

# Quarterly Activities Report

For the March quarter and to the date of this report



30 April 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 km<sup>2</sup>.

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** for the quarter was 1.2 million standard cubic metres (42.7 million standard cubic feet)
- **Revenue** for the March quarter was €0.32 million (AU\$ 0.46 million)
- **Cash at bank** at 31 March 2014 was €0.54 million (AU\$ 0.76 million)

## PRODUCTION UPDATE

During 1Q 2015 the Company focused on progressing the internal review of the Sillaro gas field including an in-depth analysis of the remaining gas in place, the technical aspects of workover options and the related cost estimate.

During 1Q 2015, the Sillaro and Vitalba fields produced a combined total of 1.2 million scm (42.7 mscf). Average production from the Sillaro field during the quarter was 10,918 scm/day. Following the reopening of level B1, the field is currently producing around 20,000 scm/day.

Production at the Vitalba plant remains steady.

Average production from Vitalba during the quarter was 2,523 scm/day.

## Capital Details (ASX:PVE)

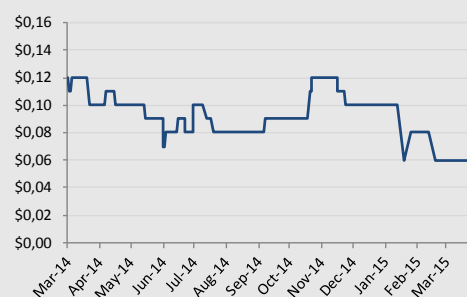
(as at 31 March 2015, AU\$)

Share Price	\$0.06
Shares on Issue	122.41m
Market Cap	\$7.34m
Cash at Bank	\$0.76m
Drawn Debt	\$4.36m
Enterprise Value	\$10.94m

## 2014- 2015 Gas Production & Revenue

	1Q 2015	4Q 2014	FULL 2014
Total Production Mscm	1.2	2.63	18.56
Total Production Mscf	42.72	92.80	655.45
Total Revenue €m	0.32	0.71	5.03

## PVE Share Price Mar 2014 - Mar 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, Acting CEO  
Lisa Jones, Company Secretary

## OPERATIONS UPDATE

As reported in the December 2014 Quarterly Activities Report, the Company recently completed an extensive in-house evaluation of the residual potential of the Sillaro gas field.

Specifically, a revised geological and engineering field model has been constructed based on updated petrophysical characteristics, the reinterpretation of well logs and historical production parameter data up to 31 December 2014. From the field model, the Company proceeded with the re-evaluation of (i) GOIP (Gas Original In Place) and remaining gas reserves from the Pliocene levels of the field, currently partly produced through the wells Sillaro-1 Dir and Sillaro-2 Dir; and (ii) Miocene levels to be produced from the western culmination of the Fantuzza structure.

The Company identified the best development strategy aimed to maximise recovery of the residual reserves of the field. The resultant development plan envisages the re-completion of Sillaro-2 Dir in the Pliocene sequences coupled with the re-drill of Sillaro-1 Dir with deepening to the Miocene target. It is anticipated that the combined workover will restore Sillaro production rates to approximately 90,000 cubic metres per day.

As previously reported the existing surface facilities will be used for all production including from the deeper Miocene. The technical plan for the workover of the Sillaro field has been finalised and the Company has commenced detailed planning for recompletion and the associated drilling program. Funding options are currently being considered.

