



Quarterly Activities Report

For the March quarter and to the date of this report

Wednesday 29 April 2009

MARCH QUARTER 2009

COMPANY OVERVIEW

Po Valley Energy Limited (PVE) is an emerging gas and oil exploration and development company with an expanding portfolio of hydrocarbon assets in Italy.

The Company is on the verge of becoming a gas producer in the under-supplied Italian market as it brings its first fields into production – with more to come. PVE is on track to connect its first production wells to Italy's national pipeline grid during 2009.

Low production costs, easy connection to an extensive pipeline grid and the historically strong price for gas in Italy intersect to paint an attractive reward profile for PVE's investors.

HIGHLIGHTS – KEY DEVELOPMENTS

Sillaro and Castello

- Sales contracts valued in total at A\$150 million, in place over three years
- Full regional approvals issued for Sillaro-2, Sillaro and Castello production installations
- Final approvals to drill Sillaro-2 – Drilling to commence late in June

Bezzecca

- Bezzecca-1 successfully drilled and tested
- Combined 3.9 million cubic feet per day flow rate
- Evaluation of commercial development potential underway

New Exploration Licences

- Final award of Podere Gallina licence
- Preliminary award of Grattasasso licence
- Gradizza to proceed forward to drilling application

Market Conditions

- Italian gas market (Euro-denominated) prices eased from €0.36 per cubic metre at end of December to €0.29 at 31 March

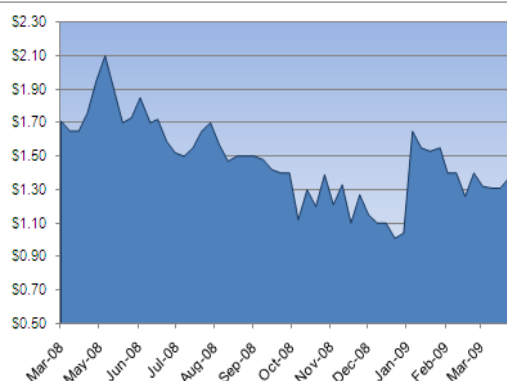
Corporate

- Drawdown on €20 million Bank of Scotland facility at 31 March was €5.0 million
- Completed A\$10 million capital raising
- Cash at bank at 31 March A\$10.6 million

ASX: PVE

Capital Details

Share Price	\$1.30
Shares on Issue	102.3m
Unlisted Options \$1.75	3.0m
Unlisted Options \$1.95	0.15m
Market Capitalisation	\$133.0m
Cash at Bank (Mar 09)	\$10.6m
Drawing (€20M Facility)	(€5.0m) \$9.7m
Enterprise Value	\$132.1m



The priority objective of the Company is getting the Sillaro and Castello fields into production. Approvals are in place to drill Sillaro-2 and the Company expects to spud this well in June/July 2009. The Ministry is in the final stage of the HSE reviews and the Castello installation approval and associated site access is expected during the June quarter.

Bezzecca was successfully drilled and tested on three gas bearing levels. A development evaluation has commenced. Offtake contracts for Sillaro and Castello's first three years of gas production have been put in place. Highly constructive visits were held with the Company's new customers, Italtrading and Elettrogas, to the Castello and Bezzecca sites during April. Planning for gas deliveries is advanced.

SILLARO (EAST OF BOLOGNA) AND CASTELLO (EAST OF MILAN) GAS FIELDS

During the quarter, full approval was given to proceed with Sillaro-2 which will be drilled prior to installation of the Sillaro surface plant. All regional approvals from the Lombardia and Emilia Romagna regions were issued for both Castello and Sillaro.

The last remaining approval required to proceed forward with the installation of the Castello surface plant is the Castello site access and installation approval from the Ministry office in Bologna.

The Bologna office is awaiting Cremona (Castello) fire brigade approval following which they can proceed to issue the installation approval. The Company currently expects this installation approval in May/June. Following issue, Po Valley will immediately commence surface plant installation, scheduled to take 4 months, which would bring the plant start up date to October/November 2009.

