



ASX / MEDIA RELEASE

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**Australia's Po Valley to spud new large gas play in one of
ENI's most historic Italian gas production fields**

One of ENI's former and largest onshore Italian gas production fields in northern Italy is to be the subject next month of a new and large near-term onshore gas development production push by Australian gas producer, ASX-listed Po Valley Energy, (ASX: "PVE").

Po Valley's new Podere Maiar 1 well within the Podere Gallina permit area will target specific depths across several thick Pliocene gas zones present in the Selva field which is updip of the ENI's production wells. Particular attention will be paid to stratigraphic prospects (Selva stratigraphic) at a target depth of around 1,300 metres.

With civil works already completed on site after receiving formal authorisation in February this year to drill its first Selva well, Po Valley will mobilise the Archimede HH Rig to site in the first weeks of November with a planned spud date of 14 November 2017 for an anticipated 30-day drilling program.

ENI's Selva gas field historically produced 83 bcf from 15 wells over a 35 year period for ENI. Po Valley now commands an 80% stake in both the Selva field and also the highly prospective nearby Selva East prospect.

There is a national grid connection point 400 metres from the drill site. Current estimated 2C resources in Selva stratigraphic are 17bcf.

The estimates of contingent resources for Selva is based on information that has previously been reported in the Company's 2016 Annual Report, which was lodged with the ASX on 28 April 2017. The Company is not aware of any new information or data that materially affects the information included in this announcement and that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Chairman of Po Valley, Mr Michael Masterman:

“Po Valley has identified an undrained area (Selva Stratigraphic) updip of the existing historic wells, and a second exploration target (East Selva) on the pinch out edge to the east of the main Selva field. Importantly, we have in this new venture United Oil & Gas as the other 20% strategic partner. Podere Maiar-1 is a strategic priority and has the potential to add more significant gas production for Po Valley.”

The new production push is in addition to Po Valley’s wider corporate restructuring moves this year within Europe’s energy market.

Po Valley entered into a non-binding conditional heads of terms with Sound Energy Plc and Saffron Energy Plc on 5 October 2017. The proposed restructure involves its majority 54% stake in UK AIM-listed subsidiary, Saffron Energy Plc, which will become the three way host vehicle for its (Saffron’s) own existing Italian energy assets as well as three new Italian assets owned by PVE, and three gas exploration and two gas production assets owned by AIM-listed Sound Energy Plc.

The proposed restructure is subject to regulatory and shareholder consents, and is anticipated to complete early next calendar year, with Po Valley emerging with a 51% stake in the enlarged Saffron Energy Plc.

Saffron Energy Plc’s current portfolio comprises three granted production concessions, a 100% ownership of both Sillaro and the new Sant’ Alberto production concession as well as a 90% holding in the Bezzeca Gas field, located near Milan. The Bezzeca Gas field commenced full commercial production in April this year from one well with total production for the first six months of 2017 amounting to 2.6 million scm of gas (circa 91 million standard cubic feet).

Saffron’s offtake agreement with Shell Energy Italia S.r.l, a subsidiary of Royal Dutch Shell Plc, covers all gas produced from the Company’s fields, and which goes directly into the Italian national grid, owned and operated by SNAM Rete Gas S.p.A.

The proposed restructure transaction will increase Saffron Energy Plc’s current production and revenue stream, adding significantly larger assets to the portfolio. These will include two additional

production fields from Sound Energy Plc's Italian portfolio (the Rapaganano Gas Field and Casa Tiberi Gas field), as well as the remaining oil and gas interests in northern Italy from Po Valley. These comprise the 80% interest in the Selva field the subject of today's announcement, a 100% interest in the Teodorico offshore Adriatic gas field (47.3 bcf) and the Torre Del Moro oil exploration project.

On transaction completion prior to any new capital raising, Po Valley on a proforma basis will have a 51% interest in the enlarged Saffron, Saffron AIM shareholders will have a 16% stake and Sound Energy's shareholders a 33% holding.

It is proposed to eventually rename Saffron Energy Plc as Coro Energy Plc ("Coro").

Po Valley will retain outside of the deal, proceeds from the recent sale of its interests in the Cadelbosco di Sopra and Grattasasso oil permits in northern Italy, amounting to €1.13 million (A\$1.7 million). That transaction is awaiting Ministry approval .



1 Civil works at Podere Maiar1dir well

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