

## **CHAIRMANS ADDRESS**

### **25 November 2003**

I take this opportunity to welcome shareholders of Concentrated Capital Limited to the 2003 Annual General Meeting. My fellow director Mr Peter Reilly is in attendance and Mr Chris Rowe is in attendance by telephone.

Since our last Annual General Meeting held on 25 November 2002, a number of developments have occurred which I would like to bring to your attention:

- The Company placed 850,000 through clients of Tolhurst Noall Limited at \$0.10 per share with an attaching free option on a 1 for 5 basis exercisable at \$0.09 on or before 19 November 2003. I am pleased to advise that all of these options have been exercised.
- The Company raised \$179,000 through an Offer Information Statement issued in February 2003 and has allotted 358,000 shares @ \$0.50.
- The Company raised \$15,300 through the conversion of 170,000 options on 19 November 2003 @ \$0.09.

The aggregate of the capital raised from these capital raisings has been used to enhance the working capital of the Company and to meet expenses associated with West Pine Ridge and the Avalon Oil Company.

- As announced at the last Annual General Meeting, further assessment of the geology in respect to the West Pine Ridge project provided for significant potential upside in relation to acreage. As you may recall, we nominated in the Prospectus 2 key target zones which now have been extended to up to 7.

Much of the first half of this calendar year has been absorbed in negotiating with owners for acreage to the south of the acreage to which the Company farmed in.

I am pleased to advise that this additional acreage was finally negotiated on terms acceptable to the Company by the Avalon Oil Company and it is now proposed that drilling will commence in December 2003. We have, however, been advised by the Avalon Oil Company that:

- Drilling is conditional on being able to obtain a rig; and
- Access to the target drilling site may be restricted due to snow.

The fact that the ground is frozen with respect to the proposed drilling site will not impact on the drilling provided a rig can be obtained and access is achieved.

If drilling cannot commence in December, West Pine Ridge is likely to be drilled in April 2004.

- The Company's investment in the Avalon Oil Company continues to reap reward. As you may recall the Company has invested approximately \$150,000 in obtaining a 3.3% interest in the Avalon Oil Company. Independent bank assessment indicates an increase in value of approximately 20% over the past 12 months as a result of increased revenues from oil production and enhanced prospectively of oil leases held by the Avalon Oil Company.
- Due to capital constraints, your Company has not undertaken an investment in the Swearingen Gas project and is reviewing its holding in that project with a view to farming the project out.
- Your Company through its wholly owned subsidiary Concentrated Coal Pty Ltd has been granted EPC 812 and EPC 814 which are located in the north-eastern part of the Surat Basin.

We propose to farm out these projects on a commercially realistic basis.

- I would also like to acknowledge the restructure of the Board of the Company. Messrs David Gibbs, Andrew Grace and David Rose stood down in June 2003 having achieved the initial capital raising and floating of the Company on the Newcastle Stock Exchange. I welcome Mr Peter Reilly, the major shareholder of the Company together with Mr Chris Rowe who has considerable oil and gas expertise, to the Board and these gentlemen will, together with myself, focus on the future strategy of the Company which can be defined as:
  - Undertaking a risk and investment strategy which provides that the Company will not have a greater than 25% interest in any drilling program and which recognises the value of cash at bank.
  - Seeking greater liquidity for shareholders for the shares they hold in the Company.
  - Seeking to maximise cash flow returns to the Company from its investment portfolio.

With the potential imminent drilling of the West Pine Ridge project we look forward to providing shareholders with a further update in the near future.

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