

OPERATIONAL REVIEW

Amadeus has widespread production and exploration leasehold interests throughout 42 parishes and counties in the United States.

During the year to 30 June 2009 this was enhanced through the addition of the Shoreline Project in North Dakota. This new project includes five initial prospects each of which is a step out to productive reservoirs and each of which has the potential to lead to a multi-well field.

PRODUCTION

Net oil production for 2009 was 458,092 barrels which is a decrease of 3% on 2008 production of 472,334 barrels. The decrease was principally due to production purposefully being slowed or suspended on several projects due to the sharp retraction in the oil price, and to development and exploration work being suspended for part of the year pending an improvement in commodity prices.

Net gas production for the year at 1,600,551 MCF which is a 2% decrease on 2008 production of 1,636,851 MCF.

Production on the Hallettsville Project in Texas was adversely impacted by natural reservoir depletion but this was partly offset by three new wells that were drilled and completed in the period. Post year end, an extensive development program has been instigated on this project to further address this decline.

Two new production areas were established in Louisiana, with four new wells on the Longville Project commencing production in May 2009 and one new well on the Falcon Project being completed.

Production for the year was distributed among the various producing areas as follows:

Project	Gas Volume MCF	% of Total	Oil Volume BO	% of Total
Kansas	32,280	2%	219,924	48%
Louisiana	104,712	7%	4,610	1%
Oklahoma	-	-%	18,891	4%
Texas	1,463,559	91%	214,667	47%
Total	1,600,551	100%	458,092	100%



BETTY DIETER
President of Amadeus Petroleum Inc.

PRICES AND COMMODITY HEDGING

The average prices received during the year were US\$59.96 for oil and US\$6.34 MCF for gas which is a significant decrease in the prices received on the prior year. These prices are exclusive of the benefit or detriment of any commodity hedges.

Average price received in 12 months to 30 June	2009 US\$	2008 US\$
Oil (BO)	59.96	93.63
Gas (MCF)	6.34	9.08

During the reporting period the Company had hedging in place to cover approximately 70% of oil production. These hedges provided the Company with down side oil price protection of US\$55 a barrel, meaning the Company gets paid US\$55 per barrel even if the prevailing oil price is lower. The hedge is a collar/cap structure, so as well as having down side protection the upside is capped. The cap on the hedge is set at US\$84.30.

Refer to Note 33 of the Financial Report for further details of the Company's oil and gas hedges in place as at 30 June 2009.

OPERATING COSTS AND ADMINISTRATION COSTS

Operating expenditure for the year was \$15.5 million and OPEX was approximately US\$14.90 per barrel of oil equivalent (BOE), as compared to operating expenditure of \$13.9 million and OPEX per BOE of \$15.71 in 2008.

In August 2008 the Company established a US based office in Denver, Colorado employing staff to directly oversee and account for US operations. This is consistent with the Company's ongoing strategy of decreasing its reliance on third party contractors and having more direct operational oversight of its projects. In accordance with industry practice, a portion of administration costs associated with the development and management of the Company's assets is capitalised into the value of producing properties. The administration cost for the year was \$3.861 million which is a reduction on the \$4.204 million reported in 2008.

Gross margin from the core oil and gas business was 76%, (calculation excludes the non-cash amortisation and depreciation charges) and this is consistent with the previous corresponding period of 80%. The Company has been able to maintain attractive gross margins by exercising cost containment during a sustained period of weakened commodity prices.



MITCHELL WELLS
Chief Operating Officer

DEVELOPMENT AND EXPLORATION ACTIVITY

Exploration and development expenditure for the year was US\$17.3 million which is considerably less than the US\$25 million that had originally been budgeted. As the year progressed and prices decreased the budget was revised downwards. This is in line with the Company's policy of funding development and exploration from cash flow.

The vast majority of the total spend was committed during the first half of the year. This expenditure facilitated drilling of 31 new wells, 23 of which were drilled in the first half of the year and 8 of which were drilled in the second half. Of the 31 wells drilled, 19 were completed for production representing a success rate of 61%.

