* expenditure is net of JV contributions to capitalised costs</i>		
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	92	156
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>92</b>	<b>155</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	871	1,536
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(361)	(505)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	340	(216)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	92	155
4.5 Effect of movement in exchange rates on cash held	(3)	(31)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>939</b>	<b>939</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter €'000</b>	<b>Previous quarter €'000</b>
5.1 Bank balances	939	871
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>939</b>	<b>871</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter €'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	110
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end €'000</b>	<b>Amount drawn at quarter end €'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – Convertible Notes	-	-
<b>7.4 Total financing facilities</b>		

<b>7.5 Unused financing facilities available at quarter end</b>	-
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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.

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

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>€'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(361)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(361)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	939
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	939
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	2.60

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

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

Date: 27 July 2023

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

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

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**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.