



ASX / MEDIA RELEASE
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Bezzecca Update: Master Contract Signed
and Pipeline Construction Commenced

Po Valley Energy Ltd (ASX: PVE) the Italian based oil & gas exploration, development and production company with interests in Northern Italy (The Company), is pleased to announce the signature of the master construction contract with local contractor TESI Srl for the development of its 90% **Bezzecca** gas field.

The contract, is a turnkey contract for the construction of the 7 km pipeline and tie in to the existing gas treatment plant. Significant preparatory activities were carried out in July and August and construction has now commenced.

The time required to complete the pipeline construction and the tie-in works on site is highly dependent on weather conditions. Based on average rainfall for the autumn season, development is expected to be completed by year end 2016. A short standard commissioning period will follow before regular production can commence.

The pipeline will have a total capital cost of €2.2m and the contract with TESI Srl includes a flexible financing arrangement whereby a portion of the fees will be paid upfront and the residual amount to be paid in monthly installments once production commences. Upfront payments will be in part financed through funds from 10% joint venture owner Petrorep's contribution, and from the Company's own working capital.



The contractor, TESI srl, is an Italian company based in Milan. With over 30 years of expertise, TESI designs, manufactures and distributes products and accessories for the energy, oil & gas, petrochemical and chemical industries worldwide.

Sara Edmonson, Po Valley's CEO commented:

"I'm delighted to announce the signature of this key contract with TESI, a company well-renowned in the local industry, which will allow the Company to quickly increase production and provide revenue stability. The flexible financing component of the contract was decisive and is an excellent example of the potential of client/contractor partnerships as companies seek alternative funding solutions. Management continues to focus on the development of its other near term production assets including Sant'Alberto and Teodorico which have the potential to quadruple production in the next few years."

MEDIA CONTACTS:

Sara Edmonson
Po Valley Energy
+39 06 4201 62 75