



ASX / MEDIA RELEASE

15 May 2017

Commercial gas production begins from Bezzecca. Testing now complete.

Australian gas producer, Po Valley Energy, (ASX: "PVE") is pleased to announce that testing of the primary production layers from the Bezzecca well east of Milan, Italy, is complete and gas production planning has been finalised. The initial plan now is to operate all three levels with an estimated combined gas flow of 30,000-35,000 cubic meters per day (scm/day). Steady comingled production will be achieved through the installation of a downhole choke above the Miocene level R.

Level A in the Pliocene has flowed gas in excess of the planned production rates at stabilised flows of 20,000-25,000 scm/day and is on production. This flow rate is above the levels estimated in the CPR.

Level R in the Miocene has also been tested and flowed at 25,000 scm/day slightly below CPR estimates.

In addition, **level S** was flow tested for a shorter period, and will contribute to production at around 5,000-10,000 scm/day.

Production will continue in level A at 20,000-25,000 scm/day up to the end of June, with production levels increasing to 30,000-35,000 scm/day from early July when levels R and S will be added, once the bottom hole choke is delivered and installed.

The Bezzecca gas field - located east of Milan within the established prolific, gas-producing Po Valley region in northern Italy – is operated by Saffron's subsidiary Northsun Italia SPA (NSI). Gas from the now-producing Bezzecca 1 well is processed at the Vitalba processing plant and directly connected to the national grid, which is owned and operated by SNAM Rete Gas S.p.A. The gas is sold to Shell Energy Italia S.r.l. under an existing off-take agreement.

Po Valley will provide a trading update in due course to include the Group revenue and profit figures, along with updated flow rates.

Chairman of Po Valley Energy, Michael Masterman commented: *"It's a very important achievement for Po Valley and its subsidiary Saffron Energy to have moved into revenue producing commercial production at Bezzecca following completion of the commissioning and testing stage. Level A is now in production, producing above expected rates. We look forward to further increasing production in July when we move to comingled production from all three levels. We are also advancing Sant' Alberto and actively seeking new opportunities to substantially increase revenue and production within the Group."*

MEDIA CONTACTS:

Po Valley Energy
+39 06 4201 62 75