



29 July 2022

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2022

Highlights

Selva Malvezzi

- Po Valley Energy received penultimate approval for production at Podere Maiar gas field
- Emilia Romagna Regional Council approved INTESA (local regional production agreement) a prerequisite for Italy's Ecological Transition Ministry (MiTE) to grant a Final Production Concession at Podere Maiar
- Granting of Final Production Concession 29 July 2022

Next Steps

- Application for transfer of JV partners 37% quota of final production concession
- Install gas plant and a 1km pipeline – contract negotiations are underway to complete this
- First gas scheduled from Podere Maiar in 1H CY2023

Corporate

- Kevin Bailey AM elected as Chairman
- Appointment of Brent Bonadeo to drive development and gas production at Podere Maiar well
- Katrina O'Leary appointed as new independent non-executive director
- Conversion of convertible notes raised A\$1.75M.

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 2022, covering the Company's further gas and oil 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 licence measures 80,68 sq km and is included in the Podere Gallina Permit

During the quarter Po Valley's Podere Maiar gas field within the Selva Malvezzi Production Concession received approval of the INTESA) from the Emilia Romagna Regional Council. Granting of the INTESA opened the way for the anticipated grant of the Final Production Concession by the Ministry of Ecological Transition, which has been received today (refer ASX announcement 29 July 2022).

The final production concession allows Po Valley to proceed with installing a fully automated gas plant at the existing Selva/Podere Maiar 1dir well site and a 1,000m (1km) pipeline to the adjacent National Gas Grid, where the regulator SNAM can connect the pipeline to the grid.

Po Valley Energy anticipates first gas from Podere Maiar in the first half of CY2023.

Corporate

Board Changes

During the quarter Kevin Bailey AM was elected the new Chairman of Po Valley Energy. He replaced Founder and outgoing Chairman Michael Masterman who retired after serving more than 20 years with the Company.

Mr Bailey has a wealth of business experience and a strong understanding of the company's assets having served as the company's non-executive director since 2016 and shareholder since 2008.

Intellectual Property (IP) and Information Technology (IT) lawyer Katrina O'Leary was appointed a new independent non-executive director. She has 10 years of experience in top tier law firms in Australia, eight years consulting for international organisations and non-government organisations (NGOs) in Italy, and 15 years providing in-house specialist IP/IT advice to Australian government entities, large public companies and small private companies.

Experienced Oil & Gas and Finance Executive Brent Bonadeo was appointed to help drive the development of the Podere Maier well into production in early 2023. Mr Bonadeo has nearly 30 years of experience across banking, private equity, energy (oil and gas, electricity), infrastructure, resources, industrial and technology. He has E&P financial, capital markets and advisory experience in 'bulge bracket' investment banks, domestic banks and boutique advisers.

Conversion of Convertible Notes

During the quarter Po Valley Energy issued 62,500,000 ordinary fully paid shares on the conversion of 1,750,000 Convertible Notes, representing a total value of A\$1.75 million at a conversion price of \$0.028.

Cash flow

Net operating cash outflows for the quarter was €247k (A\$368k)¹ and exploration expenditure payments in the quarter amounted to €148k (A\$221k)¹ (net of JV partner capex recoveries).

The Group's cash reserves as at 30 June 2022 was €656k (A\$979k)¹.

With regards to Section 6.1 of the Appendix 5B payments totalling €24k to related parties and their associates, the Company advises that these payments consisted of director fees of €6k and final interest on Convertible notes redeemed in the quarter of €18k.

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

For further information please contact:

Kevin Bailey AM, Po Valley Chairman, +61 417 556 458

¹A\$/€ exchange rate assumed 0.67

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 in Selva Malvezzi is to be formally requested as soon as Final Production Concession is awarded.

Reserves and Resources*

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
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			
	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 Resources estimated are as reported in the CPR report dated 25 July 2022 (Refer ASX announcement 26 July 2022)

² Net to the PVE 63%

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.



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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Directors	
Mr. Kevin Bailey, 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 2022

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	(71)	(154)
	(e) administration and corporate costs	(187)	(247)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(30)	(30)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Recoveries from JV for overheads	41	79
1.9	Net cash from / (used in) operating activities	(247)	(352)

*payments made in current period relating to prior year employee costs that were deferred to the current period.

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)	(148)*	(281)*
	(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	(148)	(281)

**exploration expenditure is net of JV contributions to capitalised costs of €188k for the year to date and €169k for this quarter*

3.	Cash flows from financing activities		
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	(7)	(7)
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)	-	-
3.10	Net cash from / (used in) financing activities	(7)	(7)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,077	1,262
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(247)	(352)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(148)	(281)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)

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	(19)	34
4.6	Cash and cash equivalents at end of period	656	656

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	656	1,077
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)	656	1,077

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
24
-

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	Total facility amount at quarter end €000	Amount drawn at quarter end €000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – Convertible Notes	-	-
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.		
7.3: (AU)\$1,750k Convertible Notes were redeemed by conversion to equity during the quarter. The Company issued 62,500,000 shares at AU\$0.028 per share following shareholder approval of the amendment of the terms of the convertible notes at the AGM on 29 April 2022.		

8. Estimated cash available for future operating activities	€000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(247)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(148)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(395)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	656
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	656
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.7

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 entity does expect level of expenditure to continue as it progresses activities to obtain the final production concession, commence development of the Selva Malvezzi field to bring the field into production in 2023, however the following factors are also taken into consideration:

The entity does not expect any further interest costs (€30k in the quarter) as all debt instruments have been settled in this period.

Due to timing of cash calls at the end of the period, the entity expects receipts in relation to costs incurred and paid in June early in the next quarter of €63k. On grant of production concession, the entity also anticipates to recover from the JV partners their share of the deposit paid by the entity for the Selva pipeline connection, their share being €281k (the entity funded the full amount of €757k in 2021).

Any discretionary costs will only be incurred after assessment of available cash 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 entity anticipates ongoing contributions from its JV partners for further exploration and development costs in addition to contributions noted in the response above.

The entity continues to assess its short to medium term funding requirements reviewing strategies to deliver sufficient funds to meet its objectives in a timely manner. The entity does not have any reason to believe any 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:

The Company does expect that it will be able to continue its operation and meet its business objectives based on the responses above.

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: 29 July 2022

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.