

Quarterly Activities Report

For the June quarter and to the date of this report



29 July 2014

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 15 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

The Company reached several important milestones during 2Q 2014 on various projects including: Bezzecca, Sant'Alberto, Teodorico and Selva.

- Received the **BEZZECCA** production concession award through the enlargement of the existing Cascina Castello Production Concession. This allows the Company to commence activities to bring the Bezzecca gas field into production via a 7km pipeline connected to the existing Vitalba gas plant
- Preliminary Production Concession for the **SANT'ALBERTO** gas field was awarded in June and the Company will now submit the Environmental Impact Study (EIS) to the Regional Authorities for assessment
- The 3D seismic reprocessing and the pre-FEED study for **TEODORICO** were finalised. The production concession application is nearly complete
- The revised EIS for the **SELVA** (Podere Maiar-1) drilling application was submitted to the Emilia-Romagna Region
- Total gas **PRODUCTION** for the quarter was 4.98 million standard cubic metres (scm) (0.18 billion cubic feet (bcf))
- REVENUE** for the June quarter was € 1.35 million (AUD 1.98 million)
- CASH AT BANK** at 30 June 2014 was € 1.04 million (AUD 1.50 million)

Capital Details (ASX:PVE)

(as at 30 June 14, AUD)

Share Price	\$0.08
Shares on Issue	122.4m
Market Cap	\$9.8m
Cash at Bank	\$1.5m
Drawn Debt	\$5.1m
Enterprise Value	\$13.4m

2013-2014 Gas Production & Revenue

	2Q 2014	1H 2014	FULL 2013
Total Production Mscm	4.98	10.65	23.98
Total Production Bcf	0.18	0.38	0.85
Total Revenue €m	1.35	2.91	6.66

PVE Share Price Dec 2013 – Jun 2014



Board of Directors

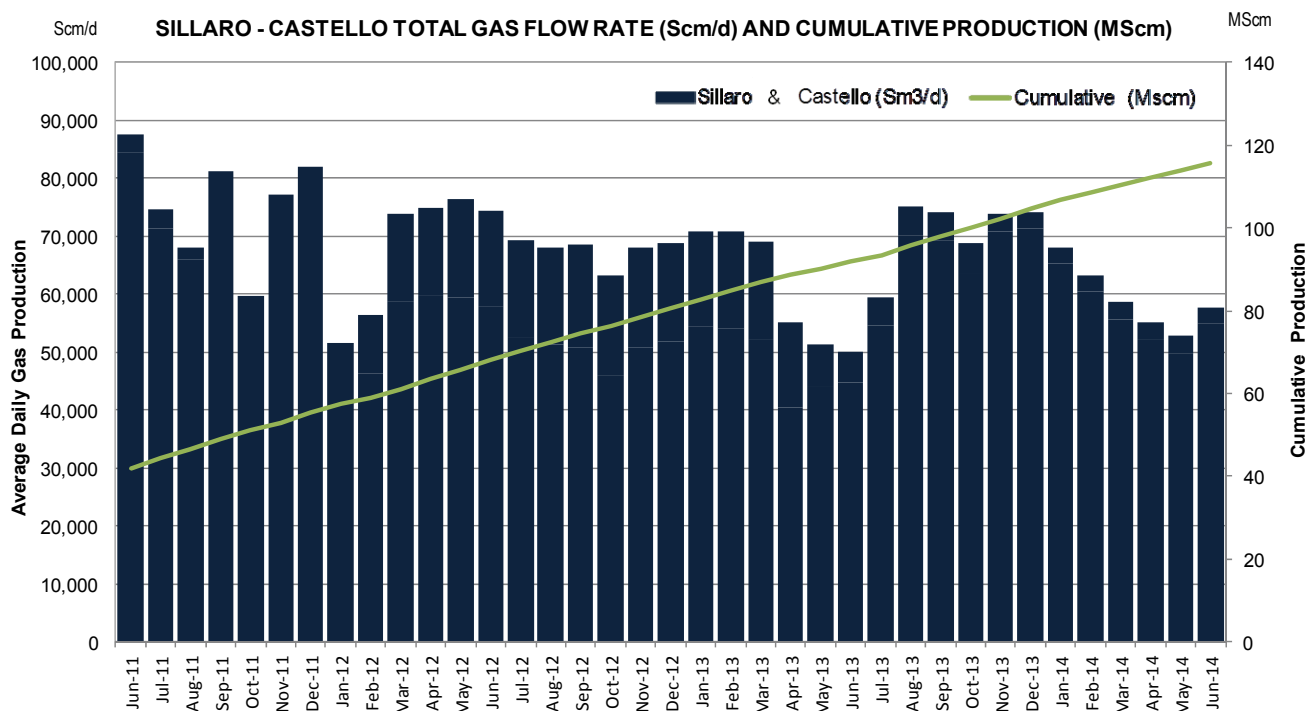
Graham Bradley, Chairman
Michael Masterman, Non-Executive Director
Byron Pirola, Non-Executive Director
Gregory Short, Non-Executive Director
Kevin Eley, Non-Executive Director

Sara Edmonson, Acting CEO
Lisa Jones, Company Secretary

PRODUCTION UPDATE

During 2Q14 the combined production from the Sillaro and Vitalba fields was 4.98 million scm (0.18 bcf). The total combined production for the first six months of 2014 was 10.65 million scm (0.38 bcf).

