



ABN 33 087 741 571

## ASX/MEDIA RELEASE

18 October 2017

### **Italian gas field production concession granted to project's major stakeholder: Australia's Po Valley**

A production concession for a new onshore north Italian gas field close to existing producing infrastructure, has been granted to a European entity controlled by Australia's ASX-listed Po Valley Energy Limited (ASX: PVE or "the Company").

The Sant' Alberto production concession near Bologna, has been awarded by the Italian Ministry of Economic Development and covers an area of 19.51km<sup>2</sup> and is close to the producing Sillaro gas field, which is also wholly owned by PVE interests.

The new Sant' Alberto field can be commercialised with low development cost, employing the installation of a modular gas processing facility and connection to the nearby Italian national grid.

Po Valley Chairman, Mr Michael Masterman, said today "installation of the new field's above ground infrastructure would be completed by the end of 2Q 2018 and include a gas separation and hydration system, nitrogen generation and tanking and venting facilities."

The first Sant' Alberto gas is expected in summer 2018, with the Shell group already contracted to take all output from the new gas producer.

Sant' Alberto offers 2P Reserves of 2.0 billion cubic feet of gas (59.5 million metric standard cubic metres (MMscm)) with an expected peak production capability of 29,500 standard cubic metres (scm) per day.

The nearby Sillaro Gas field is currently producing from a single level with a daily rate averaging between 5,000 to 10,000scm.

The move is the latest step-up for Po Valley in Europe's energy market this year.

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 involving its majority 54% stake in UK AIM-listed subsidiary, Saffron Energy Plc, which will become the three way host vehicle for its 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.



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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 an 80% interest in the large near-term onshore gas development Selva (2C 17bcf), 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<sup>1</sup>.

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<sup>1</sup> Refer to ASX media release "A\$1.7m sale of two Italian oil licences by Australia's Po Valley" dated 25 September 2017 for more details



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**About Po Valley Energy Limited:**

*Po Valley Energy Limited (ASX: PVE) is an oil and gas production and exploration company listed on the Australian Stock Exchange. It has an expanding portfolio of hydrocarbon assets in northern Italy. Po Valley now holds seven license areas, encompassing 1,300 km<sup>2</sup> and owns and operates two gas treatment plants. The Po Valley region is the main gas production zone in Italy. The Company's web site is <http://www.povalley.com>*