

CHAIRMANS ADDRESS

25 November 2002

I take this opportunity to welcome Shareholders of Concentrated Capital Limited to its inaugural Annual General Meeting as a public company listed on the Newcastle Stock Exchange.

My fellow Directors David Rose, David Gibbs and Andrew Grace are in attendance.

Since the issuance of our Prospectus dated 5 August 2002, a number of developments have occurred which I would like to bring to your attention:

- The Company has 8,960,000 shares on issue and raised AUD\$776,000 from the Prospectus.
- The Company has currently invested AUD\$200,000 in the West Pine Ridge Project.
- The Company has recently announced that the drilling in relation to the West Pine Ridge Project has been deferred past mid December 2002. The Avalon Oil Company has conducted further mapping and researched further geology in respect to the leased areas and are of the view that there is significant potential upside in relation to the acreage. The Avalon Oil Company is currently negotiating with owners of acreage to the south of the acreage farmed into by the Company in order to determine either a farmin arrangement or an overriding royalty arrangement with the intention to consolidate that acreage together with the acreage currently controlled by the Company.

The Avalon Oil Company have advised that West Pine Ridge may be a four-way closure and if this is the case such closures commonly trap hydro carbons in multiple zones. You may recall in the Prospectus that we nominated two (2) key target zones however these may be extended to up to seven (7). On this basis, the Avalon Oil Company have advised the Company that the West Pine Ridge field may be much larger than originally predicted.

- The Company has recently announced the placement of 850,000 shares through clients of Tolhurst Noall Limited at \$0.10c per share with an attaching Free Option on a 1:5 basis exercisable at \$0.09c on or before 19 November 2003.
- The Company has recently advised of its investment to acquire up to 4% of the Avalon Oil Company for AUD\$150,000.

This investment provides an “asset backbone” to your Company and in the view of your Board has been acquired at a very competitive price given the forecast revenues for the Avalon Oil Company as at February 2003 in excess of USD\$150,000 per month and the valuation upon which the Company acquired its interest was a ratcheted amount off a bank valuation which was determined when the Avalon Oil Company had revenues of USD\$42,000 per month.

- Your Company has written to the NSX requesting that quotations for NSX should be displayed in the national newspapers. We are advised that quotations in respect to trading on the Newcastle Stock Exchange will be quoted in the Financial Review where space allows and on the basis that share trades occur.

The Board of Concentrated Capital Limited have determined that it will take a risk averse strategy in respect to its investments. Accordingly, it will not seek to invest more or take an interest in greater than 25% of any drilling program and recognising the value of cash at bank will be very circumspect in respect to its investments. This in part is reflected by the portfolio investment in the Avalon Oil Company and also the resolution relating to Directors fees being paid partly in shares and partly in cash.

We look forward to exciting outcomes as the value of the West Pine Ridge Project become more clear and propose to provide quarterly updates to our Shareholders commencing January 2003 in respect to the quarter ending December 2002.

Finally, on behalf of the Board we wish you a happy and prosperous and above all safe Christmas.

Hamish. M. Giles
Chairman