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# Equity Capital Raising Presentation

June 2021



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Various statements in this presentation constitute statements relating to intentions, future acts and events. Such statements are generally classified as “forward looking statements” and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates” and similar expressions are intended to identify forward-looking statements. PVE caution shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of PVE only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made.

## RESERVES AND RESOURCES

Po Valley Energy Limited (ASX: **PVE**) provides the following additional information to this Presentation:

1. The estimates of Reserves, Contingent and Prospective Resource included in the Presentation are estimates reported in the Competent Person Report (CPR) dated 24 April 2019 issued by CGG Services (UK) Limited (CGG) and as per the ASX announcement of 26 April 2019
2. All estimates, except for those relating to Teodorico, have been determined using a deterministic method. Estimates for Teodorico have been determined using a probabilistic method
3. Estimates of petroleum reserves, contingent resources and prospective resources have not been reported in units of equivalency between oil and gas. Estimates for gas have been reported in Bcf and for oil in MMbbl.
4. Where reported, aggregated Reserves and Contingent Resources are aggregated by arithmetic summation by category.
5. In relation to Prospective Resources reported in the Presentation on slides 3, 4, 9, 12, 13, 15, 16, 27 and 28 the following cautionary statement applies:

***The estimated quantities of petroleum that may be 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.***

6. The Company confirms it is not aware of any information or data that materially affects the information included in the original market announcements referred to in this presentation, 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 the that the form and context in which the Competent Person's finding are presented have not materially modified from the original market announcement.

## EXPLORATION RESULTS

Refer to Company Announcements for full details on Exploration Results. Po Valley Energy is not aware of any new information or data that materially effects the information contained in those announcements

# Executive Summary

**Po Valley Energy Limited (ASX:PVE)** is pleased to confirm it intends to undertake a A\$10.1m equity capital raising to:

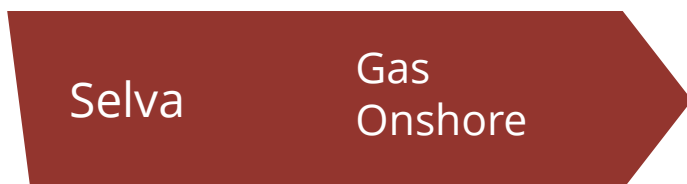
- Accelerate near term gas production at Selva Malvezzi onshore gas project and progress exploration of offshore gas assets and create shareholder value; and
- Strengthen the Company's balance sheet

<b>Strong portfolio of near term gas production and exploration assets<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Balanced portfolio of gas near-term development and large prospects located in Northern Italy               <ul style="list-style-type: none"> <li>• 44.9 Bcf in net 2P Reserve, development ready</li> <li>• 26.9 Bcf in net 2C Contingent Resource</li> <li>• 74.7 Bcf in net Best Case Prospective Resource</li> </ul> </li> </ul>
<b>Near term gas production at Selva Malvezzi</b>	<ul style="list-style-type: none"> <li>• Selva onshore gas project represents a low capex (€2.3m) opportunity to generate strong EBITDA (~ €7.5m p.a.)</li> <li>• PVE Share (63%) - Capex (€1.5m), EBITDA (~ €4.7m p.a.)</li> </ul>
<b>Further development &amp; large-scale exploration upside</b>	<ul style="list-style-type: none"> <li>• 100%-owned Teodorico is a large scale offshore gas project located in the Adriatic Sea, proximal to existing infrastructure and major gas developments</li> </ul>
<b>Environmental Approval</b>	<ul style="list-style-type: none"> <li>• Received EIA approvals and preliminary award for Production Concessions to develop Selva and Teodorico</li> </ul>
<b>Management expertise</b>	<ul style="list-style-type: none"> <li>• Deep Italian oil and gas expertise with key team members former management of major operator Eni S.p.A</li> </ul>
<b>Equity Capital Raising</b>	<ul style="list-style-type: none"> <li>• Po Valley Energy is raising ~A\$10.1m at \$0.028 per share through a \$1m placement using the Company's available capacity under ASX LR 7.1 and 1 for 2 underwritten accelerated entitlement offer to raise A\$9.1m to fund:               <ul style="list-style-type: none"> <li>• ~\$1.6m<sup>1</sup> (€1.0m) for bond</li> <li>• ~\$2.4m<sup>1</sup> (€1.5m) for Selva Malvezzi project development (PVE Share)</li> <li>• ~\$0.6m for repayment of convertible notes</li> <li>• ~\$4.4m repayment / conversion of shareholder loans and interest (including convertible note interest)</li> <li>• ~\$1.1m working capital and transaction costs</li> </ul> </li> <li>• The equity capital raising is being supported by Po Valley Energy Directors, existing shareholders and new investors</li> </ul>

1. AUD/EUR exchange rate assumed 0.63

# Four Assets: Gas Development & Large Scale Exploration Upside

## Development Stage<sup>2</sup>



2P Reserves  
2C Resources  
(recoverable)

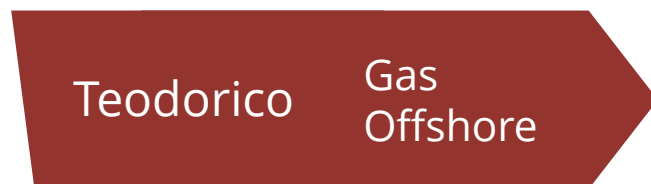
Gross  
**13.4 Bcf**  
**14.1 Bcf**

Capex  
€2.3MM

Unlocks

Daily prod **3.5 MMcfd<sup>1</sup>**

EBITDA **c. €7.5 MM p.a.<sup>1</sup>**



Best  
Prospective<sup>4</sup>  
2P Reserves  
2C Resources  
(recoverable)

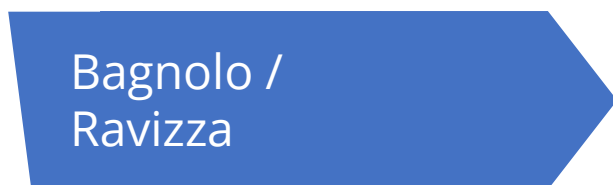
**91.5 Bcf**  
**36.5 Bcf**  
**10.6 Bcf**

Capex  
€53.7MM

Daily prod **14.2 MMcfd<sup>1</sup>**

EBITDA **c. €16.9 MM p.a.<sup>1</sup>**

## Exploration Stage<sup>3</sup>



2C Resources  
(recoverable)  
Best  
Prospective<sup>4</sup>

**43.4 MMbbls**  
**54.5 MMbbls**



Best  
Prospective<sup>4</sup>

**106.0 MMbbls**

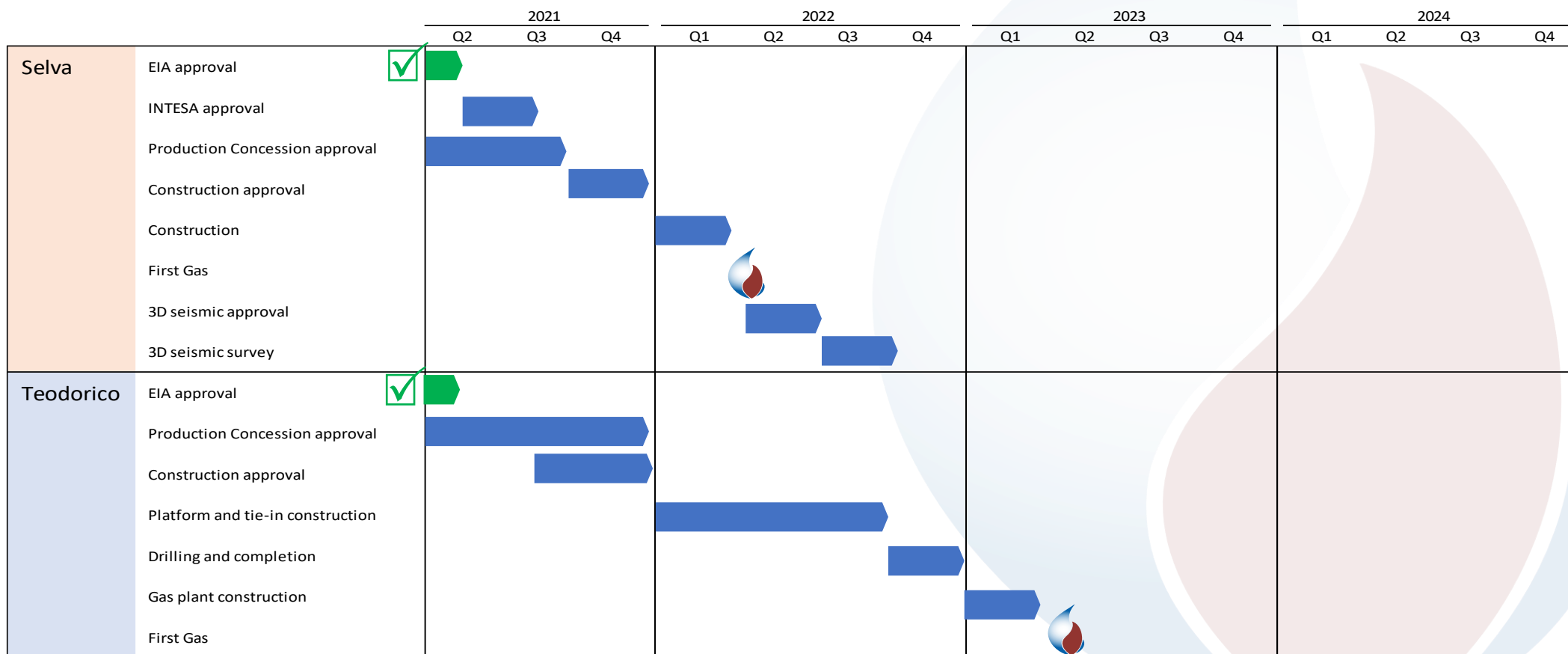
Large Scale  
Exploration  
upside

<sup>1</sup> All figures are gross to project – 2<sup>nd</sup> year production from 2P Reserves as per 2019 CPR; Refer to ASX Announcement 8 Feb 2019 and 26 April 2019

