



31 October 2023

## ASX ANNOUNCEMENT

### QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

#### Highlights

##### Selva Malvezzi – PVE 63% Interest

- PM1 commenced gas production in Italy on 4 July 2023
- PM1 well has performed very consistently post ramp up at a steady production rate of ~72,000 scm/day during the initial testing period, which is expected to be concluded end of December 2023
- October production temporarily running at ~62,000 scm/day as part of the testing programme and expected to increase in November
- Longer term production rate targeting at least 80,000 scm/day
- PM1 is supplying the gas to BP Gas Marketing under an 18-month supply agreement with invoicing cycles progressing seamlessly
- Gas prices remain volatile with the current spot price of ~€0.53/cm which is ~50% higher than the €0.32/cm weighted average price received during the quarter
- Quarterly production was 5,658,117 scm of gas (on a 100% basis) and revenue for the quarter ending 30 September 2023 was €1,937,072 (on a 100% basis).

#### Next steps

- Po Valley Energy continues to advance other projects within the Selva Malvezzi Production Concession and explore realising maximum value for the remainder of its Italian gas portfolio.

#### Corporate

- Operating cashflow for the quarter was €263k (net to PVE), with a one-month lag between revenue and cash receipts due to normal trading terms with BP Gas Marketing
- Cashflows in relation to development costs were €608k (net to PVE), representing the final payments for the PM1 gas plant and pipeline. A final €203k payment is due in October
- Cash at 30 September 2023 €588k (A\$967k) with €756k (A\$1,243k) in receivables.

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 September 2023, covering the Company's gas 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 production concession measures 80.68 sq km and is part of the former Podere Gallina Exploration Permit from which is now reclassified as a production concession.

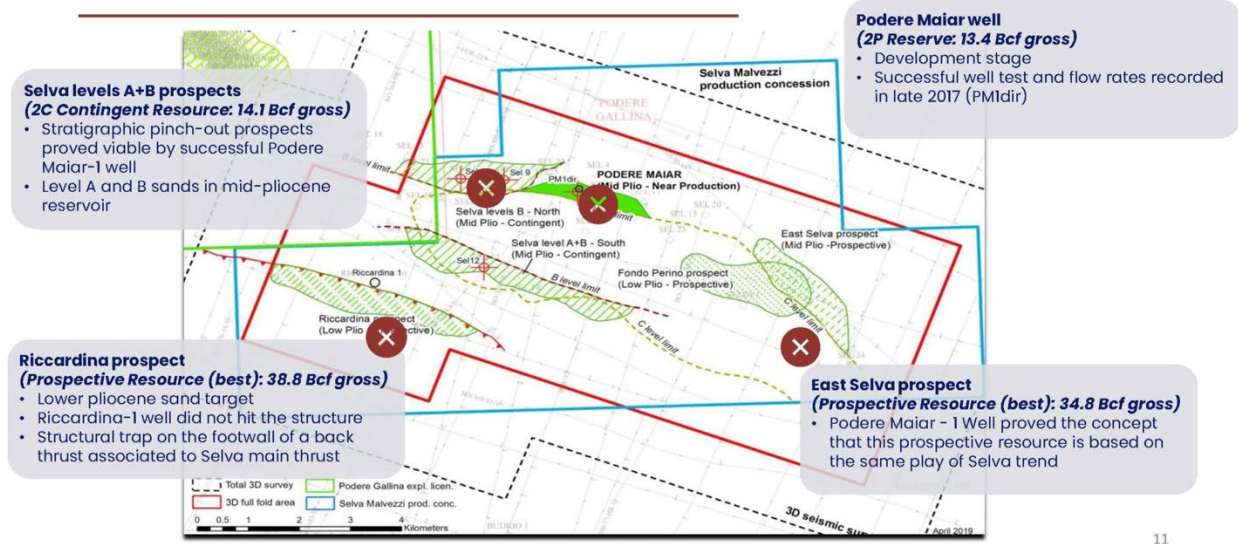


Figure 1: Selva Malvezzi Production concession

### PM1 gas production and well management

On 4 July 2023, Po Valley commenced gas production at its 63%-owned Podere Maiar – 1 (PM1) gas facility in the Selva Malvezzi Production Concession, located in the Po Valley plain of northern Italy.

PM1 quarterly production is shown in the table below.

PM1 Gas Production September 2023 quarter			
PM1 Production (scm)	July 2023	August 2023	September 2023
PM1 – 100%	1,809,753	1,707,581	2,140,783
PM1 – 63% (PVE share)	1,140,144	1,075,776	1,348,693

Po Valley subsidiary, Po Valley Operations Pty Ltd (“PVO”), operator of the PM1 joint venture, is particularly pleased with PM1 well performance to date. Regardless of choke setting, production has been very consistent as has tubing head pressure. Volume variances across the quarter are a function of varying SNAM grid pressure which is normal, and a predetermined slick line rig programme based around delivering well certainty for the longer term.

During the quarter, PVO carried out three slick line work programmes. The first immediately after ramp-up concluded, with the second and third at the end of August 2023 and September 2023. Bottom hole pressure and temperature readings were 100% in line with expectations, however, there were some preliminary concerns around debris accumulation (since removed) identified post ramp-up and during August slick line operations.

Pleasingly, this debris accumulation issue seems to have been rectified and resolved as part of the September slick line work programme, which PVO expects to confirm during similar programmes scheduled for early November and end December 2023. As part of this confirmatory programme, choke levels have been set to produce ~62,000 scm / day during October 2023 after which it is expected that production levels should return to normal levels.