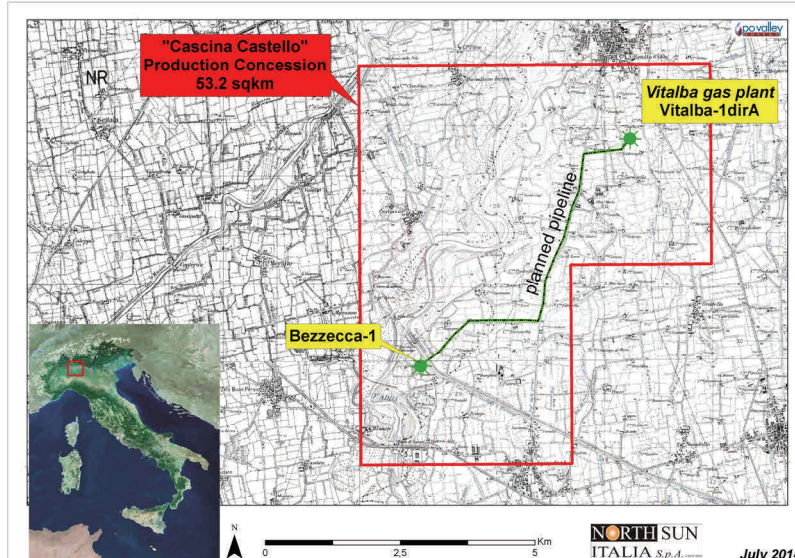
Sillaro produced at an average rate of 52,000 scm/day during the second quarter. Total production of the field for the quarter was 4.73 million scm (0.17 bcf).



In June the Company changed gas producing levels on Sillaro-1 from Level C1+C2 to Level B1 due to a small amount of water encroachment at the C1+C2 level. The Sillaro well is currently producing smoothly and in line with expectations.

Yearly pressure and testing monitoring was completed during the quarter. The measurement data will be sent to DREAM in order to coordinate a high level reserves and resources study and to allow management to carefully manage the field's natural decline in production as anticipated in the forthcoming years.

As previously reported, Vitalba continues to produce at a limited rate due to an increase in water production. The production rate is not expected to improve even though water production has stabilised. The Company will connect the Vitalba plant to treat gas fed from the Bezzecca field via a 7 km pipeline roughly 2 inches in diameter (as presented in the map on the right hand side).



OPERATIONS UPDATE

The Production Concession award for **BEZZECCA** was granted by the Ministry through the enlargement of the existing Cascina Castello Production Concession. The Company remains on track to commence on-site works in the autumn. Tenders were received, assessed and finalised for engineering, procurement, pipeline installation and surface facility construction. The drilling programme for Bezzacca-2 is in the final stages of completion before submission to UNMIG for approval.

PVE received the preliminary production concession for the **SANT'ALBERTO** gas field (north of Bologna) from the Ministry of Economic Development. The EIS is nearly complete and once submitted to the Emilia Romagna Region it will represent the last regulatory step before the full grant of the production concession. It is envisioned to construct a small modular plant at the Sant'Alberto field and tie-in to the national grid via a simple connection circa 200 meters away.

The **TEODORICO** pre-FEED study (including the fine tuning for the Namoi Pandora tie-in logistics) was finalised during the quarter. The reprocessing of the 3D seismic acquired in 2013 was also completed and PVE will commence an in-house 3D geophysical reinterpretation in August. Further 3D seismic will be purchased in due course to start the evaluation of promising exploration targets adjacent to Teodorico within the same AR94PY license.

OTHER DEVELOPMENTS & NEW VENTURES

During the second quarter the updated EIS for the **SELVA** (Podere Maiar-1) drilling application was submitted to the Emilia-Romagna Region for approval. The Company received 70 km² of 2D seismic for the Selva Stratigraphic prospect within the Podere Gallina license from Eni and reprocessing will commence shortly.

CORPORATE

In the June quarter the Company generated revenues of € 1.35 million (AUD 1.98 million).

Cash at bank at the end of the quarter amounted to € 1.04 million (AUD 1.50 million).

