



31 July 2017

QUARTERLY ACTIVITIES REPORT

For the June quarter and to the date of this report

Po Valley Energy Limited, ("Po Valley" or "The Company") is pleased to provide its second Quarterly Activities Report for the period ending 30 June 2017.

Q2 Gas Production

Production from Sillaro (100%) and Bezzacca (90%) gas fields - which Po Valley holds through its subsidiary Saffron Energy Plc. - has increased by 104% from 862,000 standard cubic metres (30.4 mmcf) in the quarter ended 31 March 2017 to 1.762 million standard cubic metres (62.2 mmscf) in the quarter ended 30 June. This increase was driven primarily by the commencement of production from the Bezzacca field in mid-April 2017.

The Bezzacca gas field - located east of Milan within the established prolific, gas-producing Po Valley region in northern Italy - is operated by Saffron's subsidiary Northsun Italia SPA (NSI). Gas from the now-producing Bezzacca 1 well is processed at the Vitalba processing plant and directly connected to the national grid.

Revenue from gas sales to Shell Energy Italia has also increased by 93%; in line with the increase in production. Po Valley attained a gas price of approximately €0.213 per cubic metres in Q2 compared to €0.226 in the previous winter months' quarter.

Gas production and Sales

	Q1 17	Q2 17	Change (%)	YTD 17
Total production ('000 cubic metres)	862	1,762	104%	2,624
Total production ('000 cubic feet)	30,441	62,224	104%	92,665
Daily production (cubic metres per day)	9,370	19,368	104%	
Daily production ('000 cubic feet per day)	331	684	104%	
Daily production (boepd)	57	118	104%	
Revenue (€)	195,000	376,000	93%	571,000
Average gas price (€ per cubic metre)	0.226	0.213	- 6%	

Current Natural Gas Production Activity

Po Valley expects that gas production and revenue will increase further in the third quarter ending 30 September 2017, driven by a full three months contribution of production from the Bezzecca field.

The Bezzecca gas field was completed and commissioned in Q2 with first gas flows on 18 April and full commercial production commencing at a steady state from the Level A interval in mid-May 2017.

Over the first two weeks of July, the Company installed a downhole choke at Bezzecca and production from the field recommenced immediately afterwards from level, A and S. Production rates in Level A were adjusted in order to allow for increased aggregate production from both levels.

Current Natural Gas Field Exploration & Development Activity

Po Valley has also made significant progress during the quarter on its natural gas development and exploration assets.

At the Podere Gallina permit, (former ENI Selva gas field), preparations for drilling the first well Podere Maiar-1 are advancing with the first stage of civil works complete and procurement of long lead items such as the casing and well head advanced. It is anticipated that the Company will contract the rig within the September Quarter in preparation for drilling in the December quarter. Funding for 40% of the well will be provided by United Oil and Gas which completed the listing process on the Standard Board of the LSE last week with trading commencing today¹.

Our offshore gas development project, Teodorico is progressing through the environmental approval process and we expect this process to be substantially complete by year-end.

Geological and geophysical work on the recently granted Torre del Moro exploration licence south of Bologna has also advanced during the quarter.

Corporate

In early July Po Valley announced the appointment of a new Company Secretary, Zoe Levendel, from Company Matters Pty Limited. Sara Edmonson, CEO of Po Valley and the entire Board wish to thank Lisa Jones for her hard work, dedication and service of over 7 years as Company Secretary and wish her well in her future endeavours.

The Company also announced the resignation of Company Auditor, Ernst & Young and the appointment of Bentleys NSW Audit Pty Ltd (Bentleys).

The Board believes that the appointment of Bentleys as the Company's Auditor is in the best interests of the Company and its shareholders. Following the successful listing of Saffron Energy Plc (SRON), which listed on the AIM Board of the London Stock Exchange in February 2017, the Company has continue to implement an even more effective and leaner corporate structure. We believe that Bentleys will provide quality service in compliance with Australian and International reporting standards that is more appropriate to the current audit requirements, considering the size and stage of development of the Company.

Cash at bank at the end of the quarterly was € 772,000.