<sup>2</sup> The Company has received EIA approvals and preliminary award for Production Concessions to develop Selva and Teodorico

<sup>3</sup> All Italian oil and gas exploration licences are currently suspended pursuant to a government decree that came into effect in February 2019

<sup>4</sup> Best Estimate Prospective Resources (Recoverable) Refer to ASX Announcement 26 April 2019



# Company Snapshot

**Po Valley Energy Limited (ASX:PVE)** is an Italian focused, oil & gas exploration and development company

## Company Overview (Post Transaction)

Market Cap (21 June 2021)	A\$32.07m
Shares on issue	1,006.64m
Ticker	ASX:PVE
Website	<a href="http://www.povalley.com">www.povalley.com</a>

## Balance Sheet (Post Transaction)

Cash at bank	\$4.7m <sup>1</sup>
Debt	Nil
Convertible notes outstanding	\$1.7m <sup>1</sup>

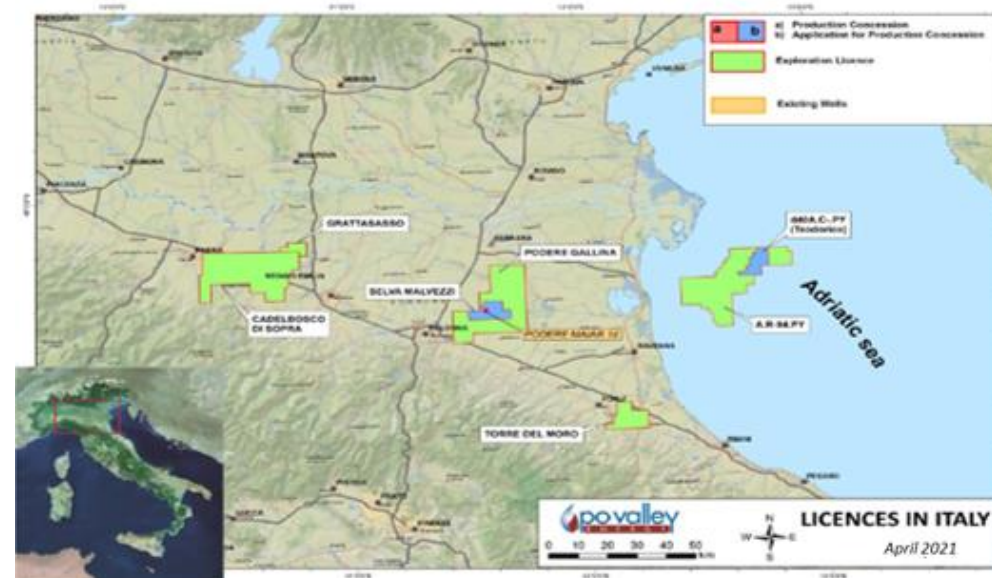
1. AUD/EUR exchange rate assumed 0.63

## Significant Shareholders (Post Transaction)<sup>2</sup> %

Michael Masterman	21.7%
Kevin Bailey	24.9%
Beronia Investments	12.9%
Supervised Investments	5.1%
Others	35.4%
<b>Total</b>	<b>100.0%</b>

2. Calculations based on maximum shareholdings as a result of firm commitments and sub-underwriting commitments entered into and assuming there is no take-up from other shareholders under the entitlement offer

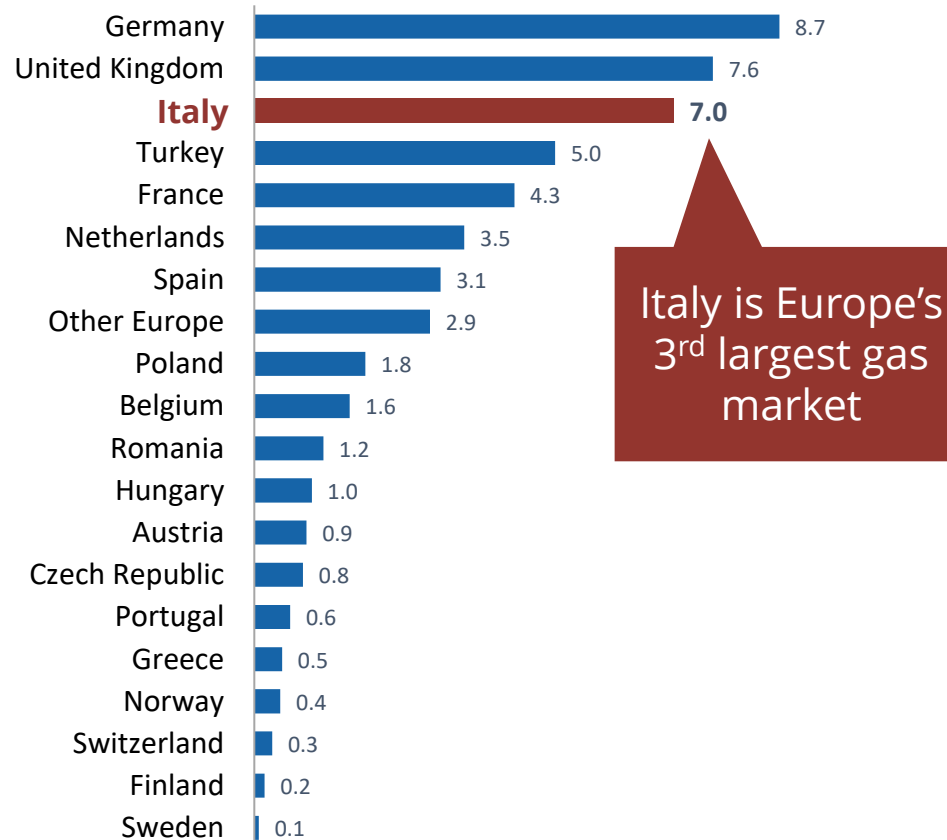
## Portfolio of Assets



# Italian Market Oil & Gas Overview

**Italy is Europe's 3rd largest market for natural gas**, and has a favourable tax and concessionary system for domestic production

## Natural Gas Consumption (Bcf/d)



## Production

- Italy is the 5th largest producer of oil in Europe:
- **Val d'Agri**: currently produces 80,000 bpd
- **Tempa Rossa**: currently produces 50,000 bpd

## Fiscal Regime

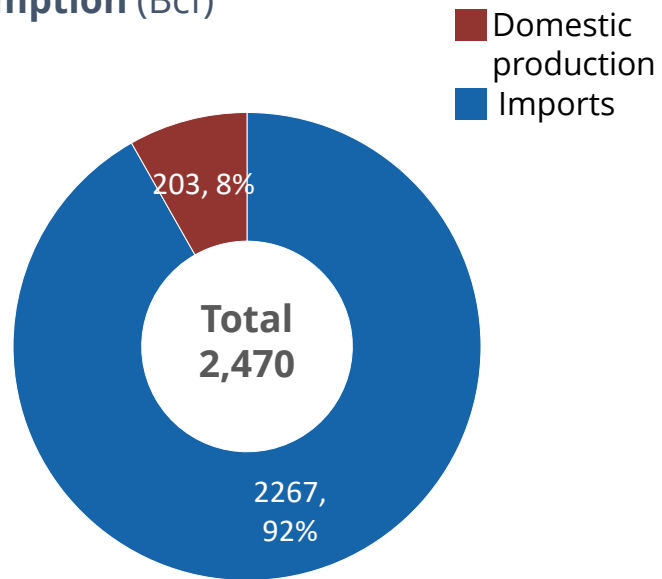
- A Tax and Concessionary system
- Corporate tax of 27.9%
- Royalties:

