

Quarterly Activities Report

For the September quarter and to the date of this report



30 October 2015

COMPANY OVERVIEW

Po Valley Energy (ASX:PVE) is an independent oil and gas exploration and production company with assets in the Po Valley region in northern Italy.

The Company's core portfolio includes a total of 14 onshore and 1 offshore assets for a total acreage position of circa 2,000 km².

The Company's Rome based management team is focused on accelerating growth opportunities whilst building a solid foundation from its producing assets, Sillaro and Castello.

HIGHLIGHTS

- Total **gas production increased** by 40% compared to the previous quarter to 3.46 million standard cubic metres (122.28 million standard cubic feet (mscf))
- The offshore production concession application for **Teodorico** was filed with the Ministry of Economic Development
- The Company entered into an agreement with Joint Venture Partner AleAnna Resources to sell its interests in **La Prospera (Gradizza)** and **Zanza** for € 1.85 million (AU\$ 2.98 million)
- The gas offtake agreement with **Shell Italia** was renewed for Gas Years 2015-2017
- **Revenue** for the September quarter was €0.93 million (AU\$ 1.49 million)
- Cash at bank at 30 September 2015 was €0.3 million (AU\$ 0.44 million)

Capital Details (ASX:PVE)

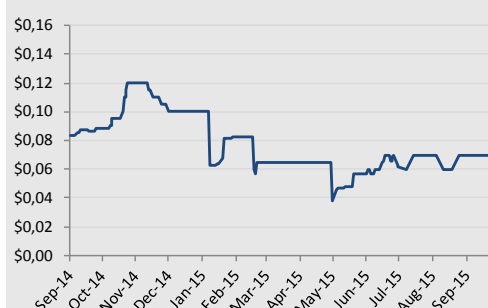
(as at 30 September 2015, AU\$)

Share Price	\$0.06
Shares on Issue	140.16m
Market Cap	\$8.41 m
Cash at Bank	\$0.44 m
Drawn Debt	\$4.47 m
Enterprise Value	\$12.44 m

2014- 2015 Gas Production & Revenue

	3Q 2015	2Q 2015	FULL 2014
Total Production Mscm	3.46	2.47	18.56
Total Production Mscf	122.28	87.23	655.45
Total Revenue €m	0.93	0.66	5.03

PVE Share Price Sep 2014 - Sep 2015



Board of Directors

Graham Bradley, Chairman
Michael Masterman, Non-Executive Director
Byron Pirola, Non-Executive Director
Gregory Short, Non-Executive Director
Kevin Eley, Non-Executive Director

Sara Edmonson, CEO

PRODUCTION

During 3Q 2015, the Sillaro and Vitalba fields produced a combined total of 3.46 million scm (122.28 mscf), 1.0 million scm or 40% more than last quarter. Following the reopening of Level B1 the average production from the Sillaro field continued to increase and the level is producing above expectations. The field is currently producing around 36,000 scm/day.

The boost in total quarterly production is also due to an increase in daily production from Vitalba. Careful production management of the field has steadily increased daily production ranging between 3,500 to 5,000 scm/day compared to an average of 2,500 scm/day in the prior quarter .

In May, the Company announced a work program for the Sillaro field consisting of the re-completion of Sillaro-2 and the re-drill (sidetrack) of Sillaro-1. Recent rigless interventions and better than expected production performance have laid the groundwork for the potential of a lighter workover involving a rigless campaign on both wells aimed at accessing the residual potential in the Pliocene sequences on both completed and non-completed levels. The lighter work programme could substitute the re-completion of Sillaro-2 resulting in material cost savings in the near term and postpone the need to re-drill Sillaro-1.

The Company continues to explore potential farm-in arrangements also for its Sillaro and Bezzecca fields.

DEVELOPMENT

In August, the Company filed a production concession application with the Ministry of Economic Development for the **Teodorico gas field**. The filing of this application represents a milestone event for the Company following a material investment in geoscience including the purchase and reprocessing of 3D seismic data and the detailed preliminary front-end engineering and design (PRE-feed) study completed earlier this year. In due course, the application will be discussed and, if deemed economically and technically viable, approved by the Ministry's Hydrocarbon Commission (CIRM) as a step towards a preliminary production concession award.

