ASX / MEDIA RELEASE

26 April, 2019

Significant gas resource upgrade for Italian field slated for first production next year by Australia's Po Valley

Highlights:

- Significant 14.1 billion cubic feet (bcf) of 2C inventory from zero previously (Best estimate of Contingent Resources) added to resource inventory for Po Valley's 63%-owned Selva gas field near Bologna in northern Italy
- Greatly improves the scope for a low risk expansion of production from Selva
- Follows new evaluation of Selva's historic gas producing North Flank (8.9 bcf 2C) and South Flank (5.2 bcf 2C) reservoirs
- Enhanced estimate follows reclassification by France's respected independent geological and petroleum reservoir consultancy, CGG, of Selva's previously reported gross Contingent and Prospective Resources
- Detailed evaluation of 4 large prospects within the Production Concession area has resulted in a 74% increase in Prospective Resources (best case) to 91.5 bcf (2C) from 52.7 bcf (2C)
- Selva reserves of 13.3 bcf 2P remain as previously reported
- Selva remains on track to commence production in 2020 after January's Italian Government's preliminary award of Production Concession
- All Reserves, Contingent and Prospective Resources lie within the Selva Malvezzi Production Concession area and Podere Gallina Exploration Licence.

Australia's Po Valley Energy Limited, ("Po Valley" or "The Company") is pleased to announce a substantial increase in Contingent and Prospective Resources for its majority-owned onshore Selva Malvezzi Production Concession, northeast of Bologna in northern Italy.

A new evaluation has upgraded Selva's Reserves and Resources to **13.3** bcf 2P, **14.1** bcf 2C, and **91.5** bcf Prospective Resources (best estimate).

Selva Gas Field summary 100% bcf			
Reserves	**1P**	**2P**	**3P**
	4.1	13.3	29.8
Contingent Resources	**1C**	**2C**	**3C**
	5.6	14.1	30.7
Prospective Resources	**Low**	**Best**	**High**
	54.3	91.5	194.8

Development

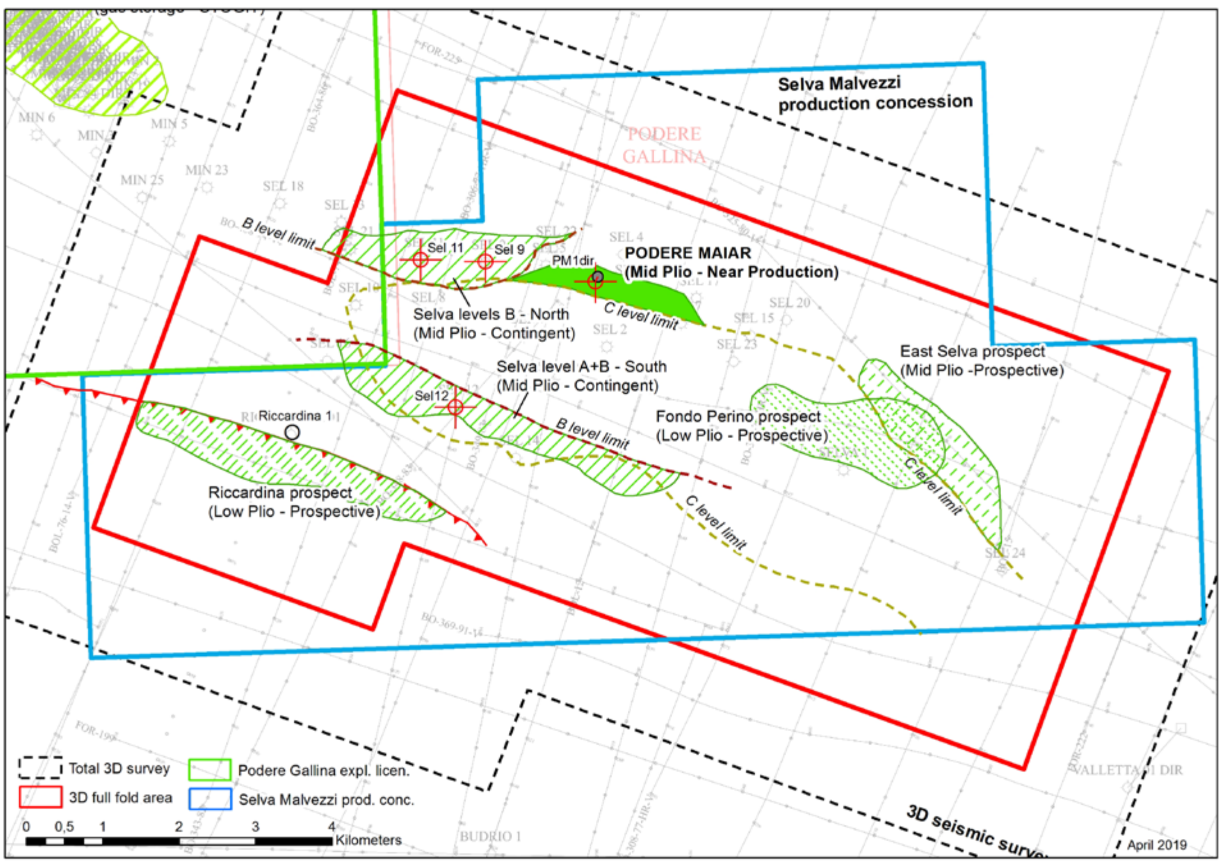
In January this year, the Italian Government granted the Selva field a preliminary award for the Production Concession and Selva remains on course to commence first production in 2020.