Production		Exempted quota	Roy (%)
Gas	Land	10 MMscm	10%
	Sea	30 MMscm	10%

# Favourable Market Dynamics

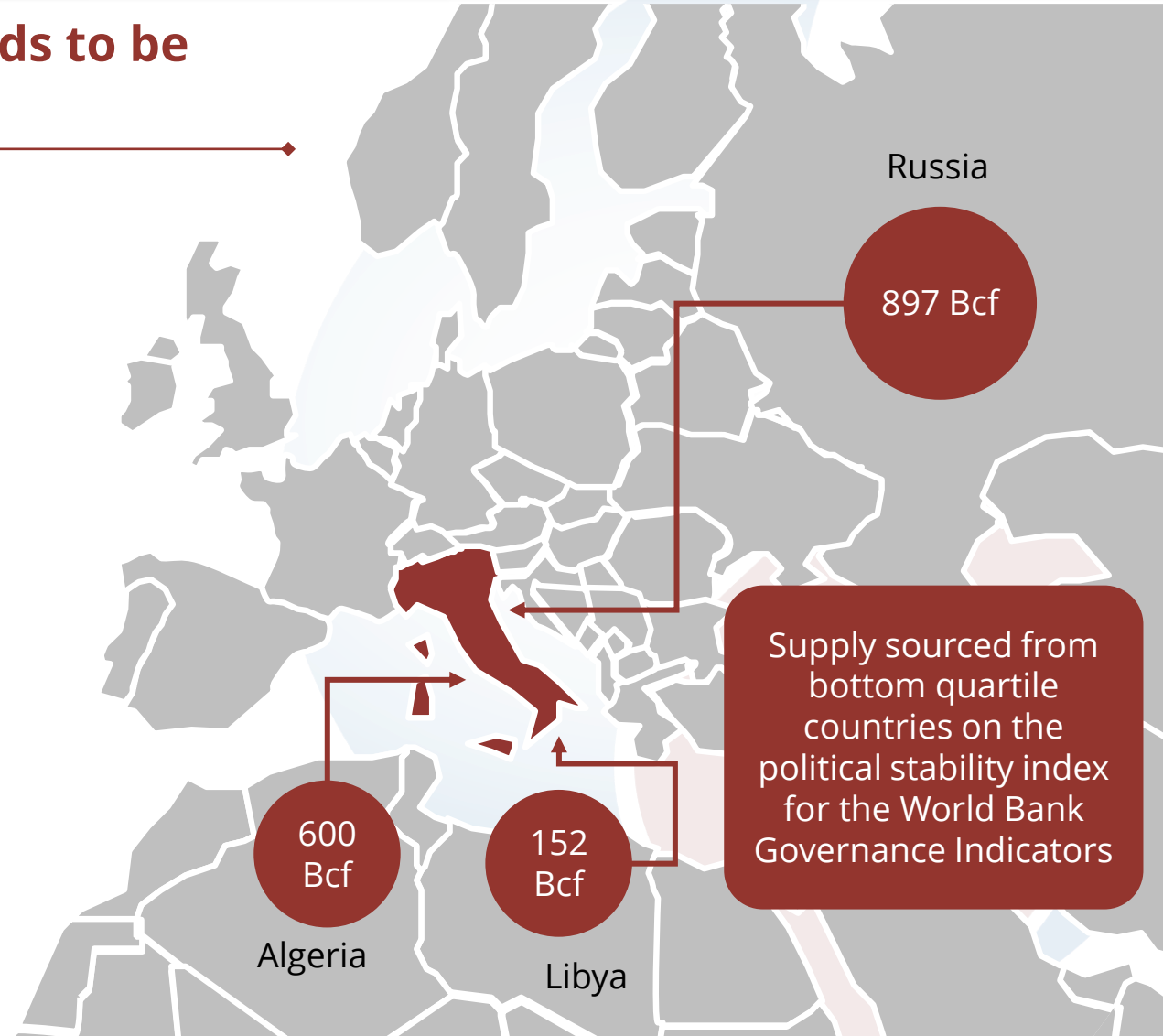
## 92% of Italian gas consumption needs to be imported

Gas Consumption (Bcf)



€0.20 – 0.22 / scm  
(US\$6.8 – 7.2 / Mcf)

**Favourable  
domestic  
prices**



# Selva Malvezzi - Overview

**Selva** is a €2.3MM natural gas development project based on historic onshore gas fields formerly operated by Eni

## Overview

- Onshore gas development asset located in the eastern part of the Po Plain, Italy
- Environmental Impact Assessment (EIA) approval announced April 2021 (received in March 2021)
- 63%-owned by Po Valley, with 20% United Oil & Gas Plc, 17% Prospex Oil & Gas; concession quota transfer to be authorized by the Ministry
- Po Valley's late 2017 drilling program intersected two identified gas reservoirs, C1 and C2, in the Medium-Upper Pliocene sands
- Total net pay 41m across C1 and C2
- C1:** flow rate of 129,658 scm/d (3/8" choke)<sup>1</sup>
- C2:** flow rate of 148,136 scm/d (3/8" choke)<sup>1</sup>

Gas is **99.5%** Biogenic Methane and has no hydrocarbon liquids, and as such will require minimal surface processing when the field is developed

<sup>1</sup> - Refer to ASX announcement 19 January 2018

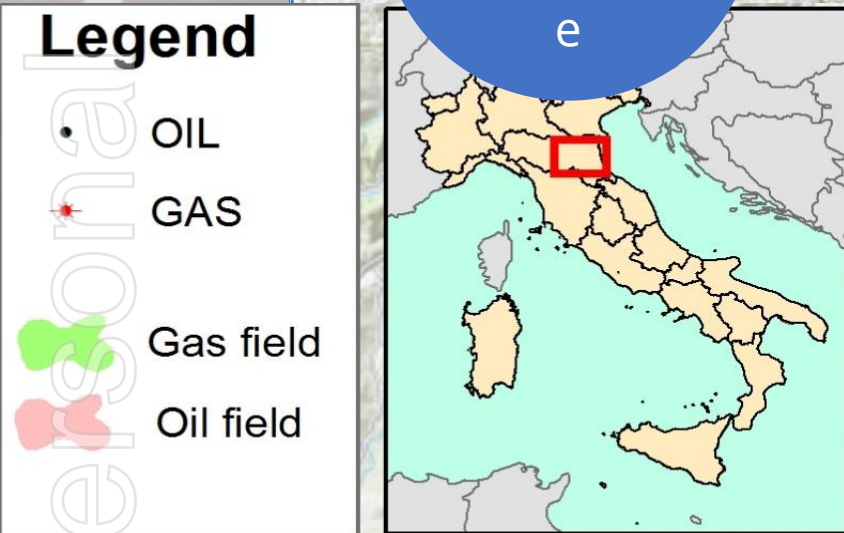


Podere Maiar – 1 well (drilled in Dec 2017)

Ownership	63%
Reserves (2P, net attributable)	8.4 Bcf
Resources (2C, net attributable)	8.9 Bcf
Resources (Best Prospective, net attributable)	57.6 Bcf
First gas	2Q 2022
Capital expenditure (net attributable)	€1.5m

Source: CGG CPR (April 2019); Refer to ASX Announcement 8 Feb 2019 and 26 April 2019

## Selva Malvezzi – Located Among Large Discoveries

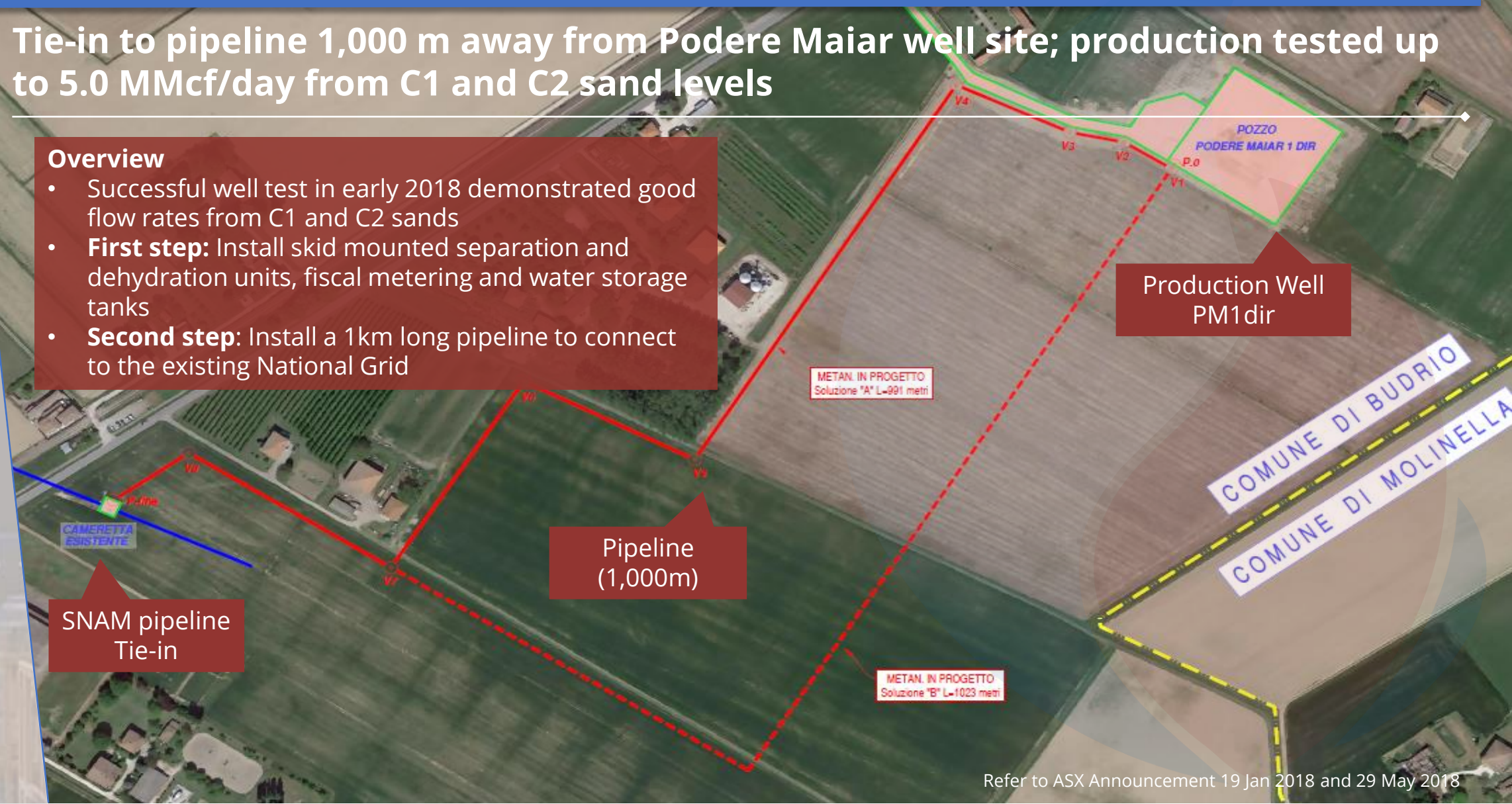


# Selva Malvezzi – Development

Tie-in to pipeline 1,000 m away from Podere Maiar well site; production tested up to 5.0 MMcf/day from C1 and C2 sand levels

