
SEPTEMBER QUARTER 2007 — ACTIVITIES REPORT
For the September quarter and to the date of this report

HIGHLIGHTS — KEY DEVELOPMENTS

Sillaro and Castello (aka Vitalba); PVE 100%

- Environmental decree issued for Castello, Sillaro expected in early November
- Surface plant contract awarded to Semat Spa
- Completion of surface plant equipment manufacture contracted for May 2008
- Plant Installation and site works on Castello scheduled for start in May 2008

Sant' Alberto (aka Santa Maddalena); PVE 50%

- Production concession application expected to be reviewed at next Hydrocarbon Commission meeting
- New development well planning underway

New licence applications – 8 gas and 2 oil targets

- Full grant of Opera, La Prospera, Podere Gallina and Terra del Sol expected in December quarter
- 86.6 km of seismic acquired for La Prospera and Opera and processing underway
- Acquisition of Ossola and Podere Gallina seismic to be completed in early November 2007
- Ossola licence likely to be resubmitted for consideration at the next Hydrocarbon Commission meeting

Gas Storage

- Application for storage field submitted in Joint Venture with Star Energy Plc

Market Conditions

- Long term Italian market gas prices start to climb with rising oil price

Finance

- Cash at Bank 30 September 2007 – A\$7.4 million

September Quarter 2007 Activities Report

Sillaro and Castello gasfield development stepped up in momentum with the award of surface plant contracts and a drilling contract to drill the Sillaro 2 production well in April 2008 and the substantial completion of environmental approval processes.

Sillaro and Castello Gasfields

The Sillaro and Castello Production Concession applications were considered at the April 12 Hydrocarbon Commission. Formal notification of the outcome is expected in early November.

For personal use only

Environmental approval procedures for Sillaro and Castello are close to completion and decrees are expected to be issued in November.

Pipeline connections to the national grid have been agreed and the design process is underway. SNAM Rete Gas, the national pipeline operator is responsible for construction and finance of the pipeline connections.

Po Valley Energy has lodged the required performance bonds.

Sant' Alberto Gasfield – north of Bologna

Two well locations have been identified for evaluation and drilling in early 2009.

It is expected that additional seismic lines will be shot in early 2008 to provide guidance on well location

New Development Projects — Bezzecca 1 and Fantuzza 1

Hydrodrilling has been contracted to drill three wells – Sillaro 2 the second production well in Sillaro, Bezzecca 1 and Fantuzza 1. The contract is scheduled to start in March/April 2008 for a period of 120 days.

The Ideco 1200 rig was used to drill the successful Sillaro 1dir, Vitalba 1dir and Santa Maddalena 1dir wells.

New Licence Applications — Northern Italy

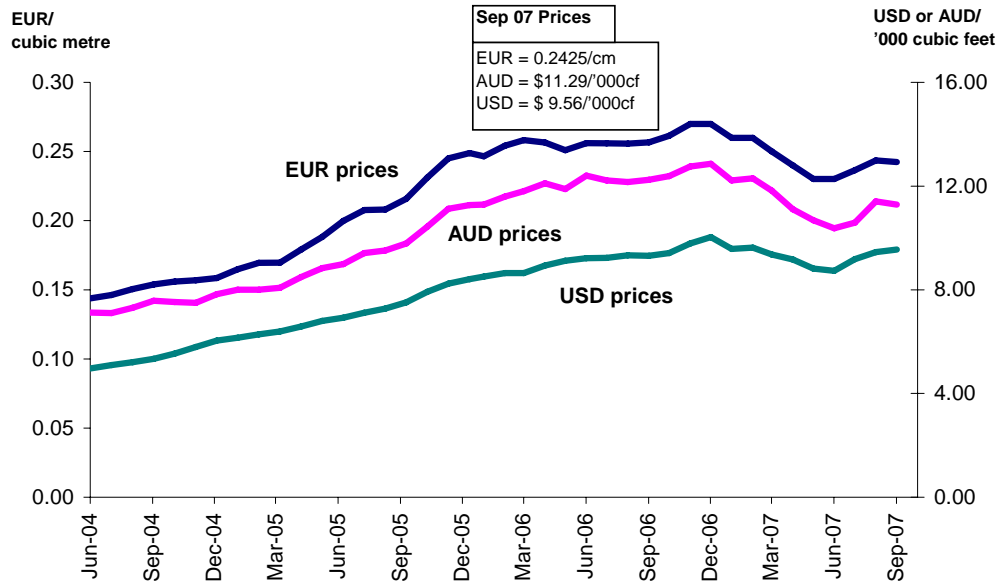
Acquisition of seismic lines on Opera and La Prospera has been completed and geological and geophysical studies on these licences are underway. Seismic acquisition in Podere Gallina and Ossola should be completed in early November.

Gas Storage Joint Venture

A bid was submitted for the Bagnolo Mella Storage concession in the Po Valley in Joint Venture with Star Energy. The application passed the preliminary check by the ministry and the results of the bidding process are scheduled to be released in January 2008.

Italian Gas Market

Prices in the Italian gas market lifted during the quarter with the rising oil price. Current prices for the 2008 gas year, running from 1 October 2007 to 30 September 2008, were trading at a range of 28-29 € cents per cubic metre (USD11.00 – 11.50 per '000 cubic feet)



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

Corporate

Cash at bank at the end of the September quarter was A\$7.4 million.

MICHAEL MASTERMAN
Chief Executive Officer

ENDS

For further information contact:

Michael Masterman
President & CEO
Po Valley Energy
+39 33 31961061

Kevin Skinner
Field Public Relations
(08) 8234 9555 / 0414 822 631

Or visit: www.povalley.com

For personal use only