Po Valley has now submitted the Environmental approval documentation to the Ministry and is prioritising development of the successfully drilled Podere Maiar 1dir production well. Reserves in the updated CPR remain as previously reported in February 2019 (refer ASX announcement 8 February 2019).

Table 1: Selva Gas Field Reserves

Selva Gas Field Reserves (Bcf) - April 2019			
	1P	**2P**	**3P**
Gross	4.1	13.3	29.8
Net to Po Valley	2.6	8.4	18.8

Figure 1:Selva Malvezzi Production Concession- Podere Maiar gas field and linked prospects



North and South Flanks Reservoirs

The scope for a low risk expansion of production from Selva has been greatly improved through the definition of 14.1 bcf (2C) of natural gas resources in the Selva North and South Flanks within the Selva preliminary awarded Production Concession area.

Validity of the Podere Maiar stratigraphic trapping model along with information derived from the well velocity log allowed the definition of depth maps of B and A levels located on the northern and southern flanks of the main Selva structure.

These reservoirs have previously produced significant quantities of gas and the new reservoir and resource estimates prepared by the Po Valley team and validated and signed off by CGG quantify material remaining gas in both these reservoirs and which can form the basis of an expansion in production at Selva.

Table 2: Selva Gas Contingent Resources*

Selva Gas Contingent Resources (Bcf) by Prospect April (2019)							
	Gross			Net Attributable to Po Valley			CoS%
	1C	2Ct	3C	1C	2Ct	3C	
Level B North	3.5	8.9	17.8	2.2	5.6	11.2	70%
Level B South	0.97	3.4	9.3	0.6	2.1	5.8	60%
Level A South	1.0	1.8	3.6	0.6	1.1	2.2	60%

*(deterministic method)

Large East Selva, Riccardina, and Fondo Perino prospects

Detailed geological and geophysical evaluation incorporating seismic and historic well data has led to a significant upgrade in the size of the Prospective Resources within the Selva preliminary awarded Production Concession area from 52.7 bcf to 91.5 bcf (best estimate) with significant increase in the estimated size of the Riccardina prospect and increases in the Chance of Success (COS) of East Selva prospect (from 30 to 40%) due to the positive results of the Podere Maiar 1 well.

The evaluation of the Riccardina gas potential has been possible further to the reinterpretation of 2D seismic data tied with velocities derived from the Podere Maiar 1 well integrated with Riccardina 1 well (well drilled out of structure).available log data.

A summary table of the Selva Prospective gas Resources is shown in the following table.

Table 3: Selva Gas Prospective Resources*

Selva Gas Prospective Resources (Bcf) by Prospect (April 2019)							
	Gross			Net Attributable to Po Valley			CoS%
	Low	Best	High	Low	Best	High	
East Selva	29.1	34.8	40.6	18.3	21.9	25.6	40%
Fondo Perino	10.2	14.6	20.5	6.4	9.2	12.9	34%
Cembalina	2.1	3.3	4.7	1.3	2.1	3.0	51%
Riccardina	12.9	38.8	129	8.1	24.4	81.3	21%

*(deterministic method)

The estimated Prospective Resources quantities of petroleum that may potentially be recovered by the application of a future development project 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.

Further background:

Selva is 63%-owned by Po Valley. The remainder is owned 20% by United Oil & Gas Plc and 17% by Prospex Oil & Gas.

The Selva gas field (and the Selva Malvezzi Production Concession) sits within the Podere Gallina Exploration Permit was a significant historic producer for Eni S.p.A, producing 2,380 MMScm (84 bcf) from 24 wells between 1956 and 1984.

“Selva is less than one kilometre from the country’s national gas grid, and offers a low start-up capex (€3m gross) and a high IRR (+120%),” Po Valley CEO, Mr Michael Masterman, said.