## OTHER DEVELOPMENTS

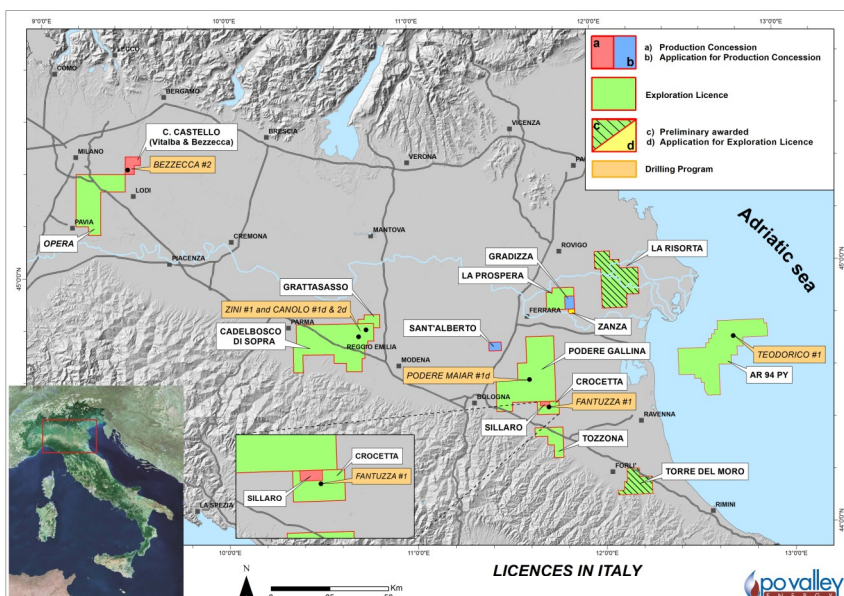
The Company has been informed that the preliminary production concession for the Gradizza gas field was awarded. The Environmental Impact Study for this field is underway and will be completed and filed with the Ministry of Environment in 2Q15.

As previously stated, from January to March 2015 the Company was focused on progressing the internal review of the Sillaro gas field and fine-tuning the technical program for the planned workover. As a result there has been no exploration activity in the quarter.

## CORPORATE

- In the March quarter the Company generated revenues of €0.32 million (AU\$ 0.46 million).
- Cash at bank at the end of the quarter amounted to €0.54 million (AU\$ 0.76 million).
- On 31 January 2015, the Company paid down €355,590 under the Company's reservoir financing facility with Nedbank to a closing balance of €3.05 million (AU\$ 4.4 million).

## SUMMARY OF LICENCES IN ITALY AS AT 31 MARCH 2015



## SUMMARY OF PETROLEUM TENEMENTS AS AT 31 MARCH 2015

		Tenement	Location	Interest held	Interest acquired or disposed of during 1Q 2015
PROD. CONCESSION	Granted	<b>Sillaro</b> (derived from Crocetta Expl. Licence)	Italy, Emilia Romagna, Bologna	100%	-
		<b>Cascina Castello</b> (derived from C.S. Pietro Expl. Licence)	Italy, Lombardia Cremona / Lodi	90%	-
	Prel. Awarded	<b>Sant'Alberto</b> (derived from San Vincenzo Expl. Licence)	Italy, Emilia Romagna, Bologna	100%	-
		<b>Gradizza</b> (derived from La Prospera Expl. Licence)	Italy, Emilia Romagna, Ferrara	75%	-
EXPLORATION PERMITS	Granted	<b>Crocetta</b>	Italy, Emilia Romagna	100%	-
		<b>La Prospera</b>	Italy, Emilia Romagna	75%	-
		<b>Podere Gallina</b>	Italy, Emilia Romagna	100%	-
		<b>Opera</b>	Italy, Lombardia	100%	-
		<b>Grattasasso</b>	Italy, Emilia Romagna	100%	-
		<b>Cadelbosco di Sopra</b>	Italy, Emilia Romagna	85%	-
		<b>Tozzona</b>	Italy, Emilia Romagna	100%	-
		<b>AR94PY</b>	Italy, Adriatic Offshore	100%	-
	Prel. Award	<b>La Risorta</b>	Italy, Emilia Romagna & Veneto	100%	-
		<b>Torre del Moro</b>	Italy, Emilia Romagna	100%	-
	In Appl	<b>Zanza</b>	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 application is still under review at Ministry level.

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.

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 1.404 as at 31 March 2014 - €1 = AUD 1.432 average for 1Q 2015 - 1€ = AUD 1.4566 as at 31 January 2015 Source [www.oanda.com](http://www.oanda.com)

## CONTACTS

### Registered Office

Suite 8, 7 The Esplanade, Mt Pleasant WA 6153 Australia  
TEL +61 (08) 9316 9100  
FAX +61 (08) 9315 5475

Or visit: [www.povalley.com](http://www.povalley.com)

### Rome Office

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