During the June quarter, the Company announced a request for tender for the EIS and subsidence study for Teodorico which would need to be filed with the Ministry of Environment in the event the Company is awarded a preliminary production concession. Tenders were received prior to the end of June and the contractors were selected during the September quarter. Once commissioned the study will take approximately 6 months to complete.

In regards to the production project **Sant'Alberto**, the Company has filed all required documentation necessary to receive the Environmental Impact Assessment Decree.

The Decree is expected soon.

There was no exploration activity during the quarter .

CORPORATE

In October, the Company announced the sale of its 75% interest in the fully awarded exploration license **La Prospera**. The license also includes a preliminary production concession for the Gradizza gas discovery located within the licence. AleAnna will also acquire the Company's share of the preliminarily awarded adjacent exploration license Zanza.

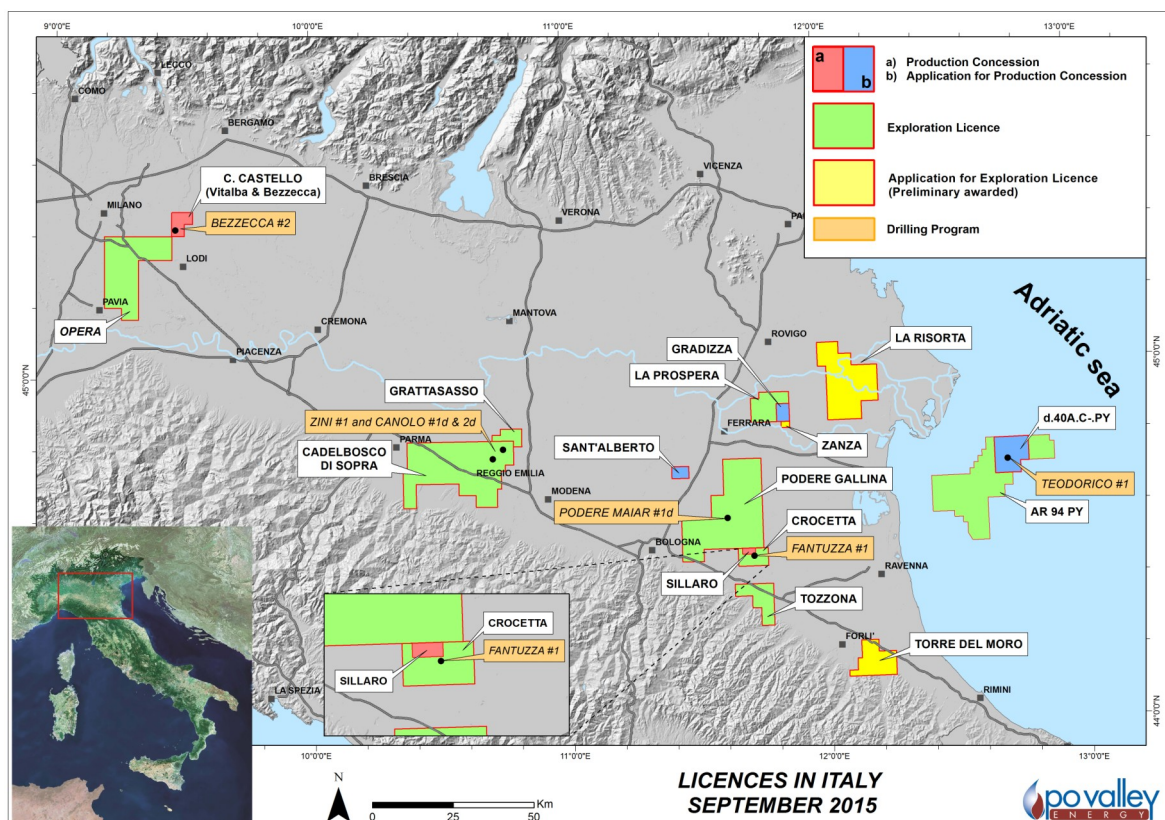
Consideration will be Euro 1,850,000 with a further amount of Euro 200,000 to be paid if the final production concession for Gradizza is received by August 2016. Completion of the transaction is subject to formal approval by the Ministry of Economic Development which is expected to be received in coming weeks.

