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Po Valley advances funding for key Northern Italy gas field with United Oil and Gas farm-in to fund 40% of Selva for 20%

Australian gas producer, Po Valley Energy, (ASX: "PVE") is pleased to announce it has reached a conditional agreement for United Oil & Gas ("United") to earn a 20% stake through a 2 for 1 farm into Po Valley's Podere Gallina licence, which contains the Selva gas field

The agreement allows United to earn a 20% interest for a share in the drilling costs of the exploration well Podere Maiar-1, planned for October 2017. Conditions for full commitment by United to the farm in are expected to be completed by July 2017 and drilling is planned for the December quarter.

Po Valley's Podere Gallina permit area includes the Selva gas field (which produced 83 bcf from 15 wells over a 35 year period). PVE has identified an undrained area updip of the existing wells, (Selva Stratigraphic), and a second exploration target (East Selva) on the pinch out edge to the east of the main Selva field. The Company- which received authorisation to drill its first well on the Selva Stratigraphic structure in February 2017 – is in the process of ordering long lead items and completing the first stage of civil works at the site.

Chairman of Po Valley Energy, Mr Michael Masterman, commented: "We are delighted to welcome United Oil & Gas as a strategic partner in Selva which was previously one of ENI's largest onshore natural gas production fields. Our successful drilling of Podere Maiar-1 is a strategic priority and has the potential to add more significant gas production for Po Valley following development. Civil works are already underway and drilling is planned for the December quarter 2017".

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Background on United Oil and Gas

Based in Dublin, Ireland, United Oil & Gas is a privately-owned oil and gas exploration company. The Company was established to acquire non-core oil and gas licences, with the goal of being an active partner to unlock previously untapped value.

United Oil & Gas is primarily focusing on Europe, taking advantage of the management team's extensive experience in the market, and benefitting from the stable political and fiscal systems in the region.

Background on the Podere Gallina exploration license

The Podere Gallina licence measures 331 km² and it is situated in the eastern part of the Po Plain, south of the Po Delta, among the Ferrara and Bologna provinces, in the Emilia Romagna Region. The licence was awarded in 2008.

During 2012, the Company carried out the Geological and Geophysical work to assess the Selva residual gas potential and the technical team identified a new low risk prospect named "Selva Stratigraphic" and a second exploration target (East Selva) on the pinch out edge to the east of the main Selva field. Approximately 70km of 2D seismic was purchased from ENI to further evaluate the exploration potential and reprocessed.

Contingent Resources for the Podere Gallina exploration licence were independently evaluated in 2013 by the geological and petroleum reservoir consultancy UK firm CGG Services Ltd. Please refer to page 76 of the technical summary in 2016 Annual Report for further details.