## Overview

- Successful well test in early 2018 demonstrated good flow rates from C1 and C2 sands
- **First step:** Install skid mounted separation and dehydration units, fiscal metering and water storage tanks
- **Second step:** Install a 1km long pipeline to connect to the existing National Grid



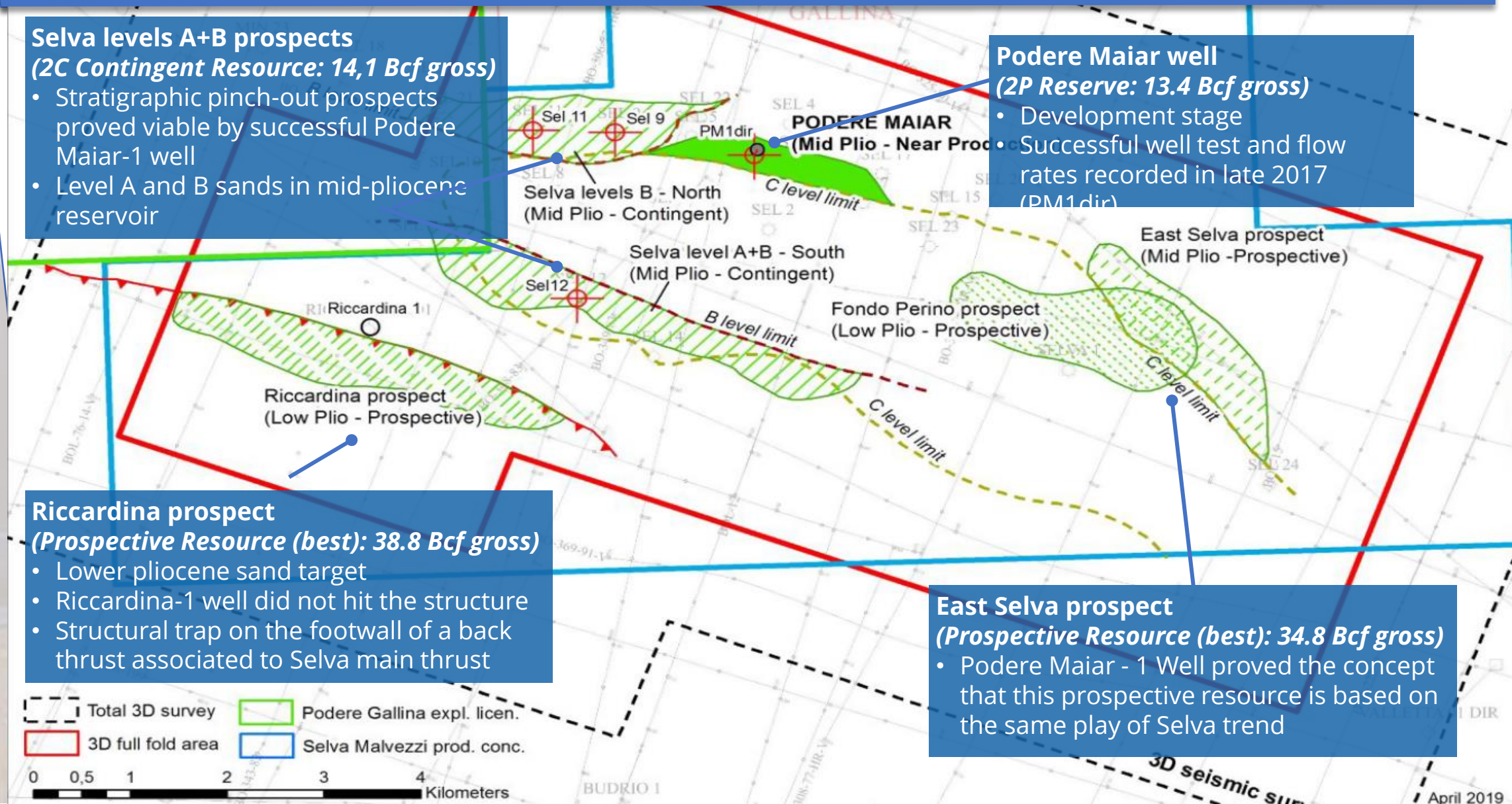
# Selva Malvezzi – 100Bcf + All Within Production Concession

## Selva levels A+B prospects (2C Contingent Resource: 14,1 Bcf gross)

- Stratigraphic pinch-out prospects proved viable by successful Podere Maiar-1 well
- Level A and B sands in mid-pliocene reservoir

## Podere Maiar well (2P Reserve: 13.4 Bcf gross)

- Development stage
- Successful well test and flow rates recorded in late 2017 (PM1dir)



## Riccardina prospect (Prospective Resource (best): 38.8 Bcf gross)

- Lower pliocene sand target
- Riccardina-1 well did not hit the structure
- Structural trap on the footwall of a back thrust associated to Selva main thrust

## East Selva prospect (Prospective Resource (best): 34.8 Bcf gross)

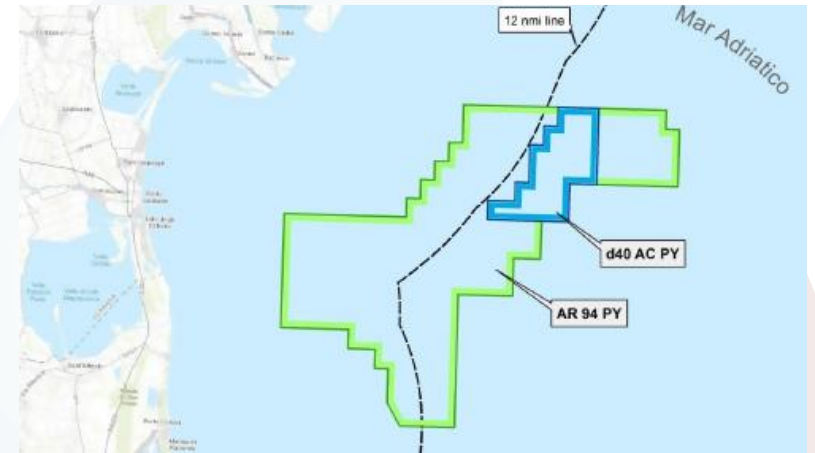
- Podere Maiar - 1 Well proved the concept that this prospective resource is based on the same play of Selva trend

# Teodorico – Overview

**Teodorico** is Po Valley's largest scale asset and is ready for development pending final production concession approvals

## Overview

- Offshore gas development asset located in the shallow waters of the Adriatic Sea (d40 AC PY), 40km north-east of Ravenna
  - 100%-owned by Po Valley Energy
  - Total licence area of 65.9km<sup>2</sup>
- Environmental Impact Assessment (EIA) approval in March 2021
- 118km<sup>2</sup> of 3D seismic and well data has been since acquired from Eni S.p.A
- Teodorico contains two gas discoveries drilled and tested by the former operator Eni S.p.A
  - Carola 1: discovery well drilled in 1986 to 2,620m and recorded flow rates of 62,000 scm/d (1/4" choke)
  - Irma 1: drilled in 1988 to 2,572m and recorded flow rates of 131,000 scm/d (5/16" choke)

