
CHAIRMAN'S REVIEW



THE HON. ANDREW PEACOCK AC

Dear Shareholders,

The 12 months to 30 June 2009 were unprecedented in terms of global financial events and the energy sector was by no means exempt from the upheaval.

In July 2008 the oil price hit an all time high of over US\$145 a barrel and then, in what can only be described as an astonishing turn of events, just five months later the price plummeted to US\$32 a barrel. Likewise, the gas price reached a record high of US\$13.31 MCF in July 2008 before falling to as low as US\$3.19 MCF in April 2009. It would be a major understatement to say 2009 has been a challenging year for oil and gas companies.

While there are differing views about what long term oil and gas prices should be, the fact remains that the world has a growing demand for energy. For Amadeus, the most important signals are that the United States remains a net importer of oil and there's nothing to suggest that this will change given the rapid deceleration of development and exploration activity in the onshore United States fields due to significantly lower oil and gas prices.

Against the backdrop of this extreme volatility your Company has performed well.

During the second half of the year, and at the height of the global financial crisis, the Company was able to extend its debt facilities, which is a testament to the underlying strength of the business and value of the assets.

Prudent financial management over the past three years has led to the Company's debt position falling by 26% from US\$74.2 million to US\$55.7 million at year end. Following year end, further debt reductions of at least US\$9 million have been budgeted for the next 12 months.



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During the year the Board initiated an extensive independent strategic and corporate review of the Company. The review was focussed on assessing the underlying value of the Company's assets, identifying areas for improvement, and strategic options for growth, with a specific focus on unlocking shareholder value.

One of the key conclusions of the review was that your Company's business model is sound by virtue of it being underpinned by long-life cash generating assets with development and exploration upside.

The review also identified that the Company's growth prospects are limited by the Company's ability to take on additional debt and it recommended that the Company should continue to reduce debt and strengthen its balance sheet.

In September 2008, the Board commenced a share buy-back of up to 10% of the Company's ordinary stock. This was initiated against continuing softness in the Company's share price and a very attractive US/AUD exchange rate which made it advantageous to use some of the Company's US dollar denominated revenues on Australian dollar denominated value adding initiatives.

Pursuant to the buy-back approximately 10 million shares were purchased. It's worth noting that a few months prior to the buy-back, at the time the Company undertook a placement of shares to the Wyllie Group and reduced debt in the US, the US dollar and Australian dollar were almost on parity. In this instance the US/AUD exchange rate very much supported using Australian dollar denominations on US dollar value adding initiatives.

Given the currency volatility over the past 12 months, the Board remains satisfied that both the placement and the buy-back were the correct decisions for the Company.

On behalf of the Board I would like to thank your Company's management for their continued commitment and hard work during what has been a very challenging year. I would also like to thank all shareholders for your continued support of the Company. We look forward to building on this year's results in the coming year on the back of improved commodity prices and macro-economic factors.

THE HON. ANDREW PEACOCK AC
Chairman of the Board