

KEY HIGHLIGHTS

- PVE listed its subsidiary, Saffron Energy Plc, on the London Stock Exchange AIM on 24 February raising A\$4.1m (GBP2.5m) with PVE retaining a 65% shareholding.
- Bezzecca commenced production in mid April. Commissioning is underway and full production is expected to start in May
- Gas production for the quarter from the Sillaro field was 0.86 million standard cubic metres (30.43 million standard cubic feet)
- Environmental approval applications were submitted for Teodorico, the Company's large offshore Adriatic gas field
- The large onshore Torre del Moro exploration licence was granted
- Drilling authorisation for Podere Maiar-1 (Selva project) was awarded in February. Civil works are underway and drilling is expected in the 4th quarter of 2017
- The Gas Offtake agreement with Shell Energy Italia was extended until October 2018
- Cash at bank at 31 March 2017 was €1.16 million (A\$ 1.63 million)
- Revenue for the March quarter was €0.19 million (A\$ 0.27 million)
- In early April. PVE announced it had undertaken a private placement to raise A\$1.18 million (€ 0.84 million) subject to shareholder approval for the participating of related parties.

PRODUCTION

SILLARO - Sillaro production for the March quarter was 861,789 standard cubic metres at an average of around 9,500 scm/day. Production from the Vitalba field remains temporarily suspended.

BEZZECCA - During the quarter the Company completed, on time and within budget, the construction of the 7km pipeline to connect the Bezzecca gas field to the Vitalba treatment plant. After having successfully finalised mechanical and instrumentation testing phase, first gas flowed on 13th April 2017. A phase of commissioning and testing is underway.

The field is expected to produce at a full rate in rate in May

Gas Production & Revenue

| | 1Q 2017 | 4Q 2016 | FULL 2016 |
|-----------------------|------------|------------|--------------|
| Total Production Mscm | 0.86 | 1.01 | 4.43 |
| Total Production Mscf | 30.43 | 35.85 | 156.35 |
| Total Revenue € m | 0.19 | 0.22 | 0.96 |

Fields in production:

| | |
|---------------------|---|
| Sillaro | Bologna, Emilia Romagna Prod. start: May 2010 |
| Bezzecca | Milan, Lombardia Prod. start: April 2017 |
| Sant'Alberto | Bologna, Emilia Romagna Prod. Expected within 2017 |

DEVELOPMENT

As announced in the previous quarter, in November 2016 the Company received from the Italian Ministry of Economic Development the preliminary Production Concession for its offshore **Teodorico** gas field, in the northern Adriatic Sea. Immediately after the award, Po Valley commenced the preparation of the Environmental Impact Assessment (EIA) documentation, which was filed with the Ministry of Environment and all the relevant authorities in February 2017.

In regards to Podere Maiar-1 (**Selva**), in February the Company received from the Ministry the final drilling authorisation. The Company started the civil works with drilling planned for the year end. Selva continues to be a major prospective development and a strategic priority for the Company, which is still actively seeking partners.

While the Company awaits the final Production Concession for its **Sant'Alberto** gas field from the Ministry it is advancing options for national grid tie-in and production plant installation.

In March the Company announced the award of the large onshore **Torre del Moro** oil exploration licence, located southeast of Bologna, in the eastern Po Valley region of Italy. The licence covers an area of 111km² and contains a large, highly attractive oil exploration target. The licence has a six year initial exploration period.

CORPORATE

In early April the Company announced that it had raised A\$1,179,256 through a private placement. The Company will issue 42,882,037 fully paid ordinary shares at an issue price of \$0.0275 (2.75 cents) to several institutional and sophisticated investors, including some existing institutional shareholders. The proceeds will be used towards the continued development of the Selva and Teodorico projects, and for repayment of approximately A\$480,000 of shareholder loans and for general working capital.

As the participation of the Company's directors and their related parties in the placement is subject to shareholder approval, the placement shares are being issued in two tranches. The first tranche of 14,526,966 shares was issued on 5 April 2017 and the second tranche of 28,355,071 shares will be issued to directors and their related parties if shareholder approval is obtained at the Company's Annual General Meeting to be held on 31 May 2017 at 11.30am (AEST).

