



ASX / MEDIA RELEASE

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Second Quarter Production

Po Valley gas production tops 10 million cubic metres since production start

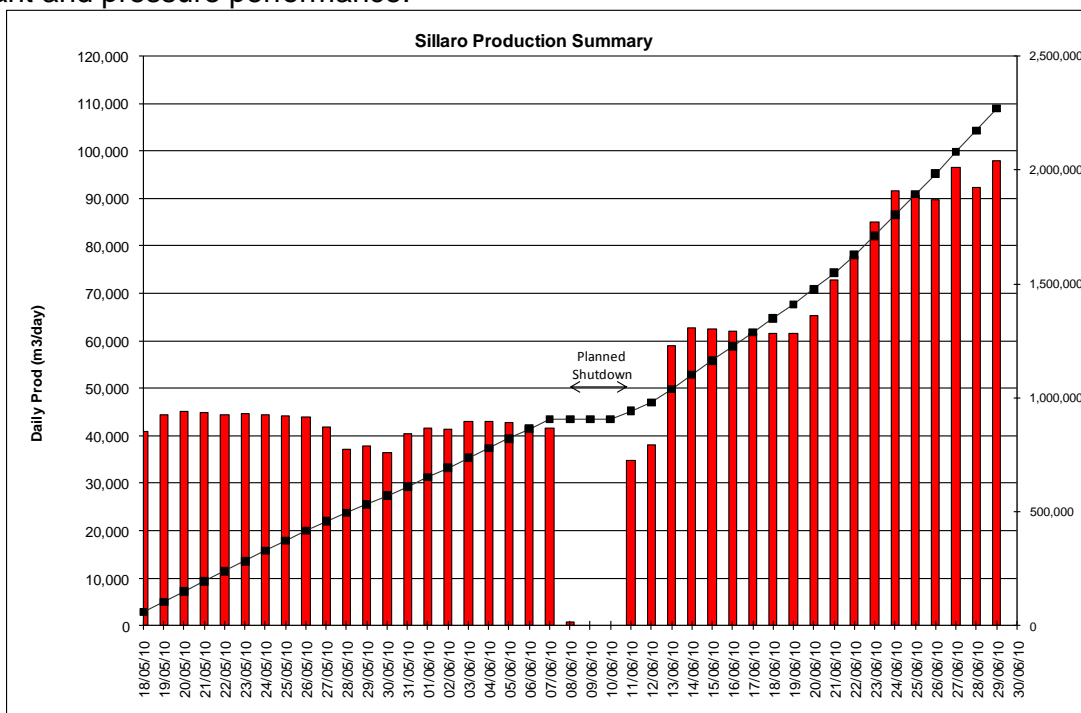
Po Valley Energy Limited (ASX: "PVE") has marked its commencement as a gas producer with output topping 10 million cubic metres for the period from production start to 30 June 2010. Po Valley joined the ranks of Italian gas producers late in December with the commissioning of its Castello field in northern Italy.

June quarter production was 4.6 million cubic metres (162.4 million cubic feet), down 15% on March quarter, with the contribution of 2.3 million cubic metres from the Sillaro field (41 operating days) and 2.3 million cubic metres (81.2 million cubic feet) from Castello (70 operating days).

Revenue for the quarter was approximately €1.22m (AUD1.8m), 9% down from the March quarter. Average gas prices increased 14% to an average of €0.30 per cubic metre (USD10.62 per thousand cubic feet) in the June quarter.

Production from the Sillaro gas field commenced during the June quarter after being brought on stream on the Pliocene PL2-A and PL2-E levels in the Sillaro-2 well on May 16. The rate of production from the Sillaro field has been gradually increased since the successful commissioning of Sillaro-2. Following the completion of coil tubing work, the Sillaro-1 well started production in mid-June on level PL2 C1/C2.

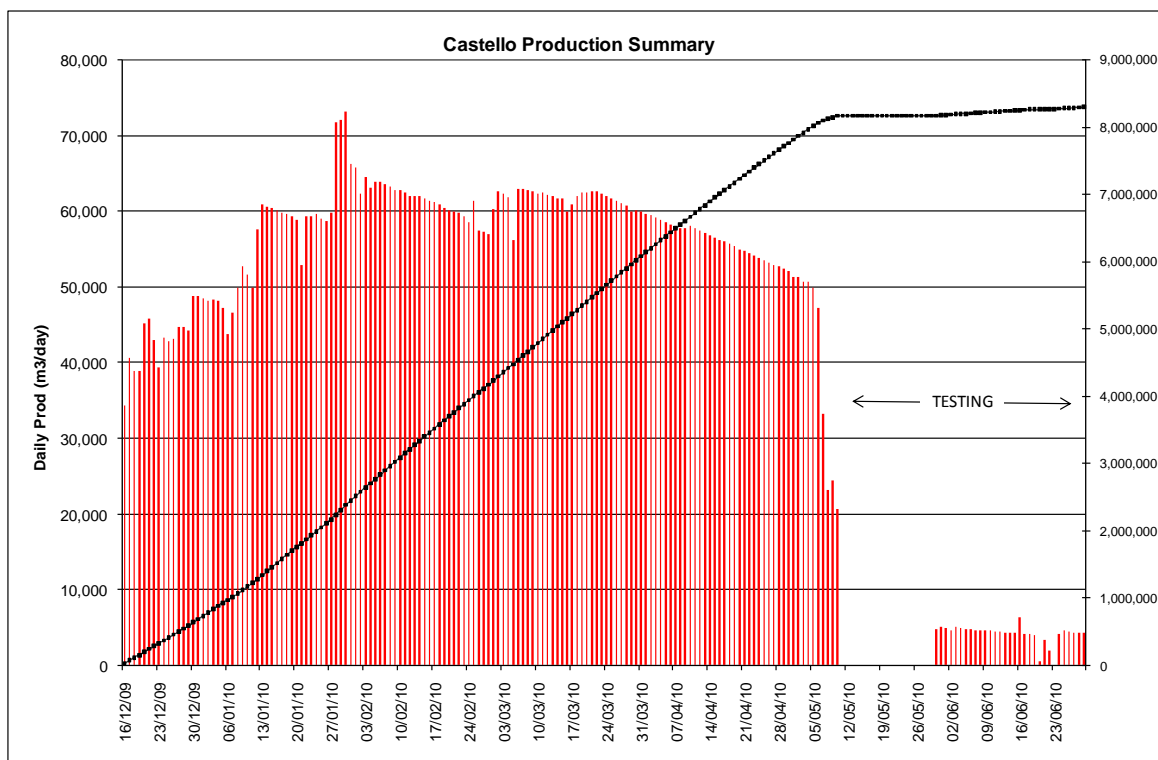
The Sillaro field was operating at a daily production rate of approximately 95,000 cubic metres (3.3 million cubic feet/day) at the end of the June quarter, with stable plant and pressure performance.