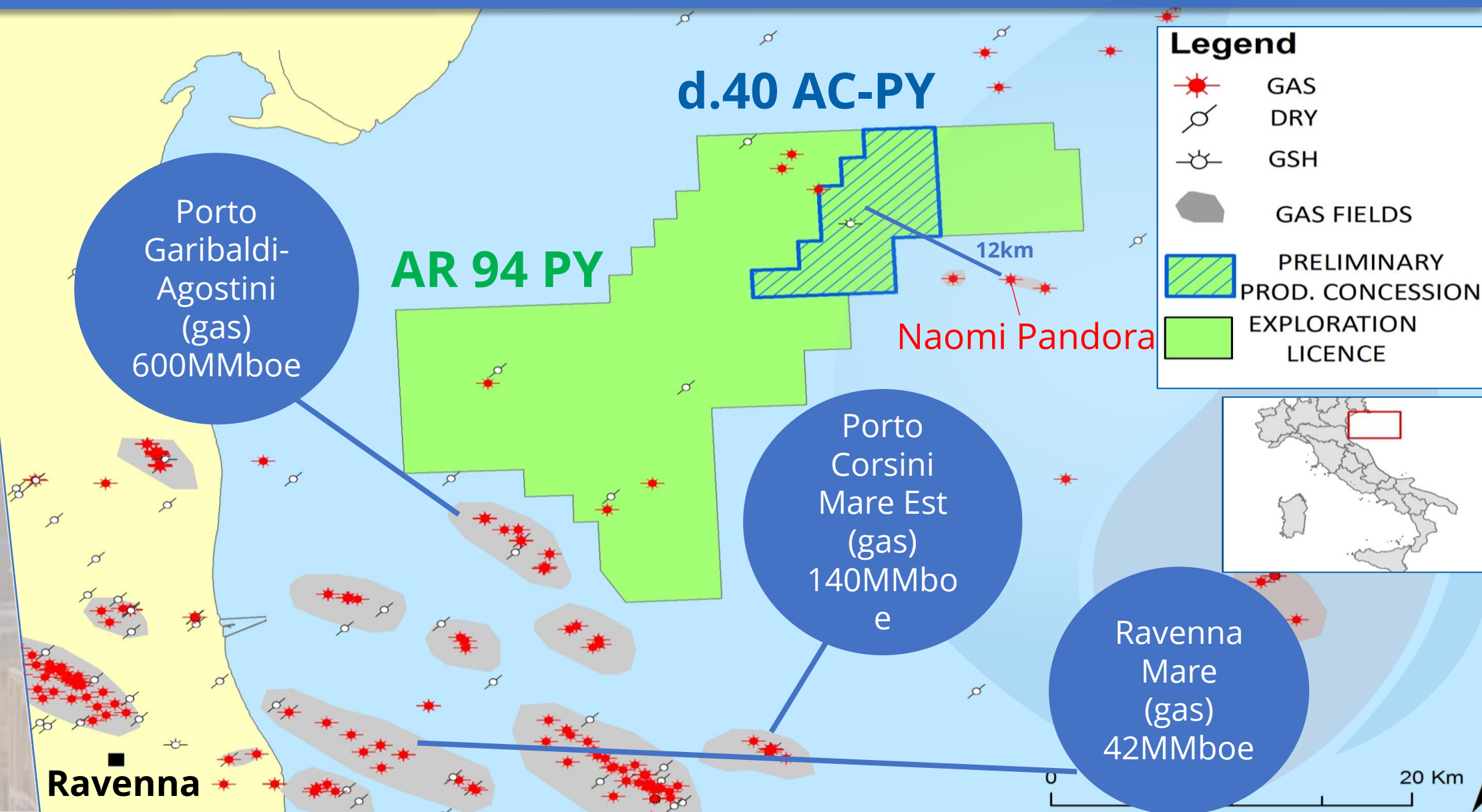


Picture: AR 94 PY Exploration Permit & d40 AC PY Production Concession

Ownership	100%
Reserves (2P, attributable)	36.5 Bcf
Resources (2C, attributable)	10.6 Bcf
Prospective (Best, attributable)	15.9 Bcf
First gas	Q2 2023
Capital expenditure	€53.7m

Source: CGG CPR (April 2019); Refer to ASX Announcement 19 Feb 2018 and 26 April 2019

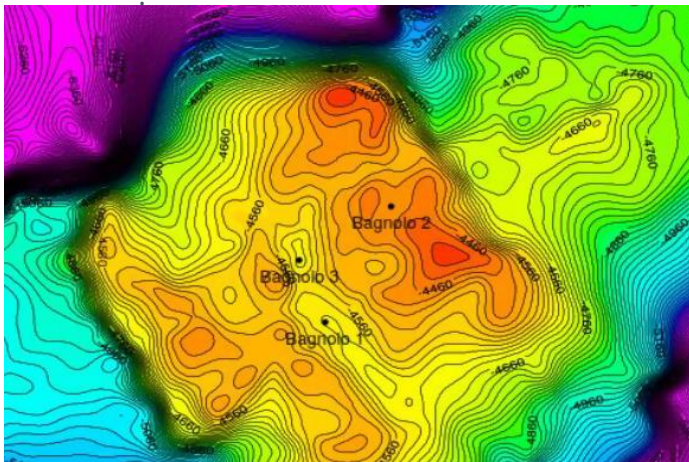
# Teodorico – Located Among Large Discoveries



# Significant Upside with Large Onshore Oil Prospects

## Bagnolo

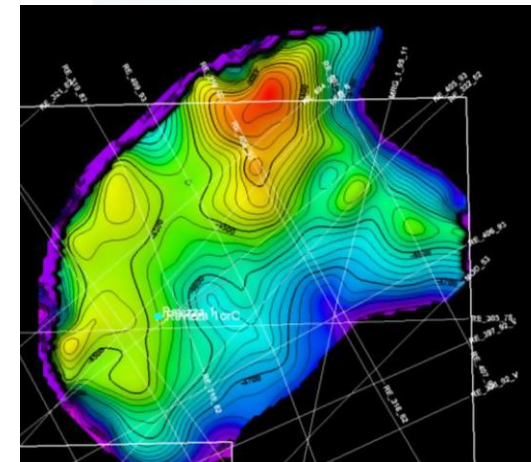
- 100% owned by PVO
- **2C Contingent Resource of 27.3 MMbbls**
- **Prospective Resource (Best) of 54.5 MMbbls**
- Located in the Emilia Romagna region in Northern Italy (in the same Cadelbosco permit outlined prospects with 7.4 bcf of 2C gas contingent resources)
- Feature is interpreted as a fault bounded anticline on eight seismic lines with 0.5km to 2km line



Top Bagnolo Limestone Depth Map

## Ravizza

- 100% owned by PVO
- **2C Contingent Resource of 16.1 MMbbls**
- Located in the Emilia Romagna region in Northern Italy
- Faulted anticline in the Eocene / Oligocene limestone
- Similar lithology to the Bagnolo-in-Piano discovery



Ravizza depth map

# Torre Del Moro: Large Scale Oil and Condensate Exploration

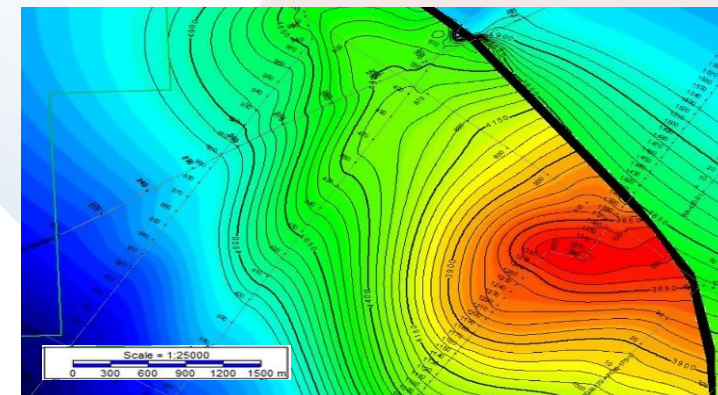
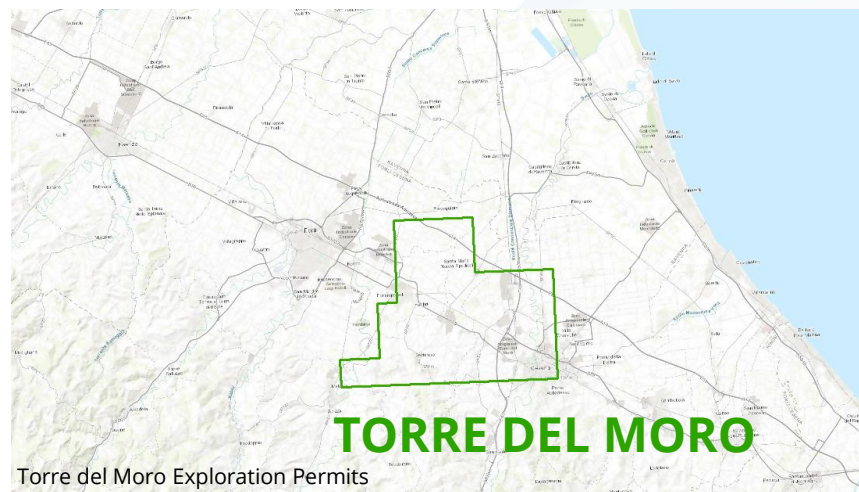
## Maiden Prospective Resource Estimate of 106 MMbbls

### Overview

- 100% owned by PVO
- **Prospective Resource (Best) of 106 MMbbls from a mid-case OOIP assessment of 312 MMbbls**
- Located in the Emilia Romagna region (Northern Italy)

### Geology

- Primary reservoir target is the Lower Jurassic fractured limestones of the Calcare Massiccio and Corniola fm
- Source rocks are likely to be the oil-prone Rhaetavicula contorta limestone
- Top seal relies upon Jurassic, basinal, limestone-shale sequences and fault seal at the thrust
- Proven petroleum system supported by Sarsina-1 well



