

Quarterly Activities Report

For the September quarter and to the date of this report



31 October 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

Significant activities carried out by the Company during 3Q 2014 can be summarised as follows:

- Pursued a farm out effort to optimise its financial exposure to the ongoing work programme for **BEZZECA**. A farm-in for 10% equity was negotiated and is currently being finalised. The company will evaluate other potential farm-out partners in 4Q 2014.
- Advanced the **BEZZECA** project with the 7km pipeline installation on track to commence in 4Q 2014. This allows the Company to bring the Bezzeca gas field into production via the existing Vitalba gas plant.
- The **TEODORICO** off-shore production concession application is in the final stages of preparation. The 3D seismic reprocessing is complete and in-house interpretation underway.
- Total gas **PRODUCTION** for the quarter was 5.29 million standard cubic metres (scm) (0.18 billion cubic feet (bcf))
- REVENUE** for the September quarter was €1.42 million (AU\$ 2.03 million)
- CASH AT BANK** at 30 September 2014 was €1.32 million (AU\$1.92 million)

Capital Details (ASX:PVE)

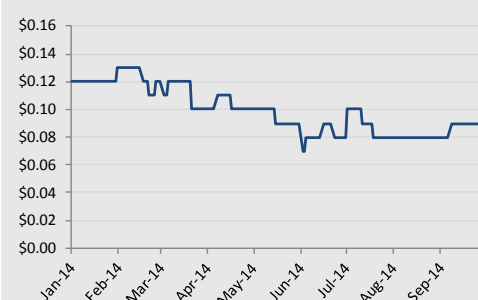
(as at 30 September 2014, AU\$)

Share Price	\$0.09
Shares on Issue	122.4m
Market Cap	\$11.0m
Cash at Bank	\$1.9m
Drawn Debt	\$5.1m
Enterprise Value	\$14.2m

2013-2014 Gas Production & Revenue

	3Q 2014	2Q 2014	1H 2014
Total Production Mscm	5.29	4.98	10.65
Total Production Bcf	0.18	0.18	0.38
Total Revenue €m	1.42	1.35	2.91

PVE Share Price Jan 2014 - Sept 2014



Board of Directors

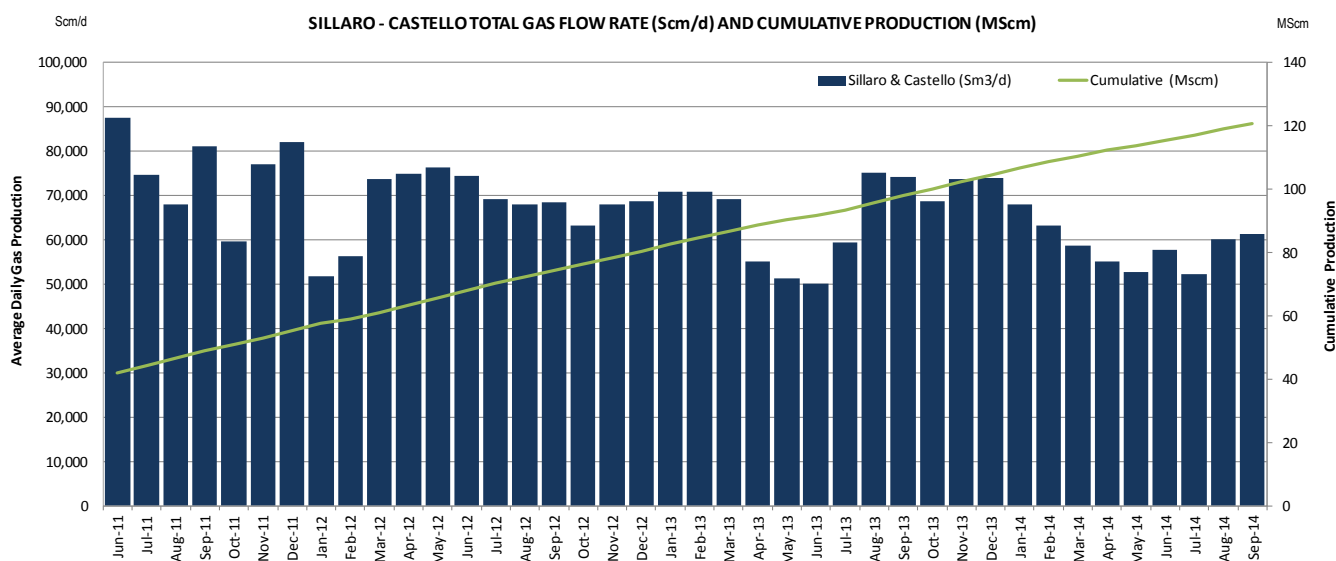
Graham Bradley, Chairman
Michael Masterman, Non-Executive Director
Byron Pirola, Non-Executive Director
Gregory Short, Non-Executive Director
Kevin Eley, Non-Executive Director

