



**ASX / MEDIA RELEASE
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Po Valley awarded large offshore preliminary production concession

Po Valley Energy Ltd (ASX: PVE) - the Australian oil & gas exploration, development and production company with expanding interests in Northern Italy - is pleased to announce a further significant development in its drive towards new gas production in 2017 and 2018.

The Italian Ministry of Economic Development has formally awarded Po Valley a preliminary Production Concession for the Company's 47 billion cubic feet (bcf) offshore Teodorico gas field in the northern Adriatic Sea – the primary source of domestic gas production for much of Italy.

The Teodorico gas field, within the AR94PY licence area, is a former ENI gas discovery with 5 wells drilled and tested and full 3D seismic coverage available through ENI's prior operations. The field is located in the shallow (~ 25m) waters of the Adriatic Sea off Italy's eastern coastline, and is outside the 12 nautical mile exclusion zone.

Po Valley has also been invited by the Ministry of Environment to commence the environmental approval process for Teodorico. Preparation of Environmental Impact Assessment (EIA) documentation is advanced and will be submitted in the first half of 2017.

Following EIA approval and the grant of a full production concession, PVE will move to drill two production wells and then connect the gas field to ENI's Naomi Pandora offshore gas processing facility. The required feasibility study and development design, including well locations, is already complete.



Po Valley Chairman, Mr Michael Masterman:

“The awarding of this preliminary offshore concession is a very significant step as it allows Po Valley to more rapidly commercialise this very valuable gas field. Following this award, we expect to very substantially increase the proven gas reserve base of the Company by being able to convert the existing 2C (contingent) resources of 47bcf¹ into 2P proven reserves.

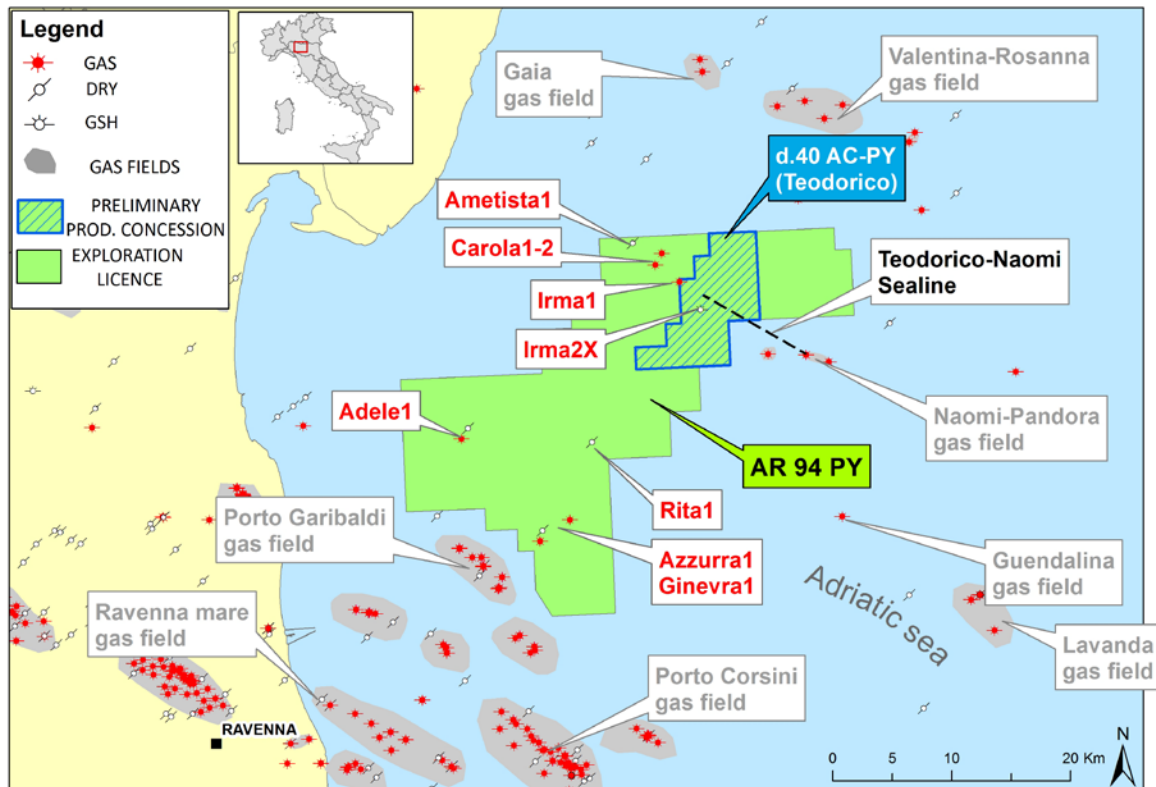
“Grant of this preliminary production concession and then the full concession is a very significant milestone as it allows the Company to move directly from drilling the two production wells and connecting to the existing ENI processing facility, to gas sales and commercial production. Put simply, new gas project investment is followed shortly thereafter by production and cashflow.”

Mr Masterman said planning was well advanced to take the field into production. The Company has 3D seismic across the Teodorico (d.40.AC-PY) development area and the locations for the well sites and platform have been identified. The Company expects to finance the development of the field with a farm-in partner experienced in off-shore drilling.

Po Valley Chief Executive Officer, Ms Sara Edmonson:

“This is an incredible achievement by the team and further demonstrates the Company’s capacity to progress our portfolio of quality assets to production. The importance of this award should not be underestimated as it has the potential to significantly reduce the time to first gas from this game-changing field.”

¹ Please refer to the Technical Summary Section of the 2015 Annual Report released 29 April 2016



First Bezzecca field gas on track for January 2017

Po Valley is also pleased to confirm that the laying of the onshore Bezzecca field pipeline connection in northern Italy is nearly complete and the tie-in to the Vitalba production facility will commence immediately.

The Company operates two gas processing plants in northern Italy but has embarked on a new development and production program, which Mr Masterman says is currently running to plan and budget with first new gas on track to commence in January 2017.

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