The proceeds from the sale will be used to pay down the majority of the Company's debt on its reserve based lending facility with the Nedbank Group reducing outstanding debt to less than Euro 1 million.

In September, the Company renewed the gas offtake agreement with Shell Italia, for the next 2 gas years, specifically 2015-2016 and 2016-2017. Shell Italia is part of Royal Dutch Shell, the Anglo Dutch multinational oil and gas company headquartered in the Netherlands and incorporated in the United Kingdom.

The Company continues to manage its costs carefully and is exploring options to improve near-term liquidity.

SUMMARY OF LICENCES IN ITALY AS AT 30 SEPTEMBER 2015



SUMMARY OF PETROLEUM TENEMENTS AS AT 30 SEPTEMBER 2015

		Tenement	Location	Interest held	Interest acquired or disposed of during 3Q 2015
PROD. CONCESSION	Granted	Sillaro (derived from Crocetta Expl. Licence)	Italy, Emilia Romagna, Bologna	100%	-
		Cascina Castello (derived from C.S. Pietro Expl. Licence)	Italy, Lombardia Cremona / Lodi	90%	-
	Prel. Awarded	Sant'Alberto (derived from San Vincenzo Expl. Licence)	Italy, Emilia Romagna, Bologna	100%	-
		Gradizza (derived from La Prospera Expl. Licence)	Italy, Emilia Romagna, Ferrara	75%	- *
EXPLORATION PERMITS	Granted	Crocetta	Italy, Emilia Romagna	100%	-
		La Prospera	Italy, Emilia Romagna	75%	- *
		Podere Gallina	Italy, Emilia Romagna	100%	-
		Opera	Italy, Lombardia	100%	-
		Grattasasso	Italy, Emilia Romagna	100%	-
		Cadelbosco di Sopra	Italy, Emilia Romagna	85%	-
		Tozzona	Italy, Emilia Romagna	100%	-
		AR94PY	Italy, Adriatic Offshore	100%	-
	Prel. Award	La Risorta	Italy, Emilia Romagna & Veneto	100%	-
		Torre del Moro	Italy, Emilia Romagna	100%	-
		Zanza	Italy, Emilia Romagna	75%	-

All tenements are 100% equity with exception of Cascina Castello (90%), Cadelbosco di Sopra (85%), La Prospera (75%) and Zanza (75%).

Zanza can be considered the possible extension towards the south of the same play discovered in Gradizza. For this reason the Company and its joint ventures partners Petrorep Italiana Spa and AleAnna Resources LLC submitted a new exploration licence application in the same equity percentages as La Prospera.

The Farm-in agreement for La Prospera was completed in May 2013 with AleAnna Resources LLC and Petrorep Italiana Spa for disproportionate funding by the new partners for the drilling cost of the Gradizza-1well, leaving the Company with 75% equity in the La Prospera licence post promote; Petrorep at 15% and AleAnna at 10%. Additionally in 1Q 2014 the Company submitted the application for the Gradizza production concession which resulted in a preliminary production concession granted in November 2014.

* As per the ASX announcement dated 19 October 2015, titled 'Po Valley sells its La Prospera and Zanza interests to AleAnna Resources for Euro 1,850,000' the Company signed an agreement regarding these assets subject to formal approval from the Ministry of Economic Development.

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.

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

Qualified petroleum reserves and resources evaluator:

The information in this report that relates to Hydrocarbon Resources is based on, and fairly represents, information and supporting documentation prepared under the supervision of the Qualified Petroleum Reserves and Resources Evaluator, Mr. Greg Short. Mr Short is a Non-Executive Director of Po Valley Energy Limited, a geologist with over 40 years of oil and gas industry experience and a member of AAPG. He has consented to the form and context in which the Contingent Resources / Prospective Resources and the supporting information are presented in this report.

€1 = AUD 1.6113 as at 30 September 2015 - €1 = AUD 1.6127 average for 3Q 2015 - Source www.oanda.com

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