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SHAREHOLDER UPDATE

CityView Corporation Limited ("CityView") now provides shareholders with an update on the recapitalisation plans previously announced.

In summary the steps taken to date include:

- Mandating CPS Securities to identify initially loan funds and subsequently equity funds;
- Securing a loan facility from Celtic Capital Pty Ltd as trustee for the Celtic Trust. This loan is secured by a fixed and floating charge over the Company. Drawdown under this facility is now unconditional;
- Retention of restructuring advice;
- The resignation of Mr Africano as Chairman and Director of the Company and