Sara Edmonson, Acting CEO
Lisa Jones, Company Secretary

PRODUCTION UPDATE

The Sillaro and Vitalba fields produced a combined total of 5.29 million scm (0.18 bcf) during 3Q 2014. Total combined production in 3Q 2014 increased by circa 6% compared to 2Q 2014. Total combined production for the nine months ended 30 September 2014 was 15.93 million scm (0.56 bcf).

The average rate of production at Sillaro during the third quarter was 55,000 scm/day. Total production of the field for the quarter was 5.05 million scm (0.18 bcf).



As previously reported this year, the Sillaro field has increasing water cuts in some reservoirs and whilst it is anticipated that the field will continue to produce steadily in forthcoming years, production rates will be subject to the field's natural decline.

Reserves from Level A on the well Sillaro-2 are deemed to be fully depleted. The Company is now preparing to close this level and re-open Level C0. This operation has been arranged for the first half of November.

Up to date production data from Sillaro was sent to Dedicated Reservoir Engineering & Management (DREAM) along with the annual pressure readings data collected in July in order to prepare a current reserve report which will be instrumental in managing the field's production in coming years.

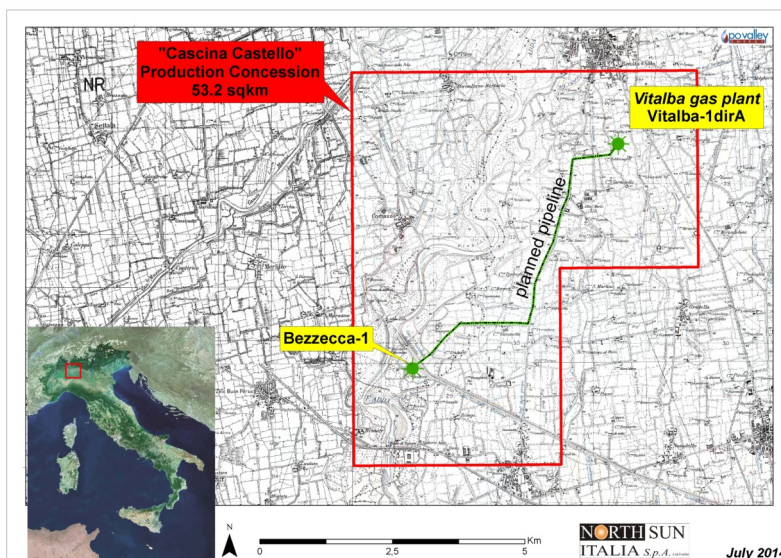
Sillaro production averaged 55,000 scm/day through the September quarter. With the depletion of Level A, post quarter production rates have decreased to an average of 25,000 scm/day.

As reported in the previous quarter, production at Vitalba remains stable and the Company will connect the Vitalba plant to treat gas fed from the Bezzecca field via a 7km pipeline roughly 2 inches in diameter (as presented in the graphic on the next page).

OPERATIONS UPDATE

With respect to the **BEZZECCA** Project (within the Cascina Castello Production Concession), the Company pursued a farm-out effort to optimise its financial exposure to the ongoing work programme. A farm-in for 10% equity was negotiated with one partner and agreements have been entered into subject to final Ministerial approval. The Company will continue to evaluate other potential farm-out partners in 4Q 2014.

