

Quarterly Activities Report

For the June quarter and to the date of this report



27 July 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** for the quarter was 2.47 million standard cubic metres (87.23 million standard cubic feet (mscf))
- **Revenue** for the June quarter was €0.66 million (AU\$ 0.94 million)
- **Cash at bank** at 30 June 2014 was €0.82 million (AU\$ 1.19 million)

APRIL TO JUNE 2015 UPDATE

During 2Q 2015, the Sillaro and Vitalba fields produced a combined total of 2.47 million scm (87.23 mscf). Following the reopening of Level B1 in April, the average production from the Sillaro field increased during the quarter to 24,851 scm/day and with careful production management the field is currently producing around 34,000 scm/day.

Production at the Vitalba plant remains steady. Average production from Vitalba during 2Q 2015 was 2,290 scm/day.

Combined gas production from both the Sillaro and Vitalba plants for the first six months of 2015 amounts to 3.68 million scm (129.96 mscf).

The Company completed the reprocessing of 125 km² 2D seismic for **Selva** during the quarter and the results will be interpreted and incorporated into an internal geological and geophysical (G&G) study for the project.

Capital Details (ASX:PVE)

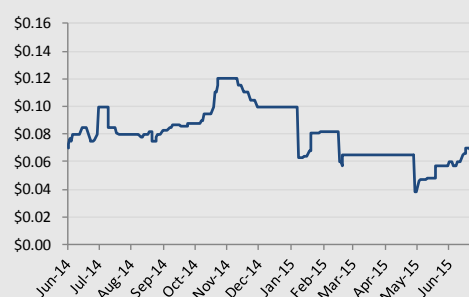
(as at 30 June 2015, AU\$)

Share Price	\$0.06
Shares on Issue	140.16m
Market Cap	\$8.41 m
Cash at Bank	\$1.19 m
Drawn Debt	\$4.39 m
Enterprise Value	\$11.61 m

2014- 2015 Gas Production & Revenue

	2Q 2015	1Q 2015	FULL 2014
Total Production Mscm	2.47	1.21	18.56
Total Production Mscf	87.23	42.72	655.45
Total Revenue €m	0.66	0.32	5.03

PVE Share Price Jun 2014 - Jun 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
Lisa Jones, Company Secretary

APRIL TO JUNE 2015 UPDATE

On the regulatory front, the Company made further steps during the quarter towards five key development projects:

1. The Company submitted the detailed work programme for the **Sillaro-2** recompletion to UNMIG Bologna for review. The Company will now focus on finalising the **Sillaro-1** (sidetrack) drilling programme.
2. The **Bezzecca-2** drilling programme was finalised and submitted to UNMIG Bologna for review.
3. The Environmental Impact Study (EIS) for the **Gradizza** gas field was completed and filed with the Ministry of Environment.
4. The Environmental Impact Assessment (EIA) for the **Sant'Alberto** gas field progressed during the quarter and the Company expects the assessment to complete successfully in the near future.
5. Following the Hydrocarbon Commission ("CIRM") meeting in April the preliminary award for the exploration license **Zanza** was received from the Ministry of Economic Development.

During the quarter the Company announced a request for tender for the EIS and subsidence study for the **Teodorico** development. Tenders were received prior to the end of June and evaluation is currently in progress. Once the study has begun it will take approximately 6 months to complete. There was no exploration activity during the quarter.

CORPORATE UPDATE

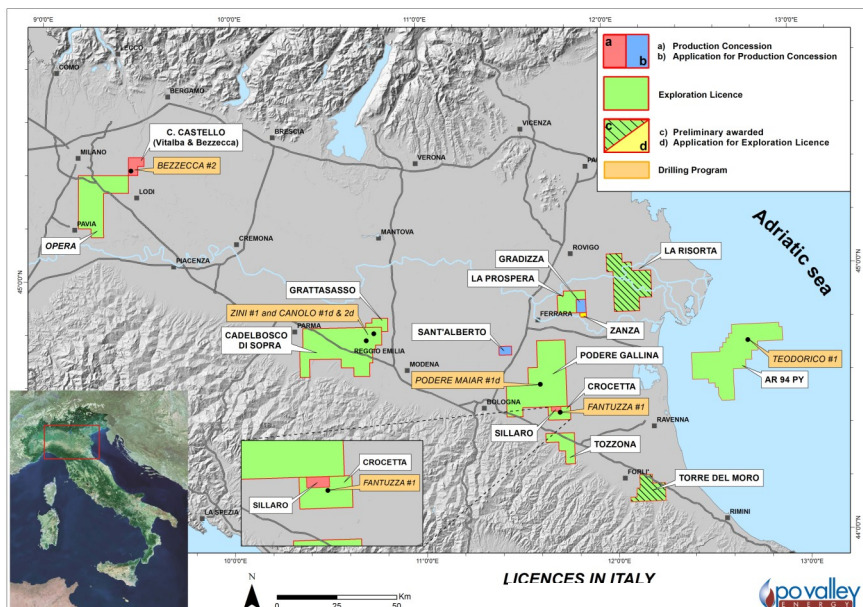
During the quarter, further progress was made towards the potential farm out agreement encompassing the Sillaro and Bezzecca wells mentioned by the Chairman during his AGM report in May 2015.

The Company hopes to be in a position to announce further details to the market in 3Q 2015. The Company completed a private placement of AU\$1.2 million in June 2015 at the price of 7 cents per share to a new and existing non-director shareholders. The funds will be used for general working capital purposes and to further develop the Company's asset portfolio.

In July, the Company paid down €274,926 under the Company's reservoir financing facility with Nedbank to a closing balance of €2.77 million (AU\$4.01 million).

The audited full financial report for the first six months ended 30 June 2015 is currently under preparation and will be released in August 2015.

SUMMARY OF LICENCES IN ITALY AS AT 30 JUNE 2015



SUMMARY OF PETROLEUM TENEMENTS AS AT 30 JUNE 2015

		Tenement	Location	Interest held	Interest acquired or disposed of during 2Q 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.

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 1.4489 as at 30 June 2015 - €1 = AUD 1.4224 average for 2Q 2015 - Source www.oanda.com

CONTACTS

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