



ASX / MEDIA RELEASE

19 January 2018

Significant Italian gas discovery confirmed for Po Valley

Strong gas flows on test have confirmed a significant commercial discovery for Australia's Po Valley Energy Limited ("PVE" or the "Company") at its new Selva gas field in northern Italy.

The Company announced today the strong gas flows had resulted from successful flow testing of the recently drilled Podere Maiar 1dir exploration well on the Selva gas field within the Podere Gallina Exploration licence in northern Italy (PVE 63% Operator; United Oil & Gas Plc 20%; Prospex Oil & Gas Plc 17%).

That drill program intersected two identified gas reservoirs, C1 and C2, in the Medium-Upper Pliocene sands of the Porto Garibaldi Formation.

The thickest level C2 (net pay 25.5 m) reported a peak flow rate of 148,136 scm/day on a 3/8 inch choke and a pressure differential of 11 bar with no water production. Pressure recovery to formation pressure occurred in 2 minutes. The higher level C1 (net pay 15.5 m) also reported strong flow test results with a peak flow rate of 129,658 scm/day on a 3/8 inch choke with good pressure recovery (about 12 minutes).

Table 1: Flow test results C2 level 1282.5m – static well head pressure 123.0 bara

Choke	Flow rate	Flowing well head pressure
1/8 inch	17,850 scm/day	122.8 bara
2/8 inch	66,000 scm/day	120.7 bara
18/64 inch	80,700 scm/day	119.5 bara
3/8 inch	148,136 scm/day	111.9 bara

Table 2: Flow test results C1 level 1253.5m - static well head pressure 119.7 bara

Choke	Flow rate	Flowing well head pressure
1/8 inch	14,348 scm/day	119.3 bara
1/4 inch	64,475 scm/day	115.0 bara
18/64 inch	77,351 scm/day	113.7 bara
3/8 inch	129,658 scm/day	105.1 bara

Po Valley says the strong flow rates from two gas bearing levels, high quality 99.1% methane gas content and the well's 600 m proximity to the Italian national gas grid pipeline connection, clearly make the Podere Maiar 1dir well a commercial discovery. As Operator, Po Valley will now prepare and submit a production concession



application to the Italian Ministry, in the first half of 2018. The Ministry has been formally informed of the discovery and officials attended the successful test.

The log and well test results will be analysed during the current March quarter with Po Valley expecting to provide revised contingent resource and reserve estimates in the June quarter of 2018. This work will include reservoir engineering to optimize production from the two gas levels over the field life.

Po Valley Energy Limited Chairman and CEO, Mr Michael Masterman:

"We are very pleased with the commercial discovery at Selva with our Podere Maiar 1dir well. The strong flow rates achieved with small pressure differentials and fast recovery are above our expectations. We have drilled 6 gas fields in the Po Valley of Italy and this is PVE's 6th success – a robust exploration and development record backed by an exceptional management team."

"The Podere Maiar discovery is very positive for both the Selva development and our nearby exploration target 7 km away at Selva East."

MEDIA CONTACTS:

Po Valley Energy

+61 414 822 631

Background on the Podere Gallina exploration licence

The Podere Gallina licence measures 331km² 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 the 2016 Annual Report.