

Quarterly Activities Report

For the December quarter and to the date of this report



30 January 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 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

Main activities carried out by the Company during 4Q 2014 can be summarised as follows:

- Received the authorisation to commence the construction of the 7km pipeline for **BEZZECA**.
- Executed a farm-out agreement with Petrorep Italiana S.p.A. ('Petrorep') for a 10% interest in the **BEZZECA** project following final Ministry approval in December 2014.
- The **TEODORICO** off-shore production concession application is complete and ready to be filed with the Ministry. Following the completion of the 3D seismic reprocessing, an in-house interpretation aimed to fine tune the drilling program is underway.
- Total gas **PRODUCTION** for the quarter was 2.63 million standard cubic metres (scm) (0.09 billion cubic feet (bcf)) and total gas production for the 2014 year was 18.56 million scm (0.66 bcf).
- REVENUE** for the December quarter was €0.71 million (AU\$1.04 million). Revenue for the year ended 31 December 2014 was €5.03 million (AU\$7.41 million).
- CASH AT BANK** at 31 December 2014 was €1.58 million (AU\$2.35 million).

Capital Details (ASX:PVE)

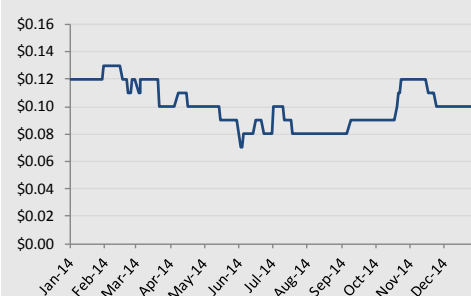
(as at 31 December 2014, AU\$)

Share Price	\$0.10
Shares on Issue	122.41m
Market Cap	\$12.24m
Cash at Bank	\$2.35m
Drawn Debt	\$5.08m
Enterprise Value	\$14.97m

2013-2014 Gas Production & Revenue

	4Q 2014	FULL 2014	FULL 2013
Total Production Mscm	2.63	18.56	23.98
Total Production Bcf	0.09	0.66	0.85
Total Revenue €m	0.71	5.03	6.66

PVE Share Price Jan 2014 - Dec 2014



Board of Directors

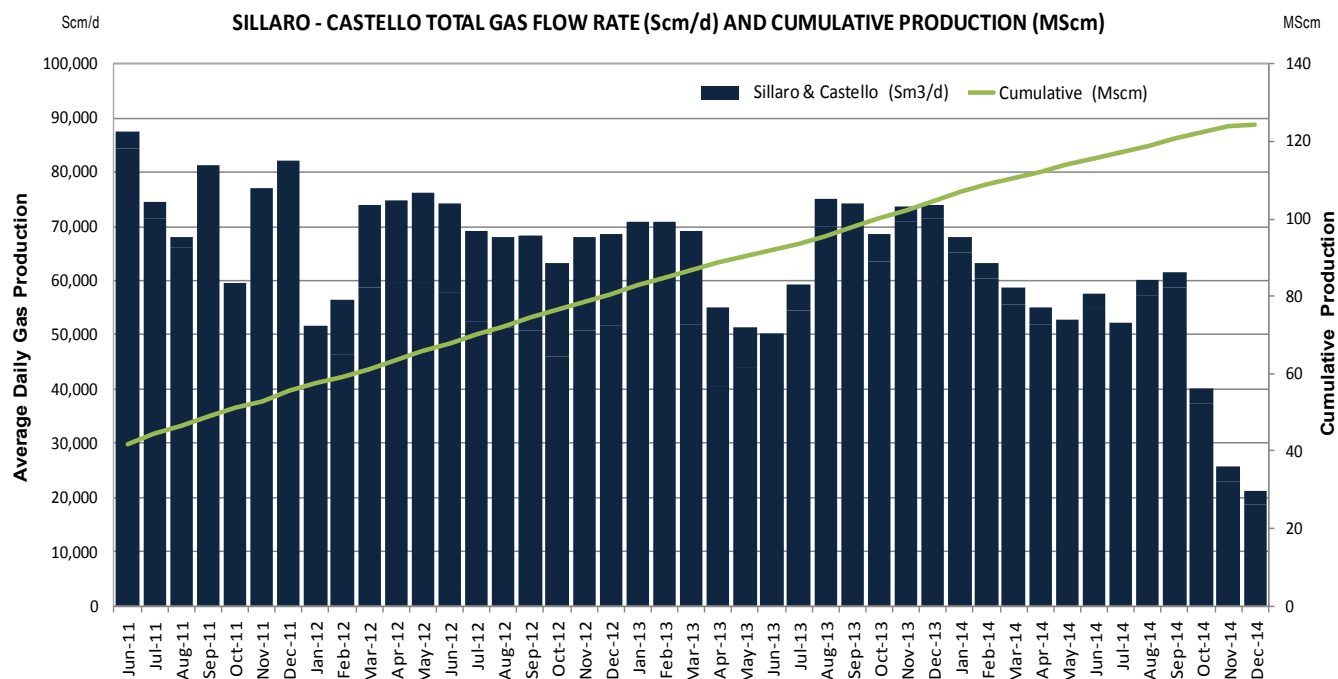
Graham Bradley, Chairman
Michael Masterman, Non-Executive Director
Byron Pirola, Non-Executive Director
Gregory Short, Non-Executive Director
Kevin Eley, Non-Executive Director

Sara Edmonson, Acting CEO
Lisa Jones, Company Secretary

PRODUCTION UPDATE

During 4Q 2014, the Sillaro and Vitalba fields produced a combined total of 2.63 million scm (0.09 bcf). Total combined production for the year ended 31 December 2014 was 18.56 million scm (0.66 bcf).

