



ASX / MEDIA RELEASE

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**Energy Reserve and Resource Upgrade for Po Valley
Maiden Reserves of 2P 36.5 bcf declared for Teodorico.**

Po Valley Energy Limited ("Po Valley" or "Company") is pleased to report an upgrade of its oil and gas reserves and resources for its 100% owned subsidiary Po Valley Operations Pty Ltd ("PVO") as part of the release of an extensive Competent Persons Report ("CPR") prepared on PVO, Po Valleys 50% owned Saffron Energy Plc ("Saffron") and Appenine Energy. The CPR has been lodged in full with the ASX in conjunction with this release.

Maiden 2P Reserves of 36.5 bcf of gas have now been declared at the Company's offshore Adriatic development Teodorico gas field in line with the Society of Petroleum Engineers ("SPE") guidelines.

Teodorico has the largest gas in place of all of Po Valley's gas fields and is at an advanced stage of assessment and is ready for development. The Company received a preliminary award of the Teodorico Production Concession last year and is advanced in securing environmental approval which is the main step before full grant of the Production Concession.

The development of the Teodorico gas field involves the drilling of two wells, Teodorico1 (TD MD 1,880 metres) and Teodorico2 (TD MD 1,900 metres) both drilled in shallow water (about 30m depth) and the construction of a 12km tie line to the ENI operated Naomi Pandora gas processing facility which is connected to the Italian National Grid.



Close to one million Euros has already been spent by Po Valley on technical and facilities studies in order to reach this stage and all relevant permits are in hand. The Environmental Impact Assessment has been successfully filed and accepted by Governmental Authorities and Po Valley's formal development plan has been fully sanctioned by the Italian Ministry. Costs have been scoped and quotes obtained for Capex planning, covering the whole execution process.

The competent person, CGG Services (UK) Limited (CCG), considers that having reached this advanced stage, and having made these commitments, it is now reasonable to expect that the Operator will proceed to development within five years.

As indicated in January, following the successful drilling of Podere Maiar 1 dir well in the former Selva gas field in the Podere Gallina exploration licence, work is underway to provide updated reserve and resource estimates on the Selva Stratigraphic discovery and Po Valley plans to update the market on these in the second quarter 2018 when completed and signed off by the competent person. The Contingent Resources estimates have been adjusted to reflect Po Valley's 63% share in the licence and gas field following the successful farm out to United Oil and Gas Plc and to Prospex Energy Plc.

The report by CGG, has been prepared in connection with the proposed acquisition of PVO and Sound Energy Holdings Italy Limited by Saffron and the readmission to AIM of the enlarged group, subject to shareholder approval. Saffron published its admission document on 16 February 2018 after close of the ASX trading. The Po Valley Board is currently awaiting finalisation of an Independent Experts Report on the proposed transaction¹, as required by ASX Listing Rule 10.10.2, as part of their evaluation of the proposed transaction and will provide further advice on this to the market as soon as practical.

¹ For further details on the transaction please refer to the ASX announcement "*PO Valley advances Saffron Energy Plc expansion with binding deals and £14m capital raise*" released on 23 January 2018



A summary of the current reserves and resources of Po Valley are shown in the following table:

Po Valley Energy Limited Gas Reserves and Resources (Gas BCF)

Licence	Project	Reserves			Contingent Resources			Prospective Resources		
		1P	2P	3P	1C	2C	3C	Low	Best	High
SILLARO (100% Saffron)	SILLARO	0	2.2	2.6	0.6	1.1	1.5			
CASCINA CASTELLO (90% Saffron)	VITALBA	/	/	/						
	WEST VITALBA QUAT [Net]							1.3	2.0	2.8
	WEST VITALBA PLIOC [Net]							1.4	2.2	2.9
CASCINA CASTELLO EXTENSION (90% Saffron)	BEZZECA [Net]	1.2	2.3	3.3	1.8	2.5	3.2			
SANT'ALBERTO (100% Saffron)	SANTA MADDALENA	1.6	2.1	2.8						
AR94PY (100% PVO)	TEODORICO outside 12 miles	26.7	36.5	47.5						
	TEODORICO inside 12 miles				7.4	10.6	13.9			
	PL3-C							7.9	15.9	25.0
PODERE GALLINA (63% PVO)	SELVA Stratigraphic (Pod Maier-1) [Net]				7.2	10.7	14.5			
	Cembalina							1.32	2.08	2.96
	Fondo Perino							6.42	9.20	12.92
	East Selva							18.33	21.93	25.58
TORRE DEL MORO (100% PVO)								UNDER REVIEW		

As foreshadowed in the most recent Po Valley quarterly report there has been a reduction in reserves of Bezzacca and Sillaro (both owned by Po Valley's 50% owned Saffron) reflecting progressive production from both fields and downward reduction in Bezzacca estimates following the recent reinterpretation by CGG. Bezzacca is currently producing at 17,000 SCM per day and Sillaro at 20,000 SCM per day.

Resources estimates by CGG are made on a probabilistic basis for Teodorico and a deterministic basis for the other gas fields. There has been no change in prospective resources estimates from the 2016 Annual report levels other than adjustments for the change in the equity share of ownership. The estimated prospective resource



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.

Qualified Petroleum Reserves and Resources Evaluator

The estimates of petroleum Reserves and Contingent and Prospective Resources and the Reserves at 15 January 2018 are based on, and fairly represents information and supporting documentation prepared by or under the supervision of Andrew Web, Manager of Petroleum Reservoir and Economics of CCG Services (UK) Limited Reference no 8P512. CGG has compiled these estimates to confirm with the definitions of the Petroleum Resources Management Systems (2007) as published by the Society of Petroleum Engineers (SPE). The estimates were prepared as part a CPR for an AIM Admission Document for Po Valley's 50% owned subsidiary Saffron. The CPR dated 16 February has been lodged by Po Valley with the ASX in conjunction with this release and will be loaded on the Po Valley website.

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