Expenditure was apportioned into the following categories during the year to 30 June 2009.

Risk Profile	%	AU\$	
		Million	Project State
Low Risk	18	3.8	White Eagle (KS), Raccoon Bend (TX), Lake Long (LA), Ford East (TX)
Medium Risk	32	6.8	Hallettsville (TX), Longville (LA), Novinger East (KS), Stonewall (TX)
High Risk	50	10.9	Falcon (LA), Gross Tete (LA)*, Homerun (LA)*, North Henry Bayou (LA)*, West Avondale (LA)*, West Klondike (LA), Shoreline (ND), Raccoon Bend Deep (TX), North East Waller (TX)*
Total	100	21.5	

Note*: costs fully written off as at 30 June 2009

Over the past two years the Company has been positioning itself to test a number of high impact exploration prospects and during the reporting period several of these prospects were drilled and evaluated. At year end it was determined that five of the prospects would be unlikely to recoup the capital costs spent on them as no economically recoverable reserves were found.

In accordance with the Company's accounting policies the costs of these unsuccessful prospects have been written off at year end. These prospects include:

- Gross Tete Project, Louisiana;
- West Avondale Project, Louisiana;
- North Henry Bayou Project, Louisiana;
- North East Waller Project, Texas; and
- Home Run Project, Louisiana.

Of note is that two exploration projects (Longville and Falcon) were converted from exploration to production areas during the year as a result of successful exploration drilling.

Following is a summary of projects that were active in the 12 months to 30 June 2009, sorted according to their risk categorisation.

LOW RISK CATEGORY

(Includes infield drilling, polymer treatments and well work overs)

Ford East Project – Reeves County, Texas

(AMU interest 82%)

Four oil development wells, the Red Bluff 16 #7, 16 #8, 16 #9 and 16 #10 were drilled back to back during the first-half of the financial year. The exploration resulted in all four wells successfully finding commercial quantities and qualities of oil. Production from the Ford East Project averaged approximately 3,365 BO and 4,945 MCF per month (net share to Amadeus) for the year.

Lake Long Project - Lafourche Parish, Louisiana

(AMU interest 21.9%)

During the year, work to repair a hole in the SL 328#9 well casing was undertaken. This resulted in production from the project being suspended for approximately four months. The well was placed back on to production in November 2008.

Raccoon Bend Project – Austin & Waller Counties, Texas

(AMU interest 15%)

Five oil wells, the Diemer #23, Paine #48, Wilson #27, Wilson #29 and Hellmuth #25 were drilled between October and December 2008 all of which intersected commercial oil zones and all were completed for production. Production from the Raccoon Bend Project averaged approximately 2,350 BO and 2,460 MCF per month (net share to Amadeus) for the year.

White Eagle Project – Leasehold spans 16 counties, Kansas

(AMU interest 68-85%)

Two oil development wells were successfully drilled during the first-half on this project; the Losey Trust #4 and Helmers Unit #2. Nine well recompletions and six polymer treatments were also completed during the first half. Following the sharp fall in oil and gas prices the ongoing development and exploitation program on this project was suspended and did not recommence until post year end. In addition to this, approximately 50 wells on the project were temporarily shut-in due to them becoming uneconomical. At year end most of these wells had recommenced production. Production from the field averaged approximately 19,250 BO and 2,180 MCF per month (net share to Amadeus) for the year.

MEDIUM RISK PROJECTS

(Includes offset drilling and exploration drilling in proven areas)

Hallettsville Project – Lavaca County, Texas

(AMU interest 25-50%)

Five exploratory gas wells were drilled at Hallettsville during the year, resulting in three wells being completed for production (the Mueller #2, Wolf Cowling A2 and Smolik A2) and two being plugged and abandoned

(the Wolf Cowling #2 and Bujnoch #1). Production from the field averaged approximately 1,950 BO and 97,300 MCF per month (net share to Amadeus) for the year.

