



30 April 2021

## QUARTERLY ACTIVITIES REPORT

**For the 2021 March 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 31 March 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:

- **Selva Malvezzi (Onshore Gas):** on 29 March 2021 Italy's newly appointed Ecological Transition Ministry (MiTE) issued the Environmental Impact Assessment (EIA) decree with the positive opinion about Selva Malvezzi Production Concession and work program to put in production Podere Maiar 1dir gas well. The EIA decree has been published on Ministry website. Final Production Concession approval is expected in the third quarter calendar 2021.
- **Teodorico (Offshore Gas):** on 29 March 2021 Italy's newly appointed Ecological Transition Ministry (MiTE) issued the EIA decree with the positive opinion about d40 AC PY Production Concession and work program to put in production the Teodorico gas field. The EIA decree has been published on Ministry website. Final Production Concession approval is expected in the third quarter calendar 2021.
- **COVID-19 and Italian Government state of emergency:** Restrictions connected to COVID-19 have been extended in Italy to the end of July 2021. Despite the state of emergency, Po Valley's team has maintained working at the office, under all government anti-COVID rules.
- **Regulatory:** The new Italian Government transferred the Energy Division previously located in the Economic Development Ministry to Ecological Transition Ministry (MiTE, former Environmental Ministry). The Company is actively in touch with MiTE along with the Emilia Romagna Region authorities to expedite the granting of the Selva Malvezzi and Teodorico final Production Concession decrees.

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

"Through these challenging times the team have reached a major milestone with the grant of both the Selva and Teodorico full Environmental approvals. This clears the way to move forward on development on both these highly economic natural gas fields"

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 Permit) oil reservoirs and extensions and nearby gas prospects

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

The Company continues to progress its preliminary work in the Selva gas field, east of Bologna, to prepare for development and maiden gas production.

The Italian Ministry for Economic Development granted Po Valley the Selva Malvezzi preliminary gas Production Concession (80.68km<sup>2</sup>) in 2019. Italy's new MiTE issued the final EIA decree, effective date of 29 March 2021, with its positive opinion about Selva Malvezzi Production Concession and work program to put into production the Podere Maiar 1dir gas well. The EIA decree was published on the official Ministry website in late March 2021 (refer ASX announcement 6 April 2021).

The EIA paves the way for the grant of full production concession. An application will now be made for an INTESA between the regional government and the national government which is standard procedure for onshore gas fields in Italy. Following this process, Po Valley can move toward the grant of final production concession. The latest government guidance points to final Production Concession expected to be granted in the third quarter 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-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).

<sup>1</sup> 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.

Preliminary environmental approval was granted in 2019 and Italy's newly appointed MiTE issued the final EIA decree, effective date of 29 March 2021, with its positive opinion about d40 AC PY Production Concession and work program to put into production the Teodorico gas field. The EIA decree was published on the official Ministry website in late March 2021 (refer ASX announcement 6 April 2021).

The EIA paves the way for the grant of full production concession and Po Valley expects final Production Concession approval from MiTE in the third 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 estimate<sup>2</sup> 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.

<sup>2</sup> 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.

### **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 work safely from PVO premises and is operating under all the anti-COVID 19 health and safety rules, with minimal field operations but continues to advance several key workstreams and progression of approvals for Selva and Teodorico.

### **Regulatory**

The newly appointed Italian Government transferred the Energy Division, previously located in Economic Development Ministry, to Ecological Transition Ministry (MiTE, former Environmental Ministry). This Ministry is now appointed for awarding of hydrocarbon licenses. PVO is actively in touch with MiTE and the Emilia Romagna Region authorities to expedite the granting of the Selva Malvezzi and Teodorico final production concession decrees.

### **Corporate**

Additional loans of AU\$300k (equivalent to €191k) were provided during the quarter by Directors and their related parties 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) Maturity date has been extended to April 2022;
- c) The principal attracts interest of 10% p.a.

