



31 October 2022

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 30th September 2022, covering the Company's further gas exploration, development and production outcomes across its onshore and offshore assets in northern Italy.

Highlights

Selva Malvezzi

- Po Valley received a production concession that enables the development of its Podere Maiar-1 well which lies within the Selva Malvezzi field in Italy
- Po Valley reached agreement to secure access to all land required for successful operations at the Podere Maiar-1 well site
 - All payments to secure the land for its Podere Maiar-1 well in Italy's Selva Malvezzi Production Concession were approved and paid to relevant authorities
 - Final agreements are being notarised and all costs relating to land and pipeline access are within budget
- Construction contract signed with Italian Engineering firm TESI Srl to install gas plant and pipeline for Podere Maiar-1 gas well
- All materials relating to the 1km gas pipeline to connect Podere Maiar-1 well to the National Gas Grid arrived on site and remain on budget
- TESI contract locks-in development costs €130k (A\$190k) less than previously forecast

Next steps

- Po Valley expects final approval from UNMIG. Fire department approval was received on 12th October.
- Podere Maiar-1 is on track for first gas in early Q2 CY2023

Corporate

- Successful \$4.5M placement completed to fund Po Valley to production at its Podere Maiar-1 well
- Placement will enable construction to commence at Podere Maiar-1 once final approval from UNMIG is received.
- All resolutions passed at General Meeting of Shareholders which formalised participation in the recent capital raising by the Chairman and Related parties of PVE
- Cash at 30 September 2022 was €2,848k (A\$4,320k)¹

¹ A\$/€ exchange rate assumed 0.66

SELVA MALVEZZI

Selva Malvezzi Production Concession contains the Podere Maiar-1 onshore natural gas well 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 was originally included in the Podere Gallina Permit. The remaining exploration acreage in the Podere Gallina Permit which were deemed unsuitable areas, has been recently revoked by MiTE further to Po Valley's request. The Production Concession received in late July 2022 for its Podere Maiar-1 gas well enables the development of the Podere Maiar-1 well facilities and subsequent operations.

The Selva Malvezzi Production Concession is owned by Po Valley's subsidiary, Po Valley Operations (PVO) (100% as the operator), with a formal request for the transfer of the JV partners' 20% (UOG) and 17% (Prospex) quotas, owned by Prospex Energy, to be filed with the Environment and Energy Security Ministry (formerly Ministry of Ecological Transition).

Securing of rights to land title

Po Valley remains on track for first gas from Podere Maiar-1 in early Q2 CY2023 after ISMEA accepted the Company's application to land titles for the well site, subject to finance (refer ASX announcement 19th September 2022).

Po Valley received an official letter from the General Director of Italy's ISMEA accepting its application for the land purchase as well as services for the gas pipeline and associated cables. Payment to secure the land rights is on budget and has been processed (19th September 2022). The contract for ISMEA Podere Maiar-1 well site land purchase and services for the gas pipelines and cables has now been completed which gives Po Valley complete access and control required to construct its gas treatment plant and pipeline at the Podere Maiar-1 well site.

In addition, the steel pipe has arrived on site and is being stored in readiness to construct the 1km gas pipeline that connects the Podere Maiar-1 well to the National Gas Grid.

Signing of Podere Maiar-1 gas plant and pipeline contract

During the quarter, Po Valley announced its Subsidiary, Po Valley Operations (PVO), had signed contracts with Italian engineering firm TESI Srl to develop the Podere Maiar-1 gas well.

TESI Srl will construct a gas treatment plant on the site of Podere Maiar-1 well and a 1km-long pipeline for gas transportation from the well site to Italy's national gas grid, with Italy's gas regulator SNAM to connect the pipeline to the grid.

Cost of constructing the gas treatment plant and pipeline totals €3.45 million (~A\$5 million) (net to Po Valley: €2.2 million; ~A\$3.2 million), which is €130,000 (~A\$190,000) less than previously forecast¹.

Once installed, the gas plant capacity will be ~150,000 standard cubic metres (scm) per day, and the pipeline capacity will be ~300,000 scm per day. Construction is scheduled to be completed in the first quarter of CY23.

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

¹ CGG CPR (July 2022). Refer to ASX Announcement 26 July 2022

Other onshore assets

Further to PVO's request in late September MiTE revoked all acreage deemed "unsuitable" for hydrocarbon activity according to PITESAI (recently approved Plan of Areas). Revoked acreage is void of prospects and without gas potential. Properties retained by Po Valley include all existing prospects and discoveries.