In addition to the exploration, a comprehensive development program was devised to counter natural reservoir depletion on the project. The commencement of the program was delayed until post period end due to low oil and gas prices and allocation of the Company's cash flow to reduction of debt.

Subsequent to year end, exploration recommenced on this project with the drilling of the Garner 1 well commencing drilling in July 2009. At the time of writing the well had been logged pursuant to which three prospective productive pay zones have been identified. The well is being completed for production.

The Company anticipates drilling several new wells in the project over the next 12 months but the extent of the Company's participation will be dependent on available cash flow.

Longville Project – Beauregard & Allen Parishes, Louisiana (AMU interest 25-27%)

Six prospects were drilled during the year at the Longville Project area in Louisiana; two of which were plugged and abandoned and four of which were successfully completed for production. The four successful wells; the Doornbos #1, Crosby #2, Lyles #1 and Manuel #1 are producing a combination of oil and gas from productive zones in the Middle Wilcox and Cockfield sands.

A new gas gathering, processing and compression system was constructed following the successful discoveries, delaying the commencement of production. At the time of writing all wells were on production and first sales proceeds had been received.

Novinger East Project – Meade County, Kansas (AMU interest 14%)

One oil wildcat exploration well, the Ballard #24-1 was drilled in July 2008. No oil shows were intersected and accordingly the well was plugged and abandoned.

This was the third well to be drilled at the Novinger East Project which is located approximately half a mile east of the 7.1 million barrel Novinger Field in Kansas. The first two wells, the Shinogle 24-1 and the Shinogle 24-2 were drilled in the 2008 financial year; both of these wells were successful and are now on production.

TNT Project – Stonewall County, Texas (AMU interest 16%)

One well was drilled on this prospect in February 2009, namely the Stovall Flat Top 1 well. The well was drilled to a total depth of 5,316 feet and was found to be a dry hole and accordingly it was subsequently plugged and abandoned.

HIGHER RISK PROJECTS

(Includes oil and gas wildcat exploration drilling)

Falcon Project – St Landry Parish, Louisiana (AMU interest 20%)

The Lastrapes #1 well was drilled during the year on this project targeting three objectives; the Nodosaria 2 sand, the Tweedel (Basal Nodosaria) sand, and the deep Cockfield and Yegua sands. Drilling commenced in December 2008, with the well drilled to a depth of 13,400 feet. Logging and testing identified a productive zone in the Nodosaria 2 sand and accordingly the well has been completed and put on production.

Gross Tete Project – Iberville Parish, Louisiana (AMU interest 52%)

Testing of the Marg Tex sand in the Schwing #2 well was undertaken during the year and the well was found to be uneconomical. The well was plugged and abandoned and all costs associated with the project have been written off as of 30 June 2009.

Home Run Project – Iberville Parish, Louisiana (AMU interest 35%)

One well, the Wilberts #1, was drilled on this project during the year. The well did not encounter any zones of commercial significance and it was plugged and abandoned. All costs associated with the project have been written off as at 30 June 2009.

North Bayou Henry Project – Iberville Parish, Louisiana (AMU interest 26%)

Amadeus farmed in to this project in 2007, which is a 3D seismic defined fault block closure that is adjacent to the Bayou Henry oil and gas field. The A Wilbert's Sons et al #1 exploration well was drilled to a total depth of 12,480 feet in August to test the Marg Tex sands. The target was dry and the well was plugged and abandoned. All costs associated with this project have been written off as at 30 June 2009.

North East Waller Project – Waller County, Texas (AMU interest 15%)

Two exploration wells, the Pitchford #1 and #2 were drilled at the North East Waller Project in the December quarter. No zones of interest were identified that would be commercially viable and both wells were plugged and abandoned. All costs associated with this project have been written off as at 30 June 2009.

Raccoon Bend Deep Project – Austin & Waller Counties (AMU interest 24%)

A shallow Yegua amplitude anomaly identified by 3D seismic was tested by the La Salle Cattle Company #1 well which reached its target depth in November 2008. Logging of the well did not identify any commercial zones of interest and it was plugged and abandoned.