Exploration expenditure incurred in the quarter was kept at minimal levels with payments in the quarter amounting to €17k.

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

With the final EIA's in place for Selva Malvezzi and Teodorico, Po Valley can now progress toward completing a more significant fund raising as plans progress with granting of final production concession and development approval for the Selva project in the next quarter.

*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	100% Po Valley	
	PREL. AWARDED			
	<i>Selva Malvezzi<sup>(1)</sup></i>	Italy, Emilia Romagna	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>Podere Gallina</i>	Italy, Emilia Romagna	63% Po Valley
		<i>Torre del Moro</i>	Italy, Emilia Romagna	100% Po Valley

<sup>1</sup> 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] <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			
	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 per CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019 ( Refer ASX announcements 19 February 2018, 8 February 2019, 26 April 2019)

<sup>2</sup> 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			
Cadelbosco	Bagnolo SW							22.1	54.5	112.0
	Ravizza				2.8	16.1	41.6			
Grattasasso										

*\*Reserve and Resource estimated are as reported per 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")

31 MARCH 2021

Consolidated statement of cash flows		Current quarter €000	Year to date (3 months) €000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	(9)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(50)	(50)
	(e) administration and corporate costs	(105)	(105)
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	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(155)</b>	<b>(155)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(17)	(17)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter €000</b>	<b>Year to date (3 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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(17)</b>	<b>(17)</b>

<b>3.</b>	<b>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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	191	191
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</b>	<b>Net cash from / (used in) financing activities</b>	<b>191</b>	<b>191</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	44	44
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	(155)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(17)	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	191	191

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

Consolidated statement of cash flows		Current quarter €000	Year to date (3 months) €000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>63</b>	<b>63</b>

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	63	44
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>63</b>	<b>44</b>

**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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end €000</b>	<b>Amount drawn at quarter end €000</b>
7.1	Loan facilities	2,328	2,328
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Notes	1,621	1,621
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		-
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>Loan facility is provided by entities related to directors/related parties of the Company. The loans are unsecured with an interest rate of 10%p.a and denominated in AUD. Repayment dates have been extended to 12 months from 29 April 2021, the date of the 2020 Annual Report.</i> <i>€-2,328k shown above is at the AUD:€ spot exchange rate on 31 March 2021 of 0.648676</i> <i>Loans provided in the quarter amount to (AU)\$300,000 (€191k). Directors continue to support the company with interim funding by unsecured loans if required whilst it progresses its plans for a more significant fund raising in the June 2021 quarter.</i>			
7.3: <i>(AU)\$2,500,000 Convertible Notes: Term of 3 years and interest rate of 8%p.a. Conversion price of (AU)\$0.042 per share. Terms for AU\$1,500,000 have been extended for 12 months from 29 April 2021, date of the 2020 Annual Report.</i> <i>€-1,621k shown above is at AUD:€ spot exchange rate on 31 March 2021 of 0.648676</i>			

8.	<b>Estimated cash available for future operating activities</b>	<b>€000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(155)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(17)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(172)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	63
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	63
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	0.4

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:

*Yes, the company expects current levels of expenditure to continue as it progresses activities to obtain the final production concessions for Selva Malvezzi and Teodorico. The final EIA decrees awarded in late March 2021 for both projects now paves the way to progress the next phase in the June 2021 quarter. The Company continues to implement measures so that its activities are undertaken within the constraints of available financial resources.*

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:

*The Company has commenced a review of capital raising options and is currently assessing the appropriate strategy to deliver sufficient funds to meet its objectives in a timely manner. The Company has ongoing support of the Board and major shareholders and does not have any reason to believe that its capital raising activities will not be successful.*

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:

*Yes, the Company expects its existing cash resources and funds anticipated from capital raising activities and ongoing support of the Board and major shareholders, to be sufficient to meet its short and medium-term business objectives. Should sufficient funding not be available, the Company will adjust its discretionary spending accordingly.*

### **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 April 2021

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.