Note: Refer to ASX Announcement and 26 April 2019

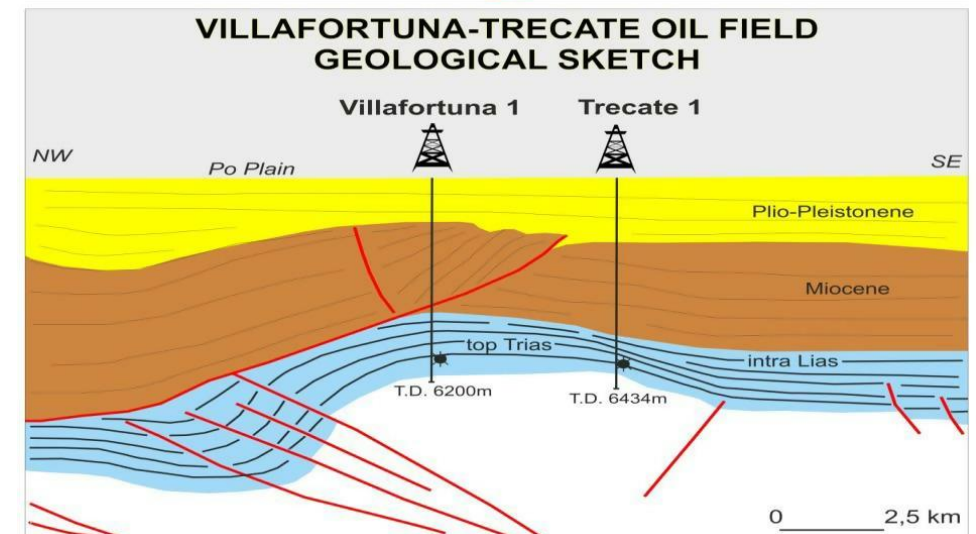
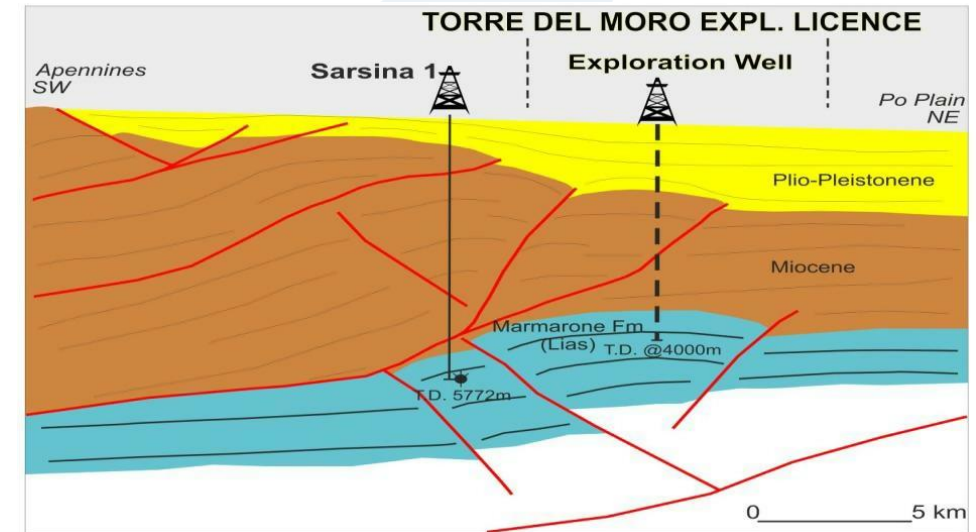
Top reservoir depth map

# Villafortuna: Analogous to Torre Del Moro

Analogous field geology to Eni S.p.A's Villafortuna field (230MMbbls already produced)

Villafortuna	
Location	30 km West of Milan
Discovery	1984
Recoverable Reserves	290MMbbl
Production to date	230MMbbls <sup>1</sup>
Production Peak	80,000 boepd

1 – by end of 2017



# The Team

The Po Valley team is based in Australia (corporate) and Italy (technical), with deep industry links in country with local operators

## Board

### **Michael Masterman**

*Chairman & Chief Executive Officer*



- 30 years of experience in the natural resources industry
- Founder of PVE and W Resources
- Executive positions in a number of companies including Fortescue Metals Group, W Resources, and Anaconda Nickel in Australia, Italy, Spain, and China
- 8 years McKinsey

### **Kevin Bailey**

*Non-executive Director*



- 28 years experience in the Financial Services industry
- Member of the Australian Prime Minister's Community Business Partnership
- Chairman of Parousia Media
- Former Director of the Investment Advisory Board (IAB) Timor Leste Sovereign Wealth Fund

### **Sara Edmonson**

*Non-executive Director*



- 20 years experience in oil & gas and renewable energy
- Previously CEO Po Valley Energy and Coro Energy
- Former President of Associazione Energia Nazionale
- 10 years at Ernst Young
- MBA from St John's University, NYC

## Senior Management

### **Giorgio Bertuzzi**

*Exploration & New Projects Manager*



- 31 years' experience with ENI /Agip, covering many diverse roles
- Exploration Manager, Prefeasibility Studies Manager, in Italy
- Degree in Geological Sciences from Milan University

### **Gianluca De Rosa**

*Senior Geophysicist*



- Over 18 years experience in the oil and gas industry
- Joined PVE in 2008
- 10 years at Eni in the exploration department
- Master degree (MSc) in Geology (1993) from Università degli Studi "La Sapienza"
- Post graduation degree DEA in marine G&G from Université de Bretagne Occidentale - IFREMER.

# Equity Capital Raising Overview

Offer structure	<ul style="list-style-type: none"> <li>Equity capital raising of \$10.1m comprising: <ul style="list-style-type: none"> <li>Placement of \$1m within the Company's capacity under ASX Listing Rule 7.1 (<b>Placement</b>); and</li> <li>Underwritten 1 for 2 accelerated non-renounceable entitlement offer of \$9.1m (<b>Entitlement Offer</b>)<sup>1</sup></li> </ul> </li> </ul>
Offer price	<ul style="list-style-type: none"> <li>All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$[0.028] per New Share (<b>Offer Price</b>)</li> <li>The Offer Price represents: <ul style="list-style-type: none"> <li>17.7% discount to the last traded price of Po Valley Energy shares of \$0.034 on 16 June 2021</li> <li>18.4% discount to the Volume Weighted Average Price (<b>VWAP</b>) of \$0.03433</li> <li>12.1% discount to the Theoretical Ex-Rights Price (<b>TERP</b>) of \$0.032<sup>2</sup></li> </ul> </li> </ul>
Uses of funds	<p>Gross proceeds of the Placement and Entitlement Offer to fund<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>~\$1.6m<sup>3</sup> (€1.0m) for bond</li> <li>~\$2.4m<sup>3</sup> (€1.5m) for Selva Malvezzi project development</li> <li>~\$0.6m for repayment of convertible notes</li> <li>~\$4.4m repayment / conversion of shareholder loans and interest (including convertible note interest)</li> <li>~\$1.1m for working capital and costs of the offer</li> </ul>
Institutional Entitlement Offer and Placement	<ul style="list-style-type: none"> <li>Placement and institutional component of the Entitlement Offer (<b>Institutional Entitlement Offer</b>) will be conducted by way of a bookbuild process on 18 June 2021</li> <li>Entitlements under the Institutional Entitlement Offer that are not taken up will be offered for sale in the bookbuild</li> </ul>
Retail Entitlement Offer	<ul style="list-style-type: none"> <li>Retail component of the Entitlement Offer (<b>Retail Entitlement Offer</b>) will open on 24 June 2021 and close on 09 July 2021</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New Shares issued under the Placement and Entitlement Offer will rank equally in all respects with Po Valley Energy's existing ordinary shares from the date of their issue</li> </ul>
Director participation	<ul style="list-style-type: none"> <li>All eligible Po Valley Energy Directors intend to participate in the Entitlement Offer. Debt and convertible note holders have sub-underwritten approximately \$4.4 million of the Entitlement Offer, firm in relief</li> <li>Two Po Valley Energy Directors represent an aggregate of \$4.2 million of the sub-underwriting and firm commitments</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>Henslow Pty Ltd acting as lead manager and underwriter</li> <li>Parties associated with Michael Masterman (Chairman) and Kevin Bailey (Non-Executive Director) have agreed to sub-underwrite an aggregate of \$2.9 million of the Institutional Entitlement Offer<sup>4</sup></li> </ul>

## Notes:

- The institutional component of the Entitlement Offer is available to eligible institutional shareholders. See the "Foreign offer restrictions" section of this Presentation for further information.
- Theoretical ex rights price (TERP) includes the shares issued under the Placement and the Entitlement Offer. TERP is the theoretical price at which Po Valley Energy shares (**Shares**) should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Po Valley Energy Shares as traded on ASX on [x] June 2021, being the last trading day prior to the announcement of the Entitlement Offer.
- AUD/EUR exchange rate assumed 0.63
- Additional details with respect to the sub-underwriting will be set out in the Retail Offer Booklet which is expected to be despatched on or around Thursday, 24 June 2021

# Sources and Uses of Funds

Sources	Amount (A\$m)
Placement	1.0
Accelerated Non Renounceable Entitlement Offer	9.1
<b>Total</b>	<b>10.1</b>

Uses	Amount (A\$m) <sup>1</sup>
Bond	1.6 <sup>1</sup> (€1.0)
Selva Malvezzi project development	2.4 <sup>1</sup> (€1.5)
Convertible notes repayment	0.6
Shareholder loan and interest repayment (including convertible note interest) <sup>2</sup>	4.4 <sup>2</sup>
Working capital and transaction costs	1.1
<b>Total</b>	<b>10.1</b>

## Notes:

1. AUD/EUR exchange rate assumed 0.63
2. Included in shareholder loan / interest and convertible notes interest repayments are the following repayments of Director and related entity loans:
  - Michael Masterman – Principal & Interest - \$0.7m
  - Kevin Bailey – Principal & Interest - \$1.5m

# Equity Capital Raising Timetable

Event	Date
Trading Halt Request, Placement and Institutional Entitlement Offer Opens	17 June 2021
Announcement of Equity Capital Raising (Pre-Market)	18 June 2021
<b>Firm Bids Due - Institutional Entitlement Offer and Placement Closes</b>	<b>4pm AEST 18 June 2021</b>
Announcement of Placement and Institutional Offer	21 June 2021
Trading Halt Lifted - PVE Shares Resume Trading (on ex-entitlement basis)	21 June 2021
Record Date for Entitlement Offer (7.00pm AEST)	21 June 2021
Settlement of New Shares Issued Under Institutional Entitlement Offer and Placement	24 June 2021
Offer Booklet and Entitlement & Acceptance Form Issued and Retail Entitlement Offer Opens	24 June 2021
Allotment and Normal Trading of New Shares Issued Under the Institutional Entitlement Offer and Placement	25 June 2021
Last Day to Extend Offer	06 July 2021
Retail Entitlement Offer Closes (5.00pm AEST)	09 July 2021
Announcement of Results of Retail Entitlement Offer	13 July 2021
Settlement of Retail Entitlement Offer	15 July 2021
Allotment of New Shares Under the Retail Entitlement Offer	15 July 2021
Normal Trading of New Shares Issued Under the Retail Entitlement Offer	16 July 2021

**Note:** This timetable is indicative only and subject to change. All dates and time refer to Australian Eastern Standard Time (AEST).