Shoreline Project – Mountrail & Ward Counties, North Dakota (AMU interest 25%)

One well was drilled on this project during the year, the William Lester #1. The well reached its target depth in January 2009 and logging identified oil in the objective Sherwood section. However, the show was not in an optimal position to drain the zone and the well was therefore plugged and abandoned.

Australia

EP-380 – Savory Basin, Western Australia
(AMU interest 50%)

Minimal activities were undertaken during the period. Subsequent to year end Exploration Permit 380 was relinquished at the expiry of its five year term.

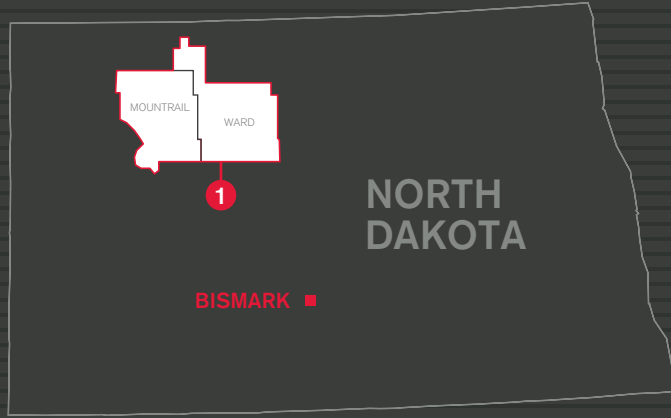
EXPLORATION RESULTS

Summary of exploration activity for the period 1 July 2008 to 30 June 2009 conducted on a total of 31 wells, resulting in 19 wells being completed for production.

WELL NAME	PROJECT AREA	LOCATION	WI%	CATEGORY	OUTCOME
Lastrapes #1	Falcon	St Landry Parish, Louisiana	20%	Gas Wildcat	Successful
Red Bluff 16 #7	Ford East	Reeves County, Texas	82%	Oil Development	Successful
Red Bluff 16 #8	Ford East	Reeves County, Texas	82%	Oil Development	Successful
Red Bluff 16 #9	Ford East	Reeves County, Texas	82%	Oil Development	Successful
Red Bluff 16 #10	Ford East	Reeves County, Texas	82%	Oil Development	Successful
Wolf Cowling A2	Hallettsville	Lavaca County, Texas	44.25%	Gas Wildcat	Successful
Mueller #2	Hallettsville	Lavaca County, Texas	24.75%	Gas Wildcat	Successful
Wolf Cowling #2	Hallettsville	Lavaca County, Texas	50%	Gas Wildcat	P&A
Smolik A2	Hallettsville	Lavaca County, Texas	24.75%	Gas Wildcat	Successful
Bujnoch #1	Hallettsville	Lavaca County, Texas	50%	Gas Wildcat	P&A
Wilberts #1	Home Run	Iberville Parish, Louisiana	35%	O&G Wildcat	P&A
Doornbos Estate #1	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	Successful
Doornbos Estate #2	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	P&A
Crosby L&R #2	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	Successful
Lyles #1	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	Successful
Tritico	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	P&A
Manual #1	Longville	Beauregard Parish, Louisiana	27%	O&G Wildcat	Successful
A Wilberts Sons Et Al #1	Nth Bayou Henry	Iberville Parish, Louisiana	26.25%	Oil Exploration	P&A
Pitchford #1	NE Waller	Waller County, Texas	24%	Gas Wildcat	P&A
Pitchford #2	NE Waller	Waller County, Texas	24%	Oil Wildcat	P&A
Ballard #24-1	Novinger East	Meade County, Kansas	13.18%	Oil Wildcat	P&A
Diemer #23	Raccoon Bend	Austin County, Texas	15%	Oil Wildcat	Successful
Paine #48	Raccoon Bend	Austin County, Texas	15%	Oil Development	Successful
Wilson #27	Raccoon Bend	Austin County, Texas	15%	Oil Development	Successful
Wilson #29	Raccoon Bend	Austin County, Texas	15%	Oil Development	Successful
Hellmuth #25	Raccoon Bend	Austin County, Texas	15%	Oil Development	Successful
La Salle Cattle Company #1	Raccoon Bend Deep	Austin & Waller Counties, Texas	24%	Oil Wildcat	P&A
William Lester 30-1	Shoreline	Ward & Mountrail Counties, North Dakota	25%	Oil Exploration	P&A
Stovall Flat Top #1		Stonewall County, Texas	16%	Oil Exploration	P&A
Losey Trust #4	White Eagle	Gove County, Kansas	85%	Oil Development	Successful
Helmert Unit #2	White Eagle	Stafford County, Kansas	85%	Oil Development	Successful

