



**ASX/MEDIA RELEASE
20 May 2009**

CHAIRMANS ADDRESS – ANNUAL GENERAL MEETING

As I said in my letter in the Annual Report, this time last year we had hoped by now to have at least one of our gas fields in commercial production. Progress towards this objective has been slower than we hoped, due largely to factors outside our direct control, but I am now pleased to report that we have made significant progress towards this objective.

Specifically, in November 2008 the Company secured 20-year production concession licences from the Italian government for both our Castello and Sillaro fields. This represents a major milestone for the Company. We have also received approval to drill our second production well at Sillaro (Sillaro-2), and we expect approval to commence installation of production equipment at Castello early in June.

Installation of Castello production plant will take about four months. We confidently expect, therefore, to generate our first commercial gas sales late in the third quarter of 2009.

As already reported, we have in place gas offtake sales agreements with two Italian energy groups, each for half of our combined Castello and Sillaro production. These contracts are on favourable terms, and will underpin the Company's revenues from the commissioning phase of our production wells through 2012.

I am also pleased to update evaluation of our fourth appraisal well – Bezzecca-1 which was drilled, tested and completed during March to April this year. The results were positive with gas flows on 3 levels. We are now reviewing our reservoir model to formulate a development plan for the field.

While progress towards first production has advanced during the past year, we have achieved a significant expansion in the Company's portfolio of exploration licences. During 2008 we applied for 1 exploration licence and received preliminary awards of 3 licences. We also received final awards of 3 licences.

Our new applications were mainly focused on the Po River Valley region, but included our first offshore application—over an area in the Adriatic Sea formerly drilled with some success by ENI. Considerable progress is being made with geological and geophysical studies to identify attractive gas and oil targets in our new licence areas. Further details of our expanded portfolio of licences are contained in the Managing Director's report.

Importantly, we expanded our management resources during 2008 with the appointment of Doug Colkin as our Chief Operating Officer and Gianluca De Rosa as our Senior Geophysicist. We also appointed Piero de Spinosa as our Production Supervisor to prepare for our move to production operations.

In line with expectations, the Company incurred an operating loss of \$6.67 million in 2008. During the year the Company raised \$4.69 million through the exercise of 4,090,000 director and management options.

Also in early 2009 the Company further raised \$9.0 million, \$8.7 million net of costs, by way of a private placement of 7,500,000 shares at a price of \$1.20 per share to 17 institutional and professional investors. A further \$1.0 million will be raised subject to shareholder approval at this meeting today.

On behalf of all shareholders, I thank our small but dedicated management team for their efforts during 2008. I also thank my board colleagues for their continued dedication and commitment.

Graham Bradley
Chairman

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