As previously reported, all surface plant is complete, tested and paid for and is in storage in Italy awaiting approval to proceed to install. The Sillaro grid connection is in place and the Castello pipeline connection will commence shortly and be completed in the June quarter.

Sillaro is ready to proceed, with the second production well, Sillaro-2, to be drilled prior to the installation of the Sillaro surface plant. The rig is expected to mobilise to Sillaro late in June to commence a 45 day drilling program with completion expected in August. Following rig demobilisation, the Company intends to proceed with surface plant installation, scheduled to take 4 months ready for first production late in December 2009 or early in 2010.

SANT'ALBERTO GAS FIELD (NORTH OF BOLOGNA)

Following assumption of operating control of San Vincenzo/Sant' Alberto, the Company has submitted revised work plans for this development.



BEZZECA-1 (EAST OF MILAN)

Bezzecca-1 was successfully drilled to a depth of 2,010 metres and tested across three gas bearing levels – in the upper Miocene (deep and shallow) and in the lower Pliocene.

Initial flow from the deep Miocene level from 1925m to 1945m was 2.2 million cubic feet per day on a ¼ inch choke at a pressure of 1760psi. The tested flows stabilized and exhibited rapid and full pressure recovery.

A relatively small perforated zone in the shallow Miocene from 1913m to 1916m tested at 0.74 million cubic feet per day on a 3/16 inch choke. The flow was stable and pressure recovery was rapid.

The Pliocene level also produced better than expected gas flows and pressure recovery. In Bezzecca, the Pliocene gas bearing levels are in thin levels above the main Miocene target. The Pliocene level flowed at a stabilized rate of 1.0 million cubic feet per day on a 3/16 inch choke with good pressure recovery.

The overall result is a combined flow of 3.9 million cubic feet per day from this test program.

There are additional levels identified in nearby wells and potentially present in Bezzecca-1 that will be investigated in subsequent work. The primary target in Bezzecca had weaker gas shows and indications from logs than anticipated and was not tested. Utilizing the new information from Bezzecca-1, the Company has commenced further work to define the size, nature and scope of the Bezzecca development.

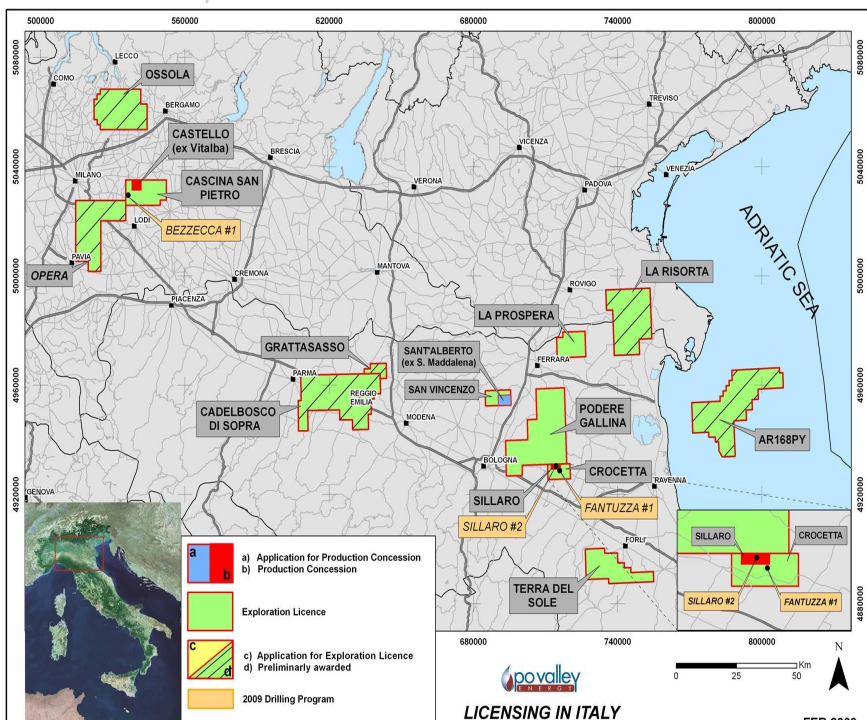


NEW EXPLORATION LICENCE APPLICATIONS

During the quarter, the Company was granted full award of the Podere Gallina licence and preliminary award of the Grattasasso licence.