AMADEUS ENERGY

USA AREAS OF INTEREST



■ **DENVER**
Office of Amadeus Petroleum Inc.

COLORADO



OKLAHOMA

OKLAHOMA CITY ■



DALLAS ■
FORT WORTH ■

TEXAS

GAINES

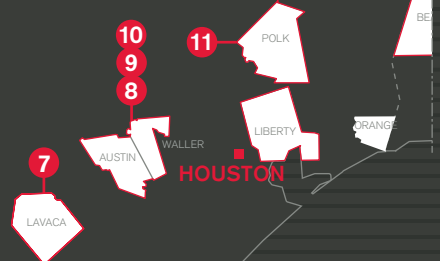
ECTOR

RUNNELS

REEVES

AUSTIN ■

HOUSTON ■



LEASE SUMMARY

AS AT 30 JUNE 2009

KEY TO PROSPECT TYPE

- █ OIL EXPLORATION & PRODUCTION
- █ OIL PRODUCTION & DEVELOPMENT
- █ OIL & GAS EXPLORATION
- █ OIL & GAS EXPLORATION & PRODUCTION

	PROJECT AREA	LOCALITY	WELL COUNT	PROSPECT TYPE	AMU WI%	OPERATOR
1	NORTH DAKOTA	COUNTY				
	Shoreline	Mountrail & Ward	-	█	25%	Reeder Energy Partners LP
2	KANSAS	COUNTY				
	White Eagle	Barton, Clark, Comanche, Ellis, Gove, Graham, Kiowa, Ness, Pawnee, Pratt, Reno, Rice, Rooks, Rush, Russell & Stafford.	272	█	68-85%	T-N-T Engineering Inc.
3	Novinger East	Meade	2	█	14%	T-N-T Engineering Inc.
4	OKLAHOMA	COUNTY				
	Red Creek	Jefferson	11	█	51-60%	Trio Consulting & Management LLC
5	TEXAS	COUNTY				
	Stephens / Shackelford	Stephens & Shackelford	63	█	81%	T-N-T Engineering Inc.
6	Ford East	Reeves	25	█	82%	T-N-T Engineering Inc.
7	Hallettsville	Lavaca	16	█	25-50%	Trio Consulting & Management LLC
8	North East Waller	Waller	-	█	15%	Ayco Energy Exploration LLC
9	Raccoon Bend	Austin & Waller	61	█	15%	Enhanced Energy Partners Corp.
10	Raccoon Bend Deep	Austin & Waller	-	█	24%	Union Gas Corporation
	Knight	Polk & Liberty	-	█	35%	Union Gas Corporation
11	TNT Production	Archer, Young, Clay, Cottle, Ector, Gaines, Knox, Orange, Runnels & Throckmorton.	68	█	50-80.5%	T-N-T Engineering Inc.
12	LOUISIANA	PARISH				
	Longville	Beauregard	4	█	25%	Union Gas Corporation
13	Falcon	St Landry	-*	█	20%	Panther Bayou Energy LLC
14	South Grosse Tete	Iberville	-	█	52%	Spartan Operating Company Inc.
15	West Klondike	Iberville	-	█	30.9%	Expert Oil And Gas LLC
16	Lake Long	Lafourche	1	█	21.9%	Kriti Exploration Inc.
TOTALS		42 COUNTIES / PARISHES	523			

* Well completed but not yet producing