# Key Risks – Specific

## 1. INTRODUCTION

There are various risks associated with an investment in New Shares or the Company generally, as with any securities market investment. This section summarises the following key risks:

- (a) Risks specific to the equity capital raising and an investment in the Company's shares (including the New Shares).
- (b) Existing business and operational risks for the Company – these risks are generally common to oil and gas companies.

Potential investors should consider whether the Offer is a suitable investment having regard to their own personal investment objectives and financial circumstances, and the key risk factors set out below. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside of its control. It is not feasible to produce an exhaustive list of potential risk factors associated with the Offer. Potential investors should consult their professional advisers before making any investment decisions. The selection of risks in this Presentation has been based on an assessment of both the probability of the risk occurring and the impact of the risk if it did occur. That assessment is based on the knowledge of the Directors as at the date of this Presentation; so that assessment may result in a different selection in the future, and none of the Company or its Directors provide any guarantee or assurance that the prominence of certain risks will not change or that other risks will not emerge.

## 2. RISK SPECIFIC TO THE EQUITY CAPITAL RAISING AND AN INVESTMENT IN SHARES

### 2.1 Investment in equity capital

There are general risks associated with investments in equity capital. The trading price of the Company's shares on ASX may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of The Company's ordinary shares include:

- (a) impact of COVID-19, including on public health;
- (b) general movements in Australian and international stock markets, including market volatility;
- (c) investor sentiment towards markets generally and particular market sectors and the metals produced by the Company;
- (d) Australian and international economic conditions and outlook;
- (e) changes in Australian and foreign government regulation and fiscal, monetary and regulatory policies, including interest rates and inflation rates;
- (f) announcement of new technologies;
- (g) the demand for and supply of capital;
- (h) operating results that may vary from expectations of securities analysts and investors;
- (i) geo-political instability, including international hostilities, acts of terrorism, the response to COVID-19, travel restrictions and trade tensions; and
- (j) future issues of the Company equity securities.

The share prices for many companies have in recent months been subject to significant fluctuations and volatility, which may reflect a diverse range of non-company specific influences referred to above, including the general state of the economy, the response to COVID-19, investor uncertainty, geo-political instability, and global hostilities and tensions. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of equity securities. There is continued uncertainty as to the further impact of COVID-19 on the Australian economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines and travel restrictions. Any of these events and resulting fluctuations may materially adversely impact the market price of the Company's ordinary shares. No assurances can be given that the New Shares will trade at or above the Offer Price. None of the Company, its Board, the Underwriters, or any other person guarantees the market performance of the New Shares.

### 2.2 Risks of dilution

Shareholders who do not participate in the Entitlement Offer, will have their percentage security holding in the Company diluted. Further capital raisings or equity-funded acquisitions by the Company may dilute the holdings of investors. This may have an adverse impact on the price of the Company's shares.

### 2.3 Liquidity risk

There can be no guarantee that there will always be an active market for the Company's shares or that the price of New Shares will be maintained or increase. There may be relatively few buyers or sellers of shares on the ASX at any given time and the demand for the Company's shares specifically is subject to various factors, many of which are beyond the Company's control. This may affect the volatility of the market price of the Company's shares. It may also affect the prevailing market price at which the Company's shareholders are able to sell their the Company's shares. This may result in the Company's shareholders receiving a market price for their the Company's shares that is less or more than the price paid pursuant to the Placement or Entitlement Offer (as applicable).

### 2.4 Other risks

There may be other risks other than those set out above. Without limiting the generality of the preceding sentence, because of the current uncertain and rapidly changing macroeconomic environment caused by the COVID-19 pandemic and the actions being taken by Australian Federal and State Governments and governments of other countries (including Italy), it is possible that new risks will emerge and the risks set out above may evolve in unforeseen ways that may have a material adverse impact on the Company's operating and financial results.

# Key Risks – General

Oil and gas exploration and appraisal involves significant risk. The future profitability of the Company and the value of its shares are directly related to the results of exploration and appraisal activities. There are inherent risks in these activities. No assurances can be given that funds spent on exploration and appraisal will result in discoveries that will be commercially viable. Future exploration and appraisal activities, including drilling and seismic acquisition may result in changes to current perceptions of individual prospects, leads and permits.

The Company identifies and assesses the potential consequences of strategic, safety, environmental, operational, legal, reputational and financial risks in accordance with the Company's risk management policy. The Company's management continually monitors the effectiveness of the Company's risk management, internal compliance and control systems which includes insurance coverage over major operational activities, and reports to the Board on areas where there is scope for improvement. The Board as a whole is responsible for oversight of the Company's risk management and control system. The principal risks and uncertainties that could materially affect the Company's future performance including the ongoing effects of the COVID-19 pandemic are described below.

## 1. Exposure to gas pricing

Volatile oil and gas prices make it difficult to predict future price movements with any certainty. Decline in oil or gas prices could have an adverse effect on the Company. The Company does not currently hedge its exposures to gas price movements long term. The profitability of the Company's prospective gas assets will be determined by the future market for domestic gas. Gas prices can vary significantly depending on other European gas markets, oil and refined oil product prices, worldwide supply and the terms under which long term take or pay arrangements are agreed.

## 2. Changes to law, regulations or Government policy

Changes in law and regulations or government policy may adversely affect the Company's business. Examples include changes to land access or the introduction of legislation that restricts or inhibits exploration and production and associated approvals processes.

Similarly changes to direct or indirect tax legislation may have an adverse impact on the Company's profitability, net assets and cash flow.

## 3. Uncertainty of timing of regulatory approvals

Delays in the regulatory process could hinder the Company's ability to pursue operational activities in a timely manner including drilling exploration and development wells, to install infrastructure, and to produce oil or gas. In particular, oil and gas operations in Italy are subject to both Regional and Federal approvals.

## 4. Exploration, development and production

The future value of the Company will depend on its ability to find, develop, and produce oil and gas that is economically recoverable. The ultimate success or otherwise of such ventures requires successful exploration, establishment of commercial reserves, establishment and successful effective production and processing facilities, transport and marketing of the end product. Through this process, the business is exposed to a wide variety of risks, including failure to locate hydrocarbons, changes to reserve estimates or production volumes, variable quality of hydrocarbons, weather impacts, facility malfunctions, lack of access to appropriate skills or equipment and cost overruns.

## 5. Estimation of reserves

The estimation of oil and natural gas reserves involves subjective judgments and determinations based on geological, technical, contractual and economic information. It is not an exact calculation. The estimate may change because of new information from production or drilling activities.

## 6. Tenure security

Exploration licences held by the Company are subject to the granting and approval by relevant government bodies. Government regulatory authorities generally require the holder of the licences to undertake certain proposed exploration commitments and failure to meet these obligations could result in forfeiture. Exploration licences are also subject to partial or full relinquishments after the stipulated period of tenure if no alternative licence application (e.g. production concession application) is made, resulting in a potential reduction in the Company's overall tenure position. In order for production to commence in relation to any successful oil or gas well, it is necessary for a production concession to be granted.

## 7. Health, safety and environmental matters

Exploration, development and production of oil and gas involves risks which may impact the health and safety of personnel, the community and the environment. Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. Failure to manage these risks could result in injury or loss of life, damage or destruction of property and damage to the environment. Losses or liabilities arising from such incidents could significantly impact the Company's financial results.

## 8. Climate Change

The Company recognises climate-related risks and the need for these to be managed effectively over time.

Key climate-related risks and opportunities relevant to the Company's operations include:

- (a) The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels.
- (b) Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's development and production assets and production capability.
- (c) Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

In addition to the external and operating risks described above, the Company's ability to successfully develop future projects including their infrastructure is contingent on the Company's ability to fund those projects through operating cash flows and additional capital. There can be no assurance that capital or debt markets will be available to provide the necessary additional funding on recoverable term or at all.

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

## **Canada (Alberta)**

This document constitutes an offering of the New Shares in the Canadian province of Alberta (the "Province") where existing shareholders of the Company are resident. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Province.

No securities commission or other authority in the Province has reviewed or in any way passed upon this document, the merits of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Province with respect to the offering of New Shares or the resale of such securities. Any person in the Province lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province.

Any resale of the New Shares in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as New Shares) of a foreign issuer (such as the Company) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

## **European Union (Italy, Netherlands)**

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in any member state of the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of New Shares in each member state of the European Union is limited:

- (a) to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- (b) to fewer than 150 natural or legal persons (other than qualified investors); or
- (c) in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Investors in the Netherlands should note:

# International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

## **United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States to existing shareholders of the Company except in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws.