Grattasasso is adjacent to the large Cadelbosco di Sopra licence area and early reviews of seismic data indicate a target prospect overlapping the two areas.

The Company and the Italian Ministry have both appealed a judgement requesting the Ministry to review its decision on the granting of the AR168PY "Azzurra" permit to PVE.



ITALIAN GAS MARKET

Prices in the Italian gas market fell during the March quarter but remain high compared with other European countries - and significantly above US pricing.

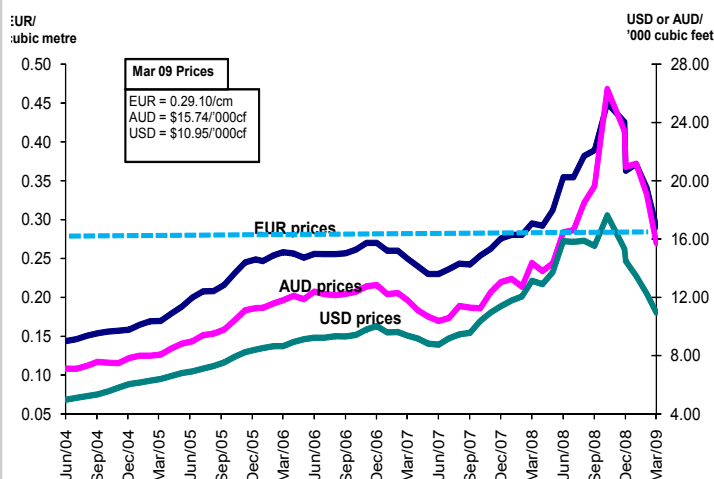
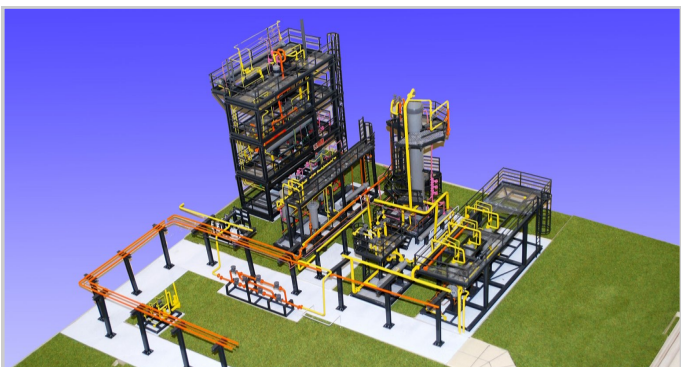
Spot prices in the Euro based benchmark, Gas Release, were at €0.2910 per cubic metre at the end of the period.

CORPORATE

The second tranche of the Bank of Scotland facility is scheduled to be available on grant of the Castello installation approval. This will be the principal funding source for the final capital investments to put Castello and Sillaro into production.

A placement of 8.33 million shares at A\$1.20 per share was successfully completed in February raising A\$10 million (less expenses). The Company has received to date A\$9 million of the placement proceeds with the balance subject to shareholder approval at the Company's forthcoming annual general meeting. The funds will be used for the Bezzacca appraisal well and general working capital.

Cash at bank at the end of the March quarter increased from A\$5.16 million (31 Dec) to A\$10.6 million.



Source: ENI gas price release, European Central Bank and Reserve Bank of Australia average monthly exchange rates



Substantial Shareholders	Shares ('m)	
	as at 31 March 2009	
Michael Masterman	23.4	22.9%
Hunter Hall	18.9	18.5%
Harbinger Capital	16.1	15.7%
Beronia Investments	7.1	6.9%
Other	36.8	36.0%
TOTAL SHARES	102.3	
Market Capitalisation (at \$1.30)		\$133.0m
Cash at Bank (Mar 09)		\$10.6m
Drawing (€20M Facility)		(€5.0m) \$9.7m
Enterprise Value		A\$132.1m

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RIG UP AND DRILLING BEZZECCA