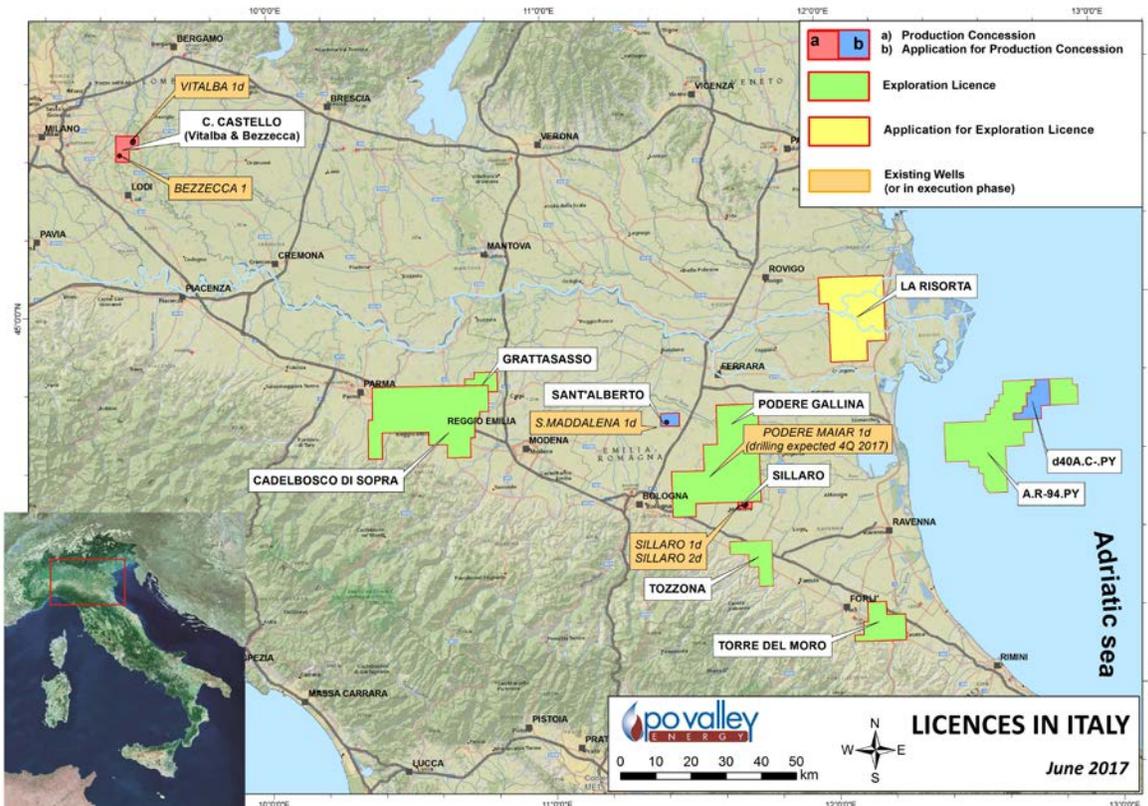
¹ For further details please refer to the ASX announcement "Po Valley advances funding for key Northern Italy gas field with United Oil and Gas farm-in", released on 8th May 2017

Summary of Tenements

	Tenement	Location	Interest held	Interest disposed during 2Q 2017	
PROD. CONCESSION	Granted	<i>Sillaro</i>	Italy, Emilia Romagna, <i>Bologna</i>	100%	-
		<i>Cascina Castello (Vitalba)</i>	Italy, Lombardia <i>Cremona / Lodi</i>	90%	
		<i>Cascina Castello (Bezzecca)</i>	Italy, Lombardia <i>Cremona / Lodi</i>	90%	-
	Prel. Awarded	<i>Sant'Alberto</i>	Italy, Emilia Romagna, <i>Bologna</i>	100%	-
		<i>d40.A.C-PY</i>	Italy, Adriatic Offshore	100%	-
EXPLORATION PERMIT	Granted	<i>AR94PY</i>	Italy, Adriatic Offshore	100%	-
		<i>Cadelbosco di Sopra</i>	Italy, Emilia Romagna	85%	-
		<i>Grattasasso</i>	Italy, Emilia Romagna	100%	-
		<i>Podere Gallina</i>	Italy, Emilia Romagna	100%	-
		<i>Torre del Moro</i>	Italy, Emilia Romagna	100%	-
		<i>Tozzona</i>	Italy, Emilia Romagna	100%	-
	Prel. Awarded	<i>La Risorta</i>	Italy, Emilia Romagna & Veneto	100%	-

No tenements were acquired or disposed during the June quarter.

Licences in Italy



Note:

- All tenements are 100% owned by the Company with exception of Cascina Castello (90%), and Cadelbosco di Sopra (85%).

In 4Q 2014, the Company successfully concluded a third farm-in with Petrorep Italiana Spa for a 10% interest in the Cascina Castello (Vitalba) and Bezzecca production concession. Petrorep committed to a promoted share of future development expenditures.

The Farm-in Agreement for Cadelbosco was completed in June 2012 with Petrorep Italiana Spa for its 15% interest; Petrorep committed to a promoted share of future drilling expenditures and reimbursement on past costs.

- Po Valley Energy holds 65% of the shares in Saffron Energy Plc (SRON) which was listed on the AIM Board of the London Stock Exchange in February 2017.

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