# Appendix



# Reserves, Resources and Prospects (Net)

Gas (net Bcf)		Reserves			Contingent Resources			Prospective Resources		
Licence	Project	1P	2P	3P	1C	2C	3C	Low	Best	High
<b>AR94PY</b>	Teodorico (out 12m zone)	26.7	36.5	47.5						
	Teodorico (in 12m zone)				7.4	10.6	14.0			
	PL3-C							7.9	15.9	25.0
<b>Podere Gallina</b>	Selva	2.6	8.4	18.8						
	Level A South				0.7	1.1	2.3			
	Level B North				2.2	5.6	11.2			
	Level B South				0.6	2.2	5.9			
	East Selva							18.3	21.9	25.6
	Riccardina							8.2	24.4	81.2
	Cembalina							1.3	2.1	3.0
	Fondo Perino							6.4	9.2	12.9
<b>Cadelbosco di Sopra</b>	Zini (Qu-B)				1.1	2.7	4.6			
	Canolo (Qu-A)				0.7	1.1	1.7			
	Canolo (Piliocene)				0.4	3.6	10.5			
	Zini Qu-A							0.6	1.4	2.4
Oil (net MMbbl)		Reserves			Contingent Resources			Prospective Resources		
Licence	Project	1P	2P	3P	1C	2C	3C	Low	Best	High
<b>Torre Del Moro</b>	Torre del Moro							65.0	106.0	240.0
<b>Cadelbosco</b>	Bagnolo in Piano				6.6	27.3	80.6			
	Bagnolo SW							22.1	54.5	112.0
<b>Grattasasso</b>	Ravizza				2.8	16.1	41.6			

Note: The Company confirms it is not aware of any information or data 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 modified from the original market announcement.

Source: CGG CPR (April 2019)

# Portfolio Overview

## Large onshore oil discoveries

- 2C 43.4 MMbbls recoverable
- Prospective (Best) 160MMbbls

### Ravizza / Bagnolo

#### Onshore oil

#### Exploration

- 100%-owned
- Onshore oil exploration field
- **2C Resource of 43.4 MMbbls**
- **Prospective Resource (Best) of 54.5 MMbbls**

### Torre Del Moro

#### Onshore oil

#### Exploration

- 100%-owned
- Onshore oil and condensate exploration prospect
- **Prospective Resource (Best) of 106 MMbbls from an OOIP of 312 MMbbls**
- Analogous field geology to Eni S.p.A's Villafortuna field (230MMbbl already produced)
- Relative shallow structure (3,500 – 4,000m)

### Selva Malvezzi

#### Onshore gas

#### Development

- 63%-owned
- **Net 2P Reserves of 8.4 Bcf and 2C Resource of 8.9 Bcf**
- **Net Prospective Resource (Best) of 57.6 Bcf**
- Located 1km from the Italian National Grid
- Low capex development (€2.3m, gross) for initial production well

### Teodorico

#### Offshore gas

#### Development

- 100%-owned
- **2P Reserves of 36.5 Bcf and 2C Resource of 10.6 Bcf**
- **Prospective Resource (Best) of 15.9 Bcf**
- Located close to existing infrastructure for efficient tie-in and reduced capex
- Total development capex of €53.7m

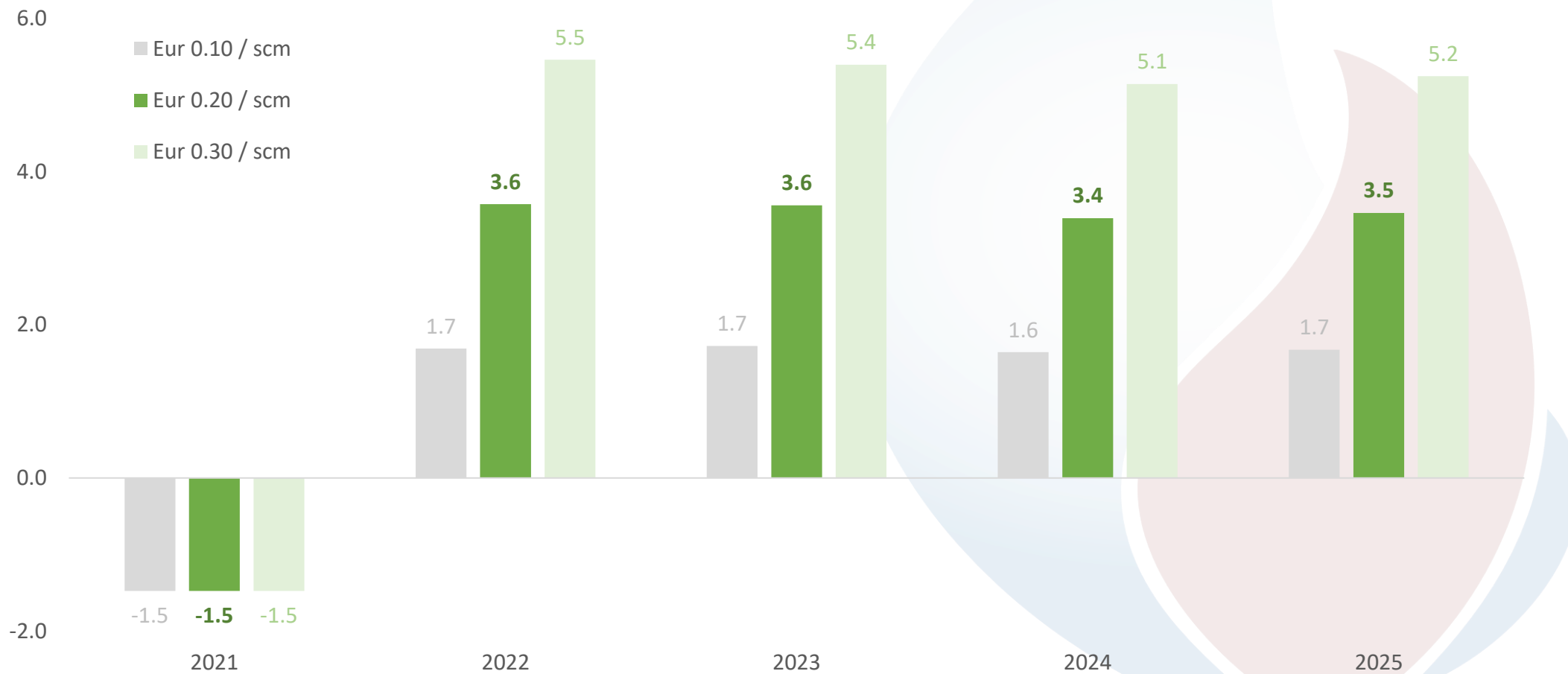
## Development-ready gas fields

- Net 2P Reserves 44.9 Bcf

# Selva Malvezzi – Robust cashflows and return on investment

## Net to PVE, Free Cash Flow Sensitivity Analysis (1<sup>st</sup> five years)

EUR m

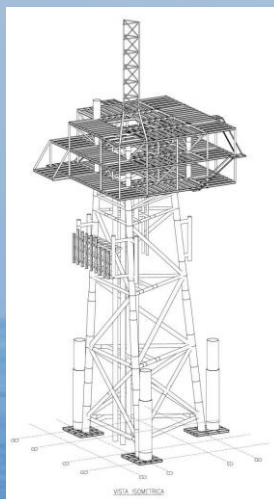


Source: Production profiles and Capex taken from CGG CPR (April 2019); then Free Cash Flows adjusted for different gas prices to assess sensitivity

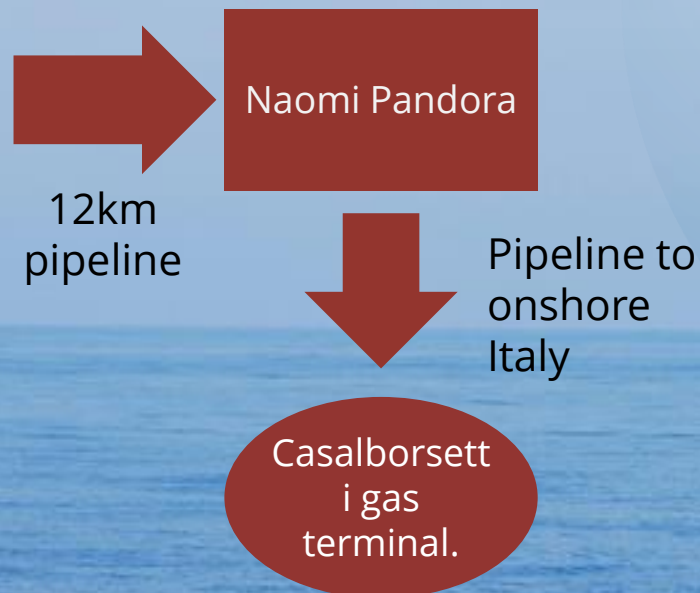
# Teodorico – Development Concept

## Future Development Plan

- Developed with 2 production wells in 30m water depth
  - Located 12 miles offshore from Ravenna
- First production is expected to commence in 2Q 2023
- Competitive capex total (€53.7m)
- Option for tie-in to the nearby Naomi-Pandora platform (operated by Eni S.p.A) through a 12km long pipeline
  - Naomi-Pandora will pipe the gas to the Casalborsetti gas terminal using existing infrastructure



Teodorico  
Tripod



Platform pictured is not an asset of the Company