CORPORATE**Completion of \$4.5M Placement**

As announced on 10th August 2022, Po Valley completed a \$4.5M (before costs) share placement to develop its Podere Maiar-1 gas well at the Company's Selva Malvezzi Production Concession in Italy. Included in the Placement is \$600,000 via the issue of 10,909,091 shares to certain director-related parties, which were subject to shareholders' approval. At the General Meeting held on the 5th of October, Shareholders approved the participation of these related parties in the placement. The Company issued 70,909,090 ordinary shares on the 15th of August in relation to the non-related parties' placement and the remaining issue of 10,909,091 shares for the related parties' transaction is anticipated to be completed in the coming week.

The Placement was well supported and overbid. The capital raise will allow Po Valley to:

- Complete construction of the gas plant and pipeline, which will facilitate first gas at the Podere Maiar-1 facility
- Progress geology and geophysics ("G&G") work programmes on Selva North, South and East wells
- Explore mechanisms to realise value at Teodorico via joint venture or asset sales
- Progress planning for drilling programs of Selva North, South and East and evaluate a 2D/3D seismic survey considering Plan of areas (PITESAI) outcome, on the greater Selva Malvezzi Production Concession

In addition to the capital raise, the Company also issued to the lead manager under the company's existing ASX Listing Rule 7.1 capacity an amount of 7,500,000 options with a strike price of A\$0.10, expiring in June 2024.

Peloton Capital Pty Ltd led the Placement.

Results of General Meeting

The Company held a General Meeting of Shareholders on 5th October 2022. Resolutions contained in the Notice of Meeting dated 1st September 2022 were all carried on a poll of shareholder votes. Resolution 5, relating to the approval of the Amendment to the Company's Constitution, being a special resolution, was carried by a sufficient majority of shareholder votes.

Presentation to investors

Po Valley Chairman Kevin Bailey hosted an investor webinar to discuss upcoming plans after the Company received final approval for gas production at its Podere Maiar-1 gas well, which is fully funded to production. The webinar was held on 15th September 2022 and included a presentation and Q & A session. [A replay can be seen by clicking here.](#)

Cash flow

Net operating cash outflows for the quarter was €153k and exploration expenditure payments in the quarter amounted to €452k (net of JV partner capex recoveries).

The Group's cash reserves as at 30th September 2022 were €2,848k.

Regarding Section 6.1 of the Appendix 5B payments totalling €18k to related parties and their associates, the Company advises that these payments consisted of director fees.

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

Summary of Tenements

| | | Tenement | Location | Interest held |
|------------------------|---------------|-------------------------------------|--------------------------|-------------------------------|
| PRODUCTION CONCESSIONS | AWARDED | <i>Selva Malvezzi⁽¹⁾</i> | Italy, Emilia Romagna | 100% Po Valley ⁽¹⁾ |
| | 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 |

¹ Transfer approval for UOG (20%) and PROSPEX (17%) quotas in Selva Malvezzi will be formally requested when final UNMIG approval is received.

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] ² | Selva (Podere Maiar-1) | 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)

² 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.

| Registered Office | Rome Office |
|--|--|
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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 SEPTEMBER 2022

| Consolidated statement of cash flows | Current quarter €'000 | Year to date (9 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 | (72) | (226) |
| (e) administration and corporate costs | (155) | (402) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | - | (30) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other – Recoveries from JV for overheads | 73 | 152 |
| 1.9 Net cash from / (used in) operating activities | (153) | (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 | (14) | (14) |
| (d) exploration & evaluation (if capitalised) | (452)* | (733)* |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter €'000 | Year to date (9 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 – JV Contribution to Bond previously paid by the Company | 280 | 280 |
| 2.6 | Net cash from / (used in) investing activities | (186) | (467) |

** expenditure is net of JV contributions to capitalised costs of €540k for the year to date and €352k for this quarter (excluding VAT)*

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 2,667 | 2,667 |
| 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 | (218) | (225) |
| 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 | 2,449 | 2,442 |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 656 | 1,262 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (153) | (505) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (186) | (467) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,449 | 2,442 |

| Consolidated statement of cash flows | | Current quarter €'000 | Year to date (9 months) €'000 |
|---|---|----------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 82 | 116 |
| 4.6 | Cash and cash equivalents at end of period | 2,848 | 2,848 |

| 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 | 2,848 | 656 |
| 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) | 2,848 | 656 |

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 |
|----------------------------------|
| 18 |
| - |

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

| | | | |
|-----|---|---|--|
| 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 | - | - |
| 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. | | |

| |
|--|
| |
|--|

| 8. | Estimated cash available for future operating activities | €'000 |
|-----|---|-------|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (153) |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | (452) |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | (605) |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 2,848 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 2,848 |
| 8.7 | Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 4.7 |

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:

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: 31 October 2022

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

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.