The average rate of production at Sillaro during the fourth quarter was circa 26,000 scm/day. Total production of the field for the fourth quarter was 2.39 million scm (0.08 bcf).



The Sillaro field continues to produce in the range of 10,000 to 30,000 scm per day and will continue to do so in the coming months. As reported earlier this month¹, the production rates have reduced due to the depletion of some reservoirs and water arrival and associated sand production from some completions.

Po Valley completed an in-house re-evaluation of the Sillaro field and a medium term plan to re-drill (sidetrack) Sillaro-1 is currently being developed. The new deviated wellbore would provide a new depletion point for the Sillaro Pliocene reservoirs and would also include the western accumulation of the Fantuzza structure which extends to the exploration license Crocetta (100% owned by Po Valley).

The tentative plan to optimise production of the remaining Sillaro reserves is to carry out the Sillaro-1 side-track drilling in late 2015, and use the existing surface facilities for all production. The technical plan for the work-over of the Sillaro field is currently being refined and will require funding. It is anticipated that the Sillaro-1 work-over will restore Sillaro production rates to above 60,000 cubic metres per day.

Since its inauguration in May 2010, the Sillaro gas field has produced 104.61 million scm (3.69 bcf) of gas equating to €31.20 million in revenue.

Production at the Vitalba plant remains steady and the total gas production from the field during 2014 was 0.98 million scm (0.03 bcf).

¹ Update on Sillaro Reserves & Production lodged with ASX on 9 January 2015

OPERATIONS UPDATE

The Ministry approved the farm-out with Petrorep in December 2014 for the **BEZZECA** Project (within the Cascina Castello Production Concession). Petrorep will earn a 10% interest in the Cascina Castello production concession including the existing Vitalba plant but excluding the Vitalba-1 well. For its 10% interest, Petrorep will commit to a promoted share of future costs relating to the 7km pipeline installation, the Vitalba plant facilities upgrade to connect the Bezzeca-1 well, drilling expenditures for the development well Bezzeca-2 and reimbursement on past costs. PVE will retain the residual interest and operatorship.

In the fourth quarter, PVE received the final authorisation for the **BEZZECA** project from the Ministry. The Company is in the process of finalising contracts with the main contractors and the long-lead items purchased for the project have arrived. The Bezzeca-2 drilling programme is undergoing a final review before submission to UNMIG for approval.

During the quarter, the technical team completed the production concession application for **TEODORICO** and it is ready to be filed with the Ministry. The PVE technical team is currently working on the in-house geophysical reinterpretation.

OTHER DEVELOPMENTS & NEW VENTURES

During the quarter, reprocessing of the 2D seismic lines for Bezzeca and Podere Gallina (Selva) was completed and the reinterpretation commenced in January.

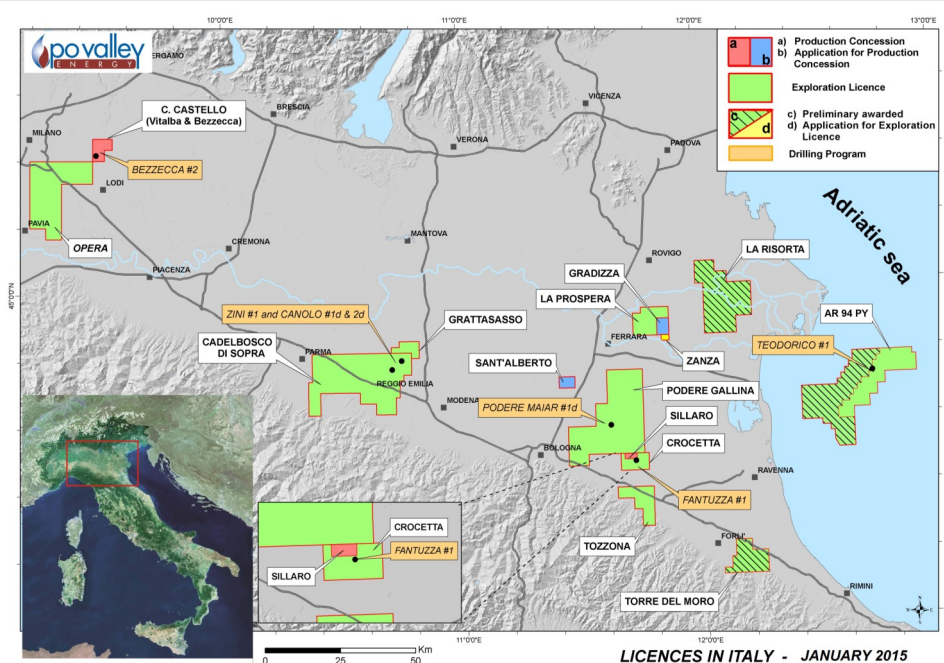
CORPORATE

In the December quarter the Company generated revenues of €0.71 million (AU\$1.04 million). Revenue for 2014 was €5.03 million (AU\$7.41 million).

Cash at bank at the end of the quarter amounted to €1.58 million (AU\$2.35 million).

On 31 December 2014, the Company paid down €93,409.91 under the Company's reservoir financing facility with Nedbank to a closing balance of €3.4 million (AU\$5.07 million). An additional repayment of €356 thousand is scheduled for 31 January 2015.

SUMMARY OF LICENCES IN ITALY AS AT 31 DECEMBER 2014



SUMMARY OF PETROLEUM TENEMENTS AS AT 31 DECEMBER 2014

		Tenement	Location	Interest held	Interest acquired or disposed of during 4Q 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%	-
	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 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 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 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.

€1 = AUD 1.4900 as at 31 December 2014 - €1 = AUD 1.4602 average for 4Q 2014 - €1 = 1.4728 average 2014

Source www.oanda.com

CONTACTS

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