

ORMIL ENERGY LIMITED

ACN: 107 708 305

Level 8, 139 Macquarie Street, Sydney 2000, Australia
Telephone: 61 2 8231 7035 Facsimile: 61 2 9241 5818

15th November 2010

Company Announcements
Australian Stock Exchange Limited

Managing Director's Address to Shareholders

Annual General Meeting 15 November 2010

Over a year and a half ago your company decided to dispose of its China assets and focus its efforts on more prospective projects. The Company is pleased that it has achieved this objective and is proceeding with coal seam gas ("CSG") exploration in New South Wales ("NSW").

After reviewing a significant number of opportunities, the board and shareholders approved a joint venture with Apex Energy NL (Apex) an unlisted public company owning CSG, coal mine methane ("CMM") and GOAF assets in NSW. Independent experts have estimated 1,360 Bcf of Contingent gas resources are possibly contained within the joint venture area. Ormil has negotiated the rights to earn up to 50% interest in these assets by spending up to \$10.2 Million. The assets include the Petroleum Exploration Licenses ("PEL") 442, 444, 454 and agreements with a number of the owners of Coal Mining Leases ("CCL") 703, 379, 700 and 740.

Important steps have been taken over the last year to move the company in this new direction, including

1. Board changes to align the company with its new direction;
2. Raising \$3,669,288 in two successful rights issues;
3. Purchase of 9.54% of Apex Energy NL;
4. Purchase of Sydney Basin CBM Pty Ltd;
5. Entering joint venture with Apex Energy to spend \$10.2M to earn 50% interest in all its CSG, CMM and GOAF assets; and
6. The change of Company name to Ormil Energy Limited

Full details of the Company's activities have been made available to the public in ASX announcements and the Company's Annual Report.

The company has four potential assets that may add value to Ormil. The first is the CSM potential within the areas, the second is the potential for degassing coal mines within the areas, or CMM. There is also potential to produce gas from the already mined areas, or GOAFs. The Company is also exploring the potential to use the GOAFs for gas storage, geo-sequestration or water disposal. This practice is known in Europe, but not yet in Australia.

For personal use only

The main priority for the Company at this stage is to test the CSG potential. The first drilling locations have been chosen, and the approval process is underway. Once these approvals are obtained drilling will begin to prove that the Contingent gas resources exist and can be developed commercially.

The Company is excited about the CSG potential in NSW, and is encouraged by recent positive articles in the Sydney Morning Herald ('Coal Seam Gas State-of-Origin Race', 16 Aug, 2010) and the Australian Financial Review ('NSW Fiddles as CSG Burns', 31 Aug, 2010 and 'NSW Heating up and Following Queensland's Lead', 28 Sep, 2010).

The Company is also encouraged by recent activities by other CSG operators in NSW, including AGL, Eastern Star Resources, Metgasco, Planet Gas, and Dart's purchase of Apollo Energy.

The Company believes that it now has the personnel, funds and resources to increase the potential gas resources in its areas of interest in NSW. The first step will be to undertake the drilling program to investigate the CSG potential. It is expected that this will occur early 2011, depending on drilling approvals.

Your Board continues to investigate other potential opportunities in the energy area and looks forward to continuing to grow the value of the Company.

T Fontaine
Managing Director

For personal use only