Activities and planning for the 7km pipeline connection to the **VITALBA** gas plant, also within the Cascina Castello Production Concession, remain on track to commence in 4Q 2014. The long-lead items for the Bezzacca project have been purchased and the contracts for the Engineering, Procurement, Installation and Construction (EPIC) activities related to the pipeline and surface facilities were finalised. The Bezzacca -2 drilling programme is in the final stages of completion before submission to UNMIG for approval.



During the quarter, the technical team continued to work on the production concession application for **TEODORICO** which is in the final stages of preparation. The reprocessing of the 3D seismic purchased in 2013 was completed and the geophysical reinterpretation is currently being carried out in-house.

OTHER DEVELOPMENTS & NEW VENTURES

The technical team reviewed seismic lines at ENI for Tozzona, Torre del Moro and La Risorta in July. This resulted in an application for the purchase of key seismic lines for Torre del Moro which showed some potential.

A further 65km of 2D seismic data regarding Bezzacca and Podere Gallina (Selva) was received from Eni and reprocessing has commenced.

CORPORATE

In the September quarter the Company generated revenues of €1.42 million (AU\$2.03 million). Cash at bank at the end of the quarter amounted to €1.32 million (AU\$1.92 million).

* 1€ = AUD 1.4537 as at 30 September 2014 - 1€ = AUD 1.4327 average for 3Q 2014 - Source www.oanda.com

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SUMMARY OF PETROLEUM TENEMENTS AS AT 30 SEPTEMBER 2014

		Tenement	Location	Interest held	Interest acquired or disposed of during 3Q 2014
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% *	10% *
	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%	-
		Torre del Moro	Italy, Emilia Romagna	100%	-
	In Appl	Zanza	Italy, Emilia Romagna	75%	-

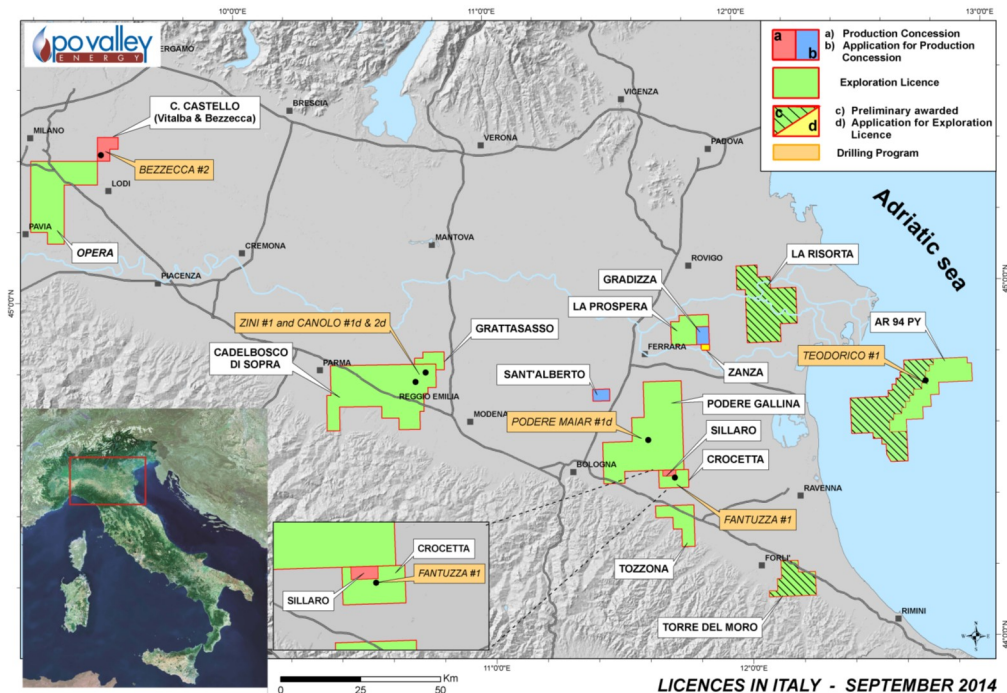
All tenements are 100% equity with exception of Cadelbosco di Sopra (85%), La Prospera (75%) and Zanza (75%).

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 Farm-in 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 Bezzeca 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.

* The Company very recently entered into a farm-out agreement under which a 10% interest in the Bezzeca project will be granted subject to Ministry approval.



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.