On 24 February 2017, the Company successfully completed the IPO of its subsidiary, Saffron Energy Plc (Saffron Energy) and its listing on London's AIM market, retaining a 65% stake. Saffron Energy owns two gas production fields (Sillaro 100% and Bezzacca 90%) and one near-term gas production field (Sant'Alberto) near Milan and Bologna. The IPO raised A\$4 million (GBP 2.5 million) in funds to accelerate the development of all three gas fields. Refer to the ASX announcement "*PVE subsidiary Saffron Energy lists on London AIM*" released on 24 February 2017 and the Admission Document released the same day for further details.

CORPORATE — CONT'D

In March 2017, the Company also announced that it has extended the natural gas offtake contract between its Italian subsidiary Northsun Italia S.p.A and Shell Energy Italia S.r.l. (“Shell Energy Italia”) - a subsidiary of Shell - for energy commodity trading and marketing. The contract has been extended to 1 October 2018, with an option to extend for a further year to 1 October 2019, and provides for offtake of gas supply for all of the Group’s Italian gas fields.

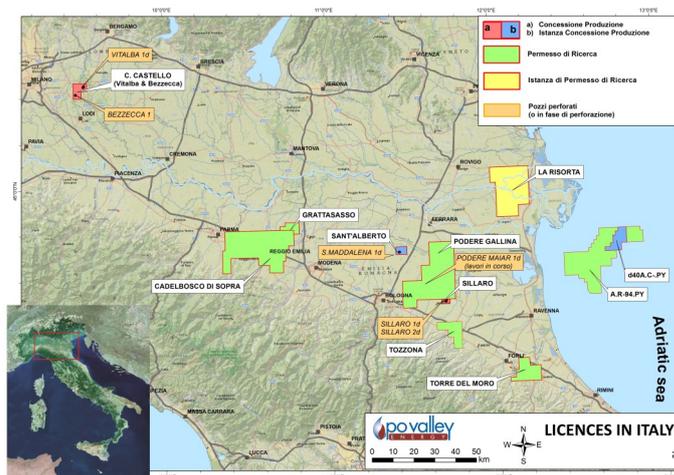
Cash at bank at 31 March 2017 was €1.16 million (A\$ 1.63 million)

Revenue for the March quarter was €0.195 million (A\$ 0.27 million)

Summary of Tenements

| | Tenement | Location | Interest held | Interest disposed during 1Q 2017 | |
|----------------------------|----------------------|----------------------------|---------------------------------|----------------------------------|---|
| PROD. CONCESSION | Granted | <i>Sillaro</i> | Italy, Emilia Romagna, Bologna | 100% | - |
| | | <i>Vitalba</i> | Italy, Lombardia Cremona / Lodi | 90% | - |
| | | <i>Bezzecca</i> | Italy, Lombardia Cremona / Lodi | 90% | - |
| | Prel. Awarded | <i>Sant’Alberto</i> | Italy, Emilia Romagna, Bologna | 100% | - |
| EXPLORATION PERMITS | Granted | <i>AR94PY</i> | Italy, Adriatic Offshore | 100% | - |
| | | <i>La Prospera</i> | Italy, Emilia Romagna | 75% | - |
| | | <i>Cadelbosco di Sopra</i> | Italy, Emilia Romagna | 85% | - |
| | | <i>Grattasasso</i> | Italy, Emilia Romagna | 100% | - |
| | | <i>Podere Gallina</i> | Italy, Emilia Romagna | 100% | - |
| | | <i>Torre del Moro</i> | Italy, Emilia Romagna | 100% | - |
| | | <i>Tozzona</i> | Italy, Emilia Romagna | 100% | - |
| | Prel. Awarded | <i>La Risorta</i> | Italy, Emilia Romagna & Veneto | 100% | - |

Licences in Italy



All tenements are 100% equity with exception of Cascina Castello (90%), and Cadelbosco di Sopra (85%)

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.

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.

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

Rome Office

Via Crispi 90, Rome, 00187 Italy
 TEL +39 06 4201 4968
 FAX +39 06 4890 5824