



ABN 33 087 741 571

ASX/MEDIA RELEASE

11 October 2018

Australia's Po Valley fully retains north Italian oil assets after key shareholder in private UK buyer blocks sale

Australia's Po Valley Energy Limited (ASX: PVE or "the Company") is to retain full ownership of two onshore oil fields in northern Italy after their sale to a private London-based resources company, Delta Energy Limited, was blocked by one of Delta's large shareholders.

After a year of substantial expenditure, due diligence and rising oil prices, Delta's management is understood to have fully endorsed the acquisition of the large Cadelbosco di Sopra (Po Valley 85%) oil exploration licence and adjoining smaller Grattasasso (100%) oil exploration licence in northern Italy.

Delta has advised Po Valley that the opposing stance of its large shareholder meant the sale – which had well advanced through Italian Ministerial approvals could not be concluded.

Po Valley will retain full ownership and control of the fields, which had not yet transferred to Delta, at a time oil prices have rebounded by more than 54% over 2018 to be hovering around US\$85 a barrel.

Po Valley Chairman, Mr Michael Masterman, said today the Company would maintain priority on building a gas supply business through the development of its substantial northern Italy assets - the Selva field (63% interest), its Torre del Moro oil and condensate exploration field (100%) and its Teodorico offshore gas development field (100%).

"While it is disappointing that Delta seemingly backed the oil sale process, Po Valley is buoyed by the fact we have now retained these assets in our project portfolio at a time the oil price and therefore project development upside, has firmed substantially above that when the Delta deal was first struck in August last year," Mr Masterman said.

"It is early days yet but the Po Valley Board can now assess what are most likely to be, more promising new opportunities for these assets due to the sustained and robust 2018 oil price environment."

Delta had agreed to acquire the two licences for EUR1.130m subject to the Ministry granting the Company the right to operate in Italy. After clearing the hurdles to be granted operatorship of the fields, Delta was believed to be close to securing final Ministerial approval.

"Po Valley is now unencumbered in advancing the proven undeveloped gas and oil resources in these two fields," Mr Masterman said.



“We understand that the work undertaken by Delta over the assets in the past 12 months, points to upside above their known 2C oil resources of 10 million barrels,” he said (refer 2017 Annual Report Technical Summary released 30 April 2018).

Cadelbosco and Grattasasso, both located northwest of Modena in the Emilia Romagna region, also host easily accessible shallow gas fields.

Delta Energy is a private London-based company which has been active in the oil and gas sector since 2010.

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The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of contingent resource estimates that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.