Since 30 June 2014, the Company has formalised the appointment of Ernst & Young as its new auditor effective 14 July 2014 following the receipt of notice from ASIC of its consent to the resignation of KPMG. The Company obtained shareholder approval for the appointment of Ernst & Young as auditor at its recent 2014 Annual General Meeting.

The audited full financial report for the first six months ended 30 June 2014 is currently under preparation and will be released in August 2014.

* 1€ = AUD 1.4468 as at 30 June 2014; 1€ = AUD 1.4702 average for 2Q 2014; Source www.oanda.com

CONTACTS

Registered Office

Level 28, 140 St George's Terrace, Perth WA 6000
TEL +61 8 9278 2533
FAX +61 8 9278 2525

Rome Office

Via Ludovisi, 16 Rome Italy 00187
TEL +39 06 4201 4968
FAX +39 06 4890 5824

Or visit: www.povalley.com

SUMMARY OF PETROLEUM TENEMENTS AS AT 30 JUNE 2014

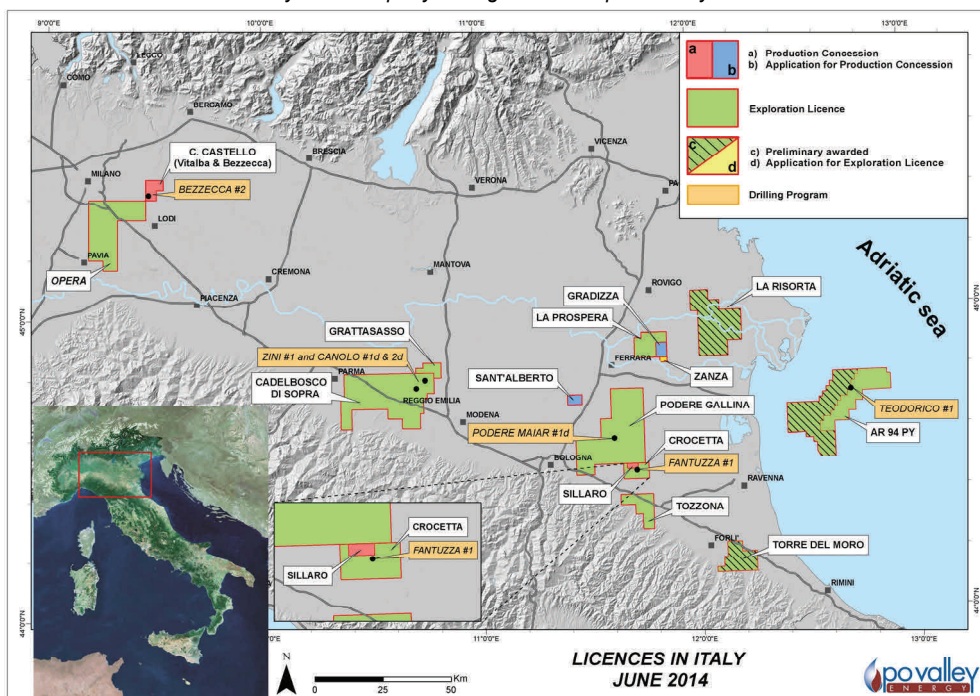
		Tenement	Location	Interest held
PROD. CONCESSION	Granted	Sillaro (derived from Crocetta Expl. Licence)	Italy, Emilia Romagna, Bologna	100%
		Cascina Castello (derived from C.S. Pietro Expl. Licence)	Italy, Lombardia Cremona / Lodi	100%
	Prel. Awarded	Sant'Alberto (derived from San Vincenzo Expl. Licence)	Italy, Emilia Romagna, Bologna	100%
	In Application	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%
	In Appl	Torre del Moro	Italy, Emilia Romagna	100%
		Zanza	Italy, Emilia Romagna	75%

All tenements are 100% equity with exception of 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 and AleAnna Resources LLC have submitted a new production concession application in the same equity percentages as La Prospera. (Po Valley holding 75%, Petrorep Italiana S.p.a. 15% and AleAnna Resources LLC 10%). PVE and its JV partners are awaiting notification from the Ministry if a topfile was submitted during the competition period.

The Farmin agreement for La Prospera was completed in May 2013 with AleAnna Resources LLC and Petrorep Italiana S.p.a. for disproportionate funding by the new partners for the drilling cost of the Gradizza-1 well, leaving the Company with 75% equity in La Prospera licence post promote; Petrorep at 15% and AleAnna at 10%.

In 2Q 2014 the Bezzecca gas field was awarded the production concession status through the enlargement of the existing Cascina Castello Production Concession. Additionally the Company was granted the preliminary Production Concession for the Sant'Alberto gas field.



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.