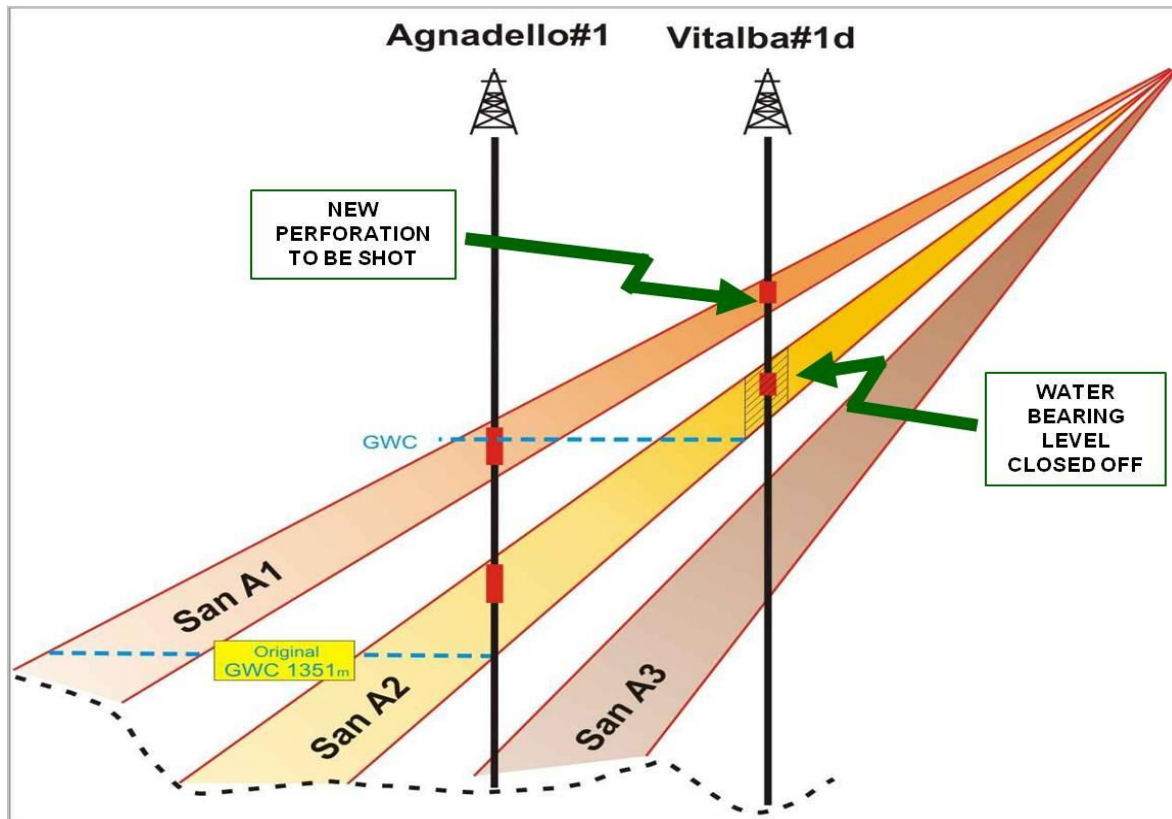


Po Valley passed the cumulative 10 million cubic metre (353 million cubic feet) production milestone despite output from the Castello field being adversely affected during the June quarter as a result of planned well testing and intervention work.

As previously reported on May 14 the Vitalba-1 well (Castello) was closed in mid May in preparation for down-hole pressure measurements which were taken during May. Subsequent follow up testing was completed in the third week of June also limited production operations time during the quarter.



The results of the test work will be reported more fully to the market once evaluations are complete. In summary, the test work indicates that water incursions had commenced on the deeper San A2 level and that there may be problems with the perforations on the shallower San A1 level. The San A2 level has been closed and new perforations are planned for the San A1 level in mid July. Production will continue at Castello at limited rates until the new perforations are completed and optimal production rates can be determined. Reserves will also be re-estimated at that time.



Po Valley's cash flow from gas sales was used to reduce the outstanding debt under Company's Bank of Scotland Facility from €10.3m (AUD14.9m) to €7m (AUD10.1m) during the June quarter. Cash at Bank at the end of the quarter was €2.5m (AUD3.6m).

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