PM1 Gas is supplied to BP Gas Marketing under an 18-month supply agreement. Invoicing cycles being managed by PVO on behalf of the PM1 joint venture are progressing seamlessly. Revenue for the period ending 30 September 2023 was €1,937,072 (100%).

PVO has met its payments obligations for the costs in relation to the development of the PM1 plant in accordance with the plant construction agreement. Net cash outflows for development costs totalled €608k (net to PVE) for the quarter. Final instalment on the construction costs of €203k (net to PVE) will be settled in the next quarter.



*Figure 2: Podere Maiar – 1 Gas Plant*

The Selva Malvezzi Concession is the key area of focus for the Company and we are assessing the next stages of development including drilling programmes at Selva North, South and East and a potential seismic programme at the Riccardina prospect.

PVE is pleased to confirm initial interaction and discussions with landholders near the North / South and East drilling prospects have commenced and been very positive. The Company looks forward to providing timing guidance on these next steps in the near future.

Kevin Bailey, Po Valley Chairman, stated that “the PVE board is delighted with the PM1 ramp-up and testing process and the onset of steady state production in 2024. The success of PM1 sets the Company on a solid platform to continue the nearby development of adjacent prospects in the Sleva Malvezzi concession and pleasingly, this work is now underway.”

### **Other Assets**

The Company continues to assess how best to realise value from its 100%-owned Teodorico (AR94PY) off-shore asset, either via a joint venture or sale. In addition, the company is reviewing optimal development paths for its residual assets (Cadelbosco di Sopra, Grattasasso and Torre del Moro) including the potential for introduction of third-party investors / partners who have interest in participating in their development.

Cadelbosco di Sopra and Grattasasso are shallow gas opportunities which fit neatly with the Company's proven exploration and development capabilities whilst Torre del Moro is a large deep gas prospect.

### **CORPORATE**

#### **Cash flow**

Net operating cashflows for the quarter were €263k, which included receipts from gas sales of €708k and production operating costs of €107k. Development cost cash outflows for the PM1 well site of €608k in the quarter are in accordance with the payment terms of the construction contract. Costs are net of any Joint Venture Partner contribution.

The Group's cash balance at 30 June 2023 was €588k (A\$967k).

Regarding Section 6.1 of the Appendix 5B payments totalling €42k made to related parties and their associates during the quarter, the Company advises these payments consisted of current director fees for the quarter.

#### **Information Provided in Accordance with ASX Listing Rules 5.4.1 and 5.4.2**

In accordance with ASX Listing Rule 5.4.1, the Company confirms that, other than the development and production underway at the Podere Maiar-1 well site, there have been no material developments or changes to its exploration or production activities. As the focus in this quarter was monitoring and managing initial gas production at the Podere Maiar-1 gas plant and pipeline, there were no other substantive exploration activities or costs incurred during the quarter.

In accordance with ASX Listing Rule 5.4.2, the Company advises that the development and production activities undertaken at the Podere Maiar-1 site and costs incurred are as described in the relevant sections above.

## Summary of Tenements

		Tenement	Location	Interest held
PRODUCTION CONCESSIONS	AWARDED	<i>Selva Malvezzi</i> <sup>(1)(2)</sup>	Italy, Emilia Romagna	100% Po Valley <sup>(1)</sup>
	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

<sup>1</sup> Transfer of JV partner quota totalling 37% in Selva Malvezzi has been preliminary authorized by Ministry on October 2<sup>nd</sup> 2023 to become effective after notary deed to be done within 90 days from October 2<sup>nd</sup>:

<sup>2</sup> Selva Malvezzi Production Concession includes exploration areas that are deemed suitable for exploration under the Pitesai, these areas were previously held under the Podere Gallina exploration permit and are included in the Selva Malvezzi production concession awarded in 2022.

## 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 PL3-C				7.4	10.6	14.0	7.9	15.9	25.0
Selva Malvezzi [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			
	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			
Torre del Moro	Zini (Qu-A)							0.6	1.4	2.4
	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)

<sup>2</sup> 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.

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

**Enquiries to:**

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<b>Directors</b>	
Mr. Kevin Bailey AM, 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 2023

Consolidated statement of cash flows	Current quarter €'000	Year to date (9 months) €'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	708	708
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	(107)	(107)
(d) staff costs	(112)	(400)
(e) administration and corporate costs	(275)	(557)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	7
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Recoveries from JV for overheads	48	126
<b>1.9 Net cash from / (used in) operating activities</b>	<b>263</b>	<b>(224)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(c) property, plant and equipment – Development of PM1 (net to PVE)	(608)	(1,301)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	477

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

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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(608)</b>	<b>(824)</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	-	156
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1)
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 - Lease liabilities	(3)	(21)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3)</b>	<b>134</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	939	1,536
4.2	Net cash from / (used in) operating activities (item 1.9 above)	263	(224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(608)	(824)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	134
4.5	Effect of movement in exchange rates on cash held	(3)	(34)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>588</b>	<b>939</b>



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

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter €'000</b>	<b>Previous quarter €'000</b>
5.1	Bank balances	588	939
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>588</b>	<b>939</b>

6.	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter €'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	42
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.	<b>Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end €'000</b>	<b>Amount drawn at quarter end €'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Convertible Notes	-	-
7.4	<b>Total financing facilities</b>		

7.5	<b>Unused financing facilities available at quarter end</b>	-
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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.

<b>8. Estimated cash available for future operating activities</b>	<b>€'000</b>
8.1 Net cash from operating activities (Item 1.9)	263
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	263
8.4 Cash and cash equivalents at quarter end (Item 4.6)	588
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	588
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	n/a as quarter net cash inflow of €263k

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 2023

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.