

**CHAIRMAN'S ADDRESS**  
**CONCENTRATED CAPITAL LIMITED**  
**ANNUAL GENERAL MEETING 2005**

**To be held at:**  
**11.00 am on Thursday 24 November 2005 in the Board Room at**  
**Tolhurst Noall Level 29, 35 Collins Street Melbourne Victoria**

Ladies and Gentlemen,

It is a pleasure to welcome you to the Annual General Meeting of Concentrated Capital Limited for the financial year ended 30 June 2005.

In summarizing of the year's activities, it has been one of frustration for your company. The two key activities undertaken by Concentrated Capital Limited during the year was further investment in the West Pine Ridge Project and the identification of a means by which the company and/or its assets could be restructured to provide liquidity to shareholders through a listing on ASX or another registered stock exchange. In respect to both these activities, our results have not been satisfactory.

In relation to the West Pine Ridge project, the horizontal drilling undertaken to prove up the project has failed due to technical reasons and incurred significant cost overruns which your company bears 18% of. At present Mr Ralph Kehle, the manager of the Avalon Partnership and operator of the West Pine Ridge Project is seeking to farm out this project to a third party. It is likely, the Concentrated Capital will retain a carried interest in this project rather than be paid out completely and we carry in our accounts the

value of the West Pine Ridge assets and leases at what we consider to be realizable value. You will be aware that for the year ended 30 June 2004, we took a significant write off on this investment. No such further write off was contemplated this year notwithstanding the failing of the horizontal reentry.

In relation to our efforts to transfer Concentrated Capital Limited onto a more liquid stock exchange, we have been thwarted by lack of opportunity and further, lack of liquidity in any potential acquisition or back door listing. It is your Boards view that there is little point in being listed on ASX if the liquidity equivalent to an NSX listing is repeated in an ASX listing. We are therefore seeking to find a business opportunity that would provide liquidity or alternatively roll our oil and gas assets into a further oil and gas play. To this end, one of our directors, Mr Chris Rowe, is investigating opportunities in North America which may in part provide us liquidity for our assets including our investment in Avalon.

The Avalon investment has benefited from higher energy prices, notwithstanding movements in currency and is currently held in our books at cost. Notwithstanding that energy prices have gone up, the proving up of fields undertaken by Avalon has proven difficult to on sell to third parties as potential acquirers of proven fields or potential fields consider energy prices to be at a spike rather than at a consistent level. We anticipate over the next twelve (12) months this will change and that the value of the fields being proven by Avalon will significantly increase and there will be a number of purchasers available to Avalon. I also wish to acknowledge the significant activity undertaken by

Mr Ralph Kehle in respect to not only managing the Avalon business but also assisting Concentrated Capital Limited in its activities in West Pine Ridge. Mr Kehle has advised that he wishes to wind down some of his activities within Avalon and accordingly whilst Avalon will continue to undertake some exploration work, it will do so with its current portfolio of properties and it is unlikely to expand upon this portfolio. This in part is also a driver to potential acquisitions by North American listed entities of the Avalon projects incorporating the investments undertaken by Concentrated Capital.

Your company has also undertaken a \$600,000 investment in a convertible note issued by Persia Petroleum Services plc. The directors of Persia Petroleum Services including Mr Chris Rowe anticipate that this company will list on a recognised stock exchange on or before 30 June 2006. This date has been pushed back from a previous date of 31 December 2005 due in part to perceived sovereign risk in Iran and also in part to volatilities in the oil and gas arena at times that the company was seeking to raise funds from UK markets. Your company receives a coupon of 10% in respect to its investment and these funds alone are sufficient to enable your company to continue to operate without the need for further capital.

In the event that a potential acquisition or the capacity to move from NSX to another recognised exchange is identified, there is the potential that your company may seek to raise further capital to sweeten the opportunity. Whilst this is not envisaged at the present time, I wish to provide you with at least the thought process being undertaken by

your Board in seeking to provide the most attractive outcomes for our shareholders with an eye for shareholder value.

Finally, I would like to thank my directors for their assistance during the year, to Richard Baker who has assumed the role of company secretary in conjunction with Peter Reilly and to our auditors for their support.