



ASX / MEDIA RELEASE
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Castello gas plant connected to Italian grid

Po Valley Energy (ASX: "PVE") is pleased to announce that its surface gas production plant at Castello in northern Italy has now been connected to the Italian pipeline grid.

An Operating and Maintenance (O&M) contract has also commenced for the gas plant, east of Milan.

Welding of the pipeline connecting the Castello plant to the SNAM Rete Gas pipeline was completed in recent days, clearing the way for first commercial gas sales later this month. Gas will flow 800m from the Castello surface plant to the SNAM Rete Gas pipeline, one of the main gas network distributors into the large Italian gas market.

Under Po Valley's gas marketing contracts gas from the Castello field will be metered and sold at the corner of the Castello site. This arrangement ensures there are no transportation costs for Po Valley to deliver against its contractual obligations.

"The estimated cost for the operation of the two sites at full production is approximately €2.0 cents per cubic metre which compares with current Italian gas prices of €22.0-25.0 cents per cubic metre.

"Low costs, high margins and plant operating performance at Castello will be underpinned by the terms of the O&M contract entered into with Italian facility operator, DG Impianti," Po Valley's Chief Executive Officer, Mr Michael Masterman, said today.

"Under this contract, DG Impianti will provide O&M services to both Castello and our planned second production field, Sillaro, near Bologna. Both sites will be fully automated and unmanned with DG Impianti providing a regular schedule of supervision and maintenance services and providing for intervention personnel if and when required," Mr Masterman said.

"The combination of no gas transportation costs and a competitive operating contract should result in high profit margins on both Castello and Sillaro operations."

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DG Impianti is owned by the Trombini Group which also owns Semat, Po Valley's EPCI contractor. The group has been operating in Italy for more than 20 years and provides outsourced services to a range of energy and industrial facilities.

DG Impianti specializes in the design and construct of industrial plants in the power, oil and gas, petrochemical and pharmaceutical fields in both national and international markets. Its clients include ENI, Saipem, Tecnimont, ABB, Techint and Foster Wheeler.



Pipeline ready at Castello gas field

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