31 July 2020

QUARTERLY ACTIVITIES REPORT

For the 2020 June quarter and to the date of this report

Australia's Po Valley Energy Limited, ("Po Valley" or "The Company") is pleased to provide its Quarterly Activities Report for the period ending 30 June 2020, 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):** The Italian Ministry of Environment published the technical positive opinion on environmental compatibility for the Selva gas field development in January 2020; project came back to new environmental technical commission for additional minor review. Production concession approval is expected in the second half of calendar 2020.
- **Teodorico (Offshore Gas):** Environmental technical commission confirmed "environmental compatibility" of the project in April 2020. Final production concession approval is expected in 2nd half 2020.

- **Covid-19 and Italian Government state of emergency.** Po Valley's team continue to operate under 'Smart Working' conditions from home, with minimal field operations.

- **Corporate:** PVE is actively looking to expand its portfolio of large**,** low-cost, onshore gas fields in Europe.

Po Valley CEO, Michael Masterman:

"In a very challenging Covid-19 environment, Po Valley has advanced its gas field developments in Italy while keeping its people safe and streamlining costs."

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

In the Selva gas field, east of Bologna, development and preliminary work has now commenced to prepare the field for maiden gas production in 2021. Final EIA decree is expected in 3Q 2020.

This follows the granting early last year to Po Valley of the formal Selva Malvezzi preliminary gas Production Concession (80.68km²) by the Italian Ministry for Economic Development.

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 metres/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).

In accordance with environmental monitoring plan, in June a GPS subsidence monitoring system was installed at the Podere Maiar well pad.

1. Italian Authorities approved the quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit where PVO is operator in March 2020; deeds of assignment were signed in June 2020; waiting for final decree. Transfer approval for Selva Malvezzi to be formally requested.

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. Primary environment approval was granted in 2019.

Teodorico continued during the quarter to advance through the regulatory approval process. Key related EIA approval integrated documentation has been discussed and approved by the Environmental Technical Commission in April 2020. Po Valley expects to complete the regulatory approval process in the second half of 2020.

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.

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 and has the potential to transform the size and scale of the Company's operations.

A preliminary well location has been identified and the study of land constraints is underway.

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 as soon as the exploration activities ban ends in August 2021.

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. Po Valley's objective is to complete production planning and well design during the second half of 2020.

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 continue to operate under 'Smart Working' regime from home with minimal field operations and have effectively advanced several key workstreams.

Italian Government programs have allowed Po Valley to assess and streamline cost structures whilst continuing to advance our projects through the approval process so that the Company is ready to invest and create new jobs in the Italian energy sector as the economy recovers from this crisis.

Corporate

Related party transactions included in section 6 of the Appendix 5B ('Payments to related parties of the entity and their associates') are amounts paid during the quarter that relates solely to the payment of salaries and wages to members of the Board of Directors amounting to €8,167.

Director and related party financing facilities were extended with additional funding provided during the quarter of €60k and subsequent to the quarter end to the date of this report an additional amount €72k. These loans have been provided on the same terms as the existing facilities being unsecured repayable 31 December 2020 with interest rate of 10% p.a.

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 licence at Torre del Moro, and
- The expanded Ravizza (Grattasasso Permit) and Bagnolo (Cadelbosco Permit) oil reservoirs and extensions

In these challenging times, it is a credit to our team, with the support of the Italian authorities, that we have been able to advance our natural gas projects through the approval processes.

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	***Teodorico (d.40.AC-PY)***	Italy, Adriatic Offshore	100% Po Valley
	PREL. AWARDED	***Selva Malvezzi***[1]	Italy, Emilia Romagna	100% Po Valley
EXPLORATION PERMITS	GRANTED	***AR94PY***	Italy, Adriatic Offshore	100% Po Valley
		Cadelbosco di Sopra [2]	Italy, Emilia Romagna	100% Po Valley
		Grattasasso	Italy, Emilia Romagna	100% Po Valley
		Podere Gallina[1]	Italy, Emilia Romagna	100% Po Valley
		Torre del Moro	Italy, Emilia Romagna	100% Po Valley

1. Italian Authorities approved quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas in Podere Gallina Permit where PVO is operator in March 2020; deeds of assignment were signed in June 2020; waiting for final decree. Transfer approval for Selva Malvezzi to be formally requested.
2. After Petrorep Italiana request, Italian Government on 25 February 2020 approved the 15% licence quota to be transferred from Petrorep Italiana to Po Valley Operations, now operator at 100%.

Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		Gas Bcf								
		1P	2P	3P	1C	2C	3C	Low	Best	High
AR94PY	Teodorico outside 12 miles	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]	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
	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

Refer ASX announcements and CPR reports dated 19 February 2018, 8 February 2019, 26 April 2019

Reserves and Resources*

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
					Oil MMbbl					
		1P	2P	3P	1C	2C	3C	Low	Best	High
Torre del Moro	Torre del Moro							65.0	106.0	240.0
Cadelbosco	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			

Refer ASX announcements and CPR reports dated 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.

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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	Quarter ended ("current quarter")
33 087 741 571	30 JUNE 2020

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)	(9)	(9)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(88)	(144)
	(e) administration and corporate costs	(85)	(138)
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**	**(182)**	**(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)	(29)	(73)
	(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 - Joint Venture Partner recoveries	-	147
2.6	**Net cash from / (used in) investing activities**	**(29)**	**74**

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	-	-
3.5	Proceeds from borrowings	60	210
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**	**60**	**210**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	183	42
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(182)	(291)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(29)	74
4.4	Net cash from / (used in) financing activities (item 3.10 above)	60	210

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	(1)	(4)
4.6	**Cash and cash equivalents at end of period**	**31**	**31**

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	31	183
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)**	**31**	**183**

6.	Payments to related parties of the entity and their associates	Current quarter €'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	8
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

7.	**Financing facilities** *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.*	**Total facility amount at quarter end €'000**	**Amount drawn at quarter end €'000**
7.1	Loan facilities	1,455	1,455
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Notes	1,531	1,531
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: Loan facility is provided by entities related to directors/related parties of the Company. The loans are unsecured, repayable on 31 December 2020 with an interest rate of 10%p.a. €-value above is at spot rate on 30 June 2020.

The short term loan facility was increased in this quarter by €60k and after the quarter end and to date to the date of this report, by an additional €72k.

7.3: 2,500,000 (AU)$1 Convertible Notes: Term of 3 years (ending June 2021) and interest rate of 8%p.a. Conversion price of (AU)$0.042 per share. €-value above is at spot rate on 30 June 2020.

8.	**Estimated cash available for future operating activities**	**€'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(182)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(29)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(211)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	31
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	31
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	-0.1

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, with the ongoing impact of COVID-19 on activities in Italy, the Company continues to, where possible, reduce / deferring fees for Directors, contractors and consultants. Italian Government programs have allowed the Company to assess and streamline costs structures. Contributions from JV partners are expected to resume over the next two quarters which will provide part funding for JV exploration and evaluation expenditure and recovery of staff costs.

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 Directors are currently reviewing a range of financing options which may include the further issue of new equity. Directors/related parties have continued to support the company through related party financing facilities and have extended further facilities during the quarter and subsequent to the quarter.

Based on demonstrated past successes with raising equity, the directors reasonably expect that they will be able to raise sufficient funds to meet its exploration and working capital requirements to continue its operations and to meet its business objectives.

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, with the measures currently in place to ensure security of its assets and preservation of cash reserves, combined with the plan to raise further capital in the coming months, the Directors are of the opinion that the entity will be able to continue its operations and meet its business objectives.

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 July 2020

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.