“The validation of the North and South flanks 2C Contingent Resources of 14 bcf by CGG is a very important step in expanding the potential field size and production rates.”

“In addition, it is very positive that we have been able to identify significantly larger Prospective Resources (best estimate) of 91.5 bcf through our detailed analysis of East Selva, Riccardina, Fondo Perino and Cembalina prospects.”

“Italy continues to have to import more than 90% of its gas consumption so new domestic contributors such as Selva build shareholder value and help deliver Italy’s push to use natural gas as a critical transition fuel towards a low carbon economy and with negligible environmental impacts.”

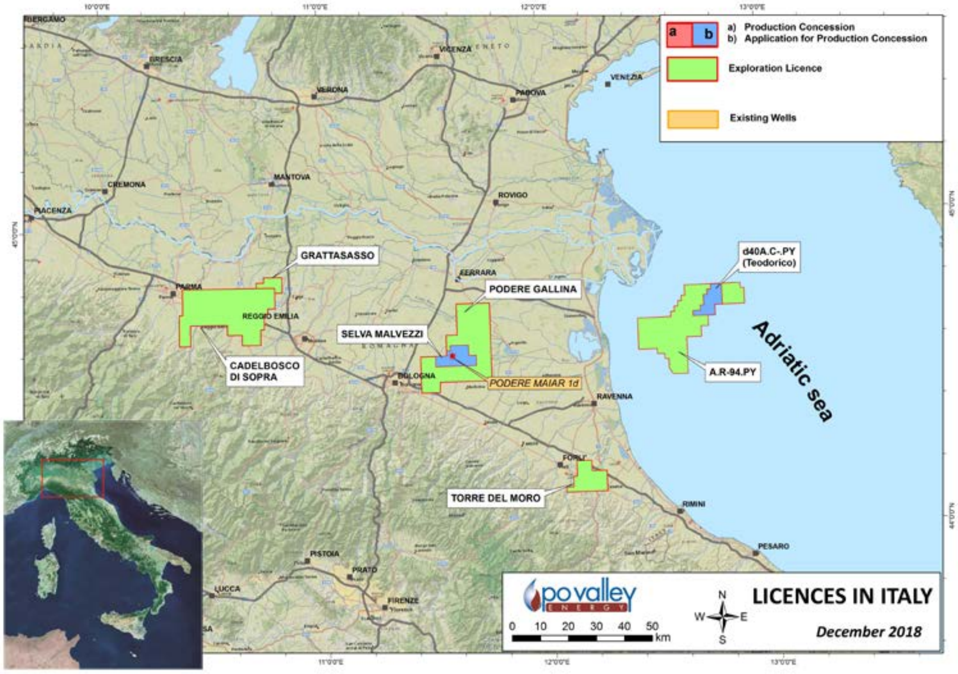
The full CPR prepared by CGG covering Selva, and Po Valley Energy’s other Italian Gas and Oil assets has been lodged with the ASX and will be loaded on the PVE website.

MEDIA CONTACT:

Po Valley CEO, Michael Masterman (0418 951 792)

The CGG report is attached to this release.

Po Valley’s gas-oil licences in northern Italy:



Reserve Estimate background:

CGG completed the updated Competent Person's Report (CPR) for the Selva gas field on the basis that the Contingent Resources can now be categorised as Reserves, following the provisional award of the Selva Malvezzi Production Concession. The updated CPR is based on information gained from positive flow testing of the Podere Maiar-1 well ('PM-1') from two targeted reservoirs in January 2018 (refer ASX announcement 19 January 2018). The thickest level C2 (net pay 25.5m) reported a peak flow rate of 148,136 scm/day on a 3/8 inch choke and a pressure differential of 11 bar with no water production. The higher level C1 (net pay 15.5m) also reported strong flow test results with a peak flow rate of 129,658 scm/day on a 3/8 inch choke with good pressure recovery. There is additional prospectivity in the Licence, including the East Selva, Selva South and North Flanks, Riccardina , Fondo Perino and Cembalina structures.

Previously gross Contingent Resources of 7.2Bcf (1C); 18Bcf (SC); and 29.6Bcf (3C) have been reported for Selva (refer ASX Announcement 19 February 2018). While CGG's estimate for 3P Reserves of 29.6Bcf remains unchanged from the previously reported 3C Contingent Resources of 29.6Bcf, the 1P/2P numbers do not currently correspond with the previously quoted 1C/2C figures. This is due to CGG linking the 1P/2P figures to the submitted development plan, which is based solely on production from the PM-1 well. CGG's 1P and 2P cases are therefore based on a situation in which the entire Selva structure is not drained. This has led to the reduction in 1P/2P volumes when compared to the previously reported 1C/2C figures, which were not based on a specific development plan. Po Valley's Directors believe that once PM-1 establishes a production history, a clearer picture will emerge which could result in a higher proportion of 3P Reserves being upgraded into the 1P and 2P categories.

