29 January 2021

QUARTERLY ACTIVITIES REPORT

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

Australia's Po Valley Energy Limited, ("Po Valley" or "The Company") provides its Quarterly Activities Report for the period ending 31 December 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):** Italy's new Environmental Technical Commission confirmed "environmental compatibility" on November 10th 2020, and on December 23rd, 2020, the Environmental Ministry published on its website that the final EIA decree is waiting for the Environmental Minister's signature. Final production concession approval is expected in the first quarter calendar 2021.

- **Teodorico (Offshore Gas):** Environmental Technical Commission confirmed "environmental compatibility" of the project in April 2020. The final EIA decree is waiting for the Environmental Minister's signature. Final production concession approval is expected in the first quarter calendar 2021.

- **COVID-19 and Italian Government state of emergency:** Restrictions connected to COVID-19 have been extended to the end of March 2021**.** Despite the state of emergency, Po Valley's team has maintained working at the office, under all government anti-COVID rules.

- **Corporate:** The Company is actively continuing communications with Italy's Environmental Ministry, Economic Development Ministry, Regional and Municipal authorities in order to follow and expedite the authorization procedures.

Po Valley CEO, Michael Masterman:

"In a very challenging COVID-19 environment, Po Valley has continued to advance the approvals and development processes for 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 continued to prepare for maiden gas production in 2021. The latest government guidance points to final EIA decree and Production Concession expected in 1Q 2021.

The Italian Ministry for Economic Development granted to Po Valley in 2019, the formal Selva Malvezzi preliminary gas Production Concession (80.68km²). The new Environmental Technical Commission confirmed "environmental compatibility" approval on November 10th 2020 and the final EIA decree is waiting for the Environmental Minister's signature.

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).

The GPS system installed last June, is continuing to record subsidence data in accordance with the environmental monitoring plan.

In October 2020, the Podere Gallina exploration licence received the final decree from the Economic Development Ministry for the joint venture quota transfer of 20% to United Oil and Gas and 17% to Prospex Oil and Gas.

1. Transfer approval of UOG and PROSPEX quotas for Selva Malvezzi to be formally requested as soon as Concession will be awarded.

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 environmental approval was granted in 2019 and the new Environmental Technical Commission confirmed "environmental compatibility" in April 2020. The final EIA decree is waiting for the Environmental Minister's signature.

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Po Valley expects Production Concession approval from the MISE in the first quarter of calendar 2021.

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.

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 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.

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 working safely from PVO premises and is operating under all the anti-COVID 19 health and safety rules, with minimal field operations but continue to advance several key workstreams.

Corporate

Additional loans of AU$166k (equivalent to €100k) were provided during the quarter from related parties and/or their associates and major shareholders 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) The loans have a maturity date of 31 December 2021;
c) The principal attracts interest of 10% p.a.;

Further funding from related parties of AU$200k has been agreed subsequent to the quarter end to provide additional working capital.

Exploration expenditure incurred in the quarter was €15k with payments in the quarter amounting to €117k. These payments included a €60k final instalment relating to a historic amount that was subject to a settlement agreement and payments for amounts incurred in prior periods.

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

The Company is actively communicating with Italy's Environmental Ministry, Economic Development Ministry, Regional and Municipal authorities in order to follow and expedite the authorization procedures for its development assets.

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

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	***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	Italy, Emilia Romagna	100% Po Valley
		Grattasasso	Italy, Emilia Romagna	100% Po Valley
		Podere Gallina	Italy, Emilia Romagna	63% Po Valley
		Torre del Moro	Italy, Emilia Romagna	100% Po Valley

1. Transfer approval for UOG and PROSPEX 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								
		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]	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	31 DECEMBER 2020

Consolidated statement of cash flows		**Current quarter €'000**	**Year to date (12 months) €'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	(9)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(42)	(234)
	(e) administration and corporate costs	(71)	(284)
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**	**(113)**	**(527)**

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)	(117)	(250)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter €'000	Year to date (12 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	15	167
2.6	**Net cash from / (used in) investing activities**	**(102)**	**(83)**

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	106	610
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**	**106**	**610**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	145	42
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(113)	(527)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(102)	(83)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	106	610

Consolidated statement of cash flows		Current quarter €'000	Year to date (12 months) €'000
4.5	Effect of movement in exchange rates on cash held	8	2
4.6	**Cash and cash equivalents at end of period**	**44**	**44**

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	44	145
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)**	**44**	**145**

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	-
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	2,000*	1,992
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Notes	1,571	1,571
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	133*
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 with an interest rate of 10%p.a and repayment date of 31 December 2021.

€-value above is at spot rate on 31 December 2020.

Loans provided in the quarter amount to (AU)$166,000 (€106k), subsequent to period end, the Directors agreed to provide interim funding by loans of a further (AU)$200k* – this has been included as unused facilities at 7.5

7.3: (AU)$2,500,000 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 31 December 2020

8.	**Estimated cash available for future operating activities**	**€'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(113)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(117)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(230)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	44
8.5	Unused finance facilities available at quarter end (Item 7.5)	133
8.6	Total available funding (Item 8.4 + Item 8.5)	177
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	0.8

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, however the cash outflow for capitalised exploration and evaluation includes historic amounts that were settled by agreement with the final instalment of €60k being paid in this quarter.

Field and technical costs have been reduced to minimum levels whilst there have been travel and operating restrictions due to ongoing COVID-19. Costs incurred in the quarter were not material, however the Company continues to pay down cumulative outstanding creditors from prior periods.

The CEO and non-executive directors have continued deferred payment of salaries and fees until additional capital can be raised and the Selva project is granted development approval.

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 ongoing support of the Board and major shareholders who have provided funding through unsecured loans, this facility has been further extended during the quarter and subsequently to provide interim funding whilst the Company completes plans for a more significant fund raising as plans progress with granting of development approval for the Selva project which is expected in Q1 2021.

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 ongoing support of the Board and major shareholders with unsecured loans, ongoing measures to ensure security of assets and conserve cash and the plan to raise further capital in the near future 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: 29 January 2021

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.