Key Assumptions and Notes:

- Po Valley's reserves review has been completed in conjunction with reporting requirements of Po Valley's joint venture partners United Oil & Gas Plc (20%) and Prospex Oil & Gas (17%).
- The reserves review is based on the CGG report dated 24 April 2019.
- Reserves and Resources have been evaluated in accordance with Petroleum Resourced Management Systems (2007) as published by the Society of Petroleum Engineers (SPE).
- Economic valuation of assets uses industry standard discounted cash flow technique.
- Gas Prices:
  It is assumed that future gas production is sold at the Italian spot gas price (PSV) price. CGG have assumed that the PSV price will follow the forward curve for the Dutch TTF spot price plus Euro 1.9/Mwh, which was the average difference between the two prices in 2018. Beyond the end of the current quoted forward curve in 2024, it is further assumed that the price escalates at 2% per year. In order to capture gas price uncertainty, low and high price decks have been taken as +/- 15% for 2019 and 2020, and +/-20% for 2021 onwards. The narrower near-term range reflects the greater certainty of near-term pricing.
- Fiscal System:
  Italy's upstream oil and gas industry operates under a concessionary royalty and taxation system. Royalty is paid on the wellhead value of production, with certain volumes exempt depending on the region and type of development. The applicable royalty rate for Selva is assumed to be 10%, with an annual royalty free allowance of 25 million cubic metres. Profits are subject to standard Italian corporate income tax (IRES), for which the current rate is 24.0%. Tax losses can be carried forward indefinitely, and allowances are applied for exploration and appraisal costs, depreciation, abandonment expenditure, operating costs and royalty payments. In addition to IRES, companies with onshore production are also subject to a regional income tax (IRAP). The IRAP rate is assumed to be 3.9%, and is calculated in a similar way to IRES.
- Other Economic assumptions:

Economic Parameters	Value
Discount Factor	10%
Discount Methodology	Mid-Year
Cost /Price Inflation	2% per annum
Discount Date	1st January 2019

- The volumes associated with the "Selva Stratigraphic" redevelopment opportunity have been updated since the previous CPR according to the positive results of the well Podere Maiar 1dir that confirmed the presence of undrained gas in the structure, and has further de-risked the progression towards a commercial development.

  These volumes have been based on integrating all of the geological and historic production data, including the well test results, to arrive at a range of reserves that reflects the uncertainties that exist in the Selva field.

  Once production has started, over time it is expected that this range of reserves will narrow as the production history gives certainty to the recoverable volumes.

- Producibility and booking of gas reserves are confirmed by:
  - Production test
  - Economics based upon production forecast, CAPEX, OPEX estimates
  - Positive opinion by Economic Development Ministry (MISE) with CIRM Committee resolution in January 2019
- The Gas plant is designed for the natural flow from well head. Gas from the well will be separated from water (formation water and gas humidity) and after the fiscal measure, it will be sent to the national gas pipeline.
- Development costs estimated of €2.4 million includes estimated costs for surface facilities (€1.42m), compressor and pipeline costs (€0.41m), project management, environmental and insurance costs (€0.51).
- IRR is based on company financial model using 2P Reserves and the key assumptions and notes outlined above.

The Qualified Petroleum Reserves and Resources Evaluator Statement

The estimates in this report that relates to the oil and gas Reserves and Contingent and Prospective Resources are based on, and fairly represents information and supporting documentation prepared by or under the supervision of Andrew Webb, Manager of Petroleum Reservoir and Economics of CGG Services (UK) Limited ('CGG') Reference no 8P512. CGG has compiled these estimates to confirm with the definitions of the Petroleum Resourced Management Systems (2007) as published by the Society of Petroleum Engineers (SPE). The estimates were prepared as part of a CPR dated 24 April 2019 which has been lodged by Po Valley Energy with the ASX in conjunction with this release and will be loaded on the Po Valley website. Mr Webb is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

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 that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

A Note Regarding Forward Looking Information

This announcement includes certain statements related to our future business and financial performance and future events or developments involving Po Valley Energy Limited ('PVE' or 'the Company') that may constitute forward-looking statements. All statements, other than statements of historical fact, that refer to any future oil and gas production, resources or reserves, exploration results and events that the Company expects to occur are forward-looking statements. Although the Company believes that the expectations in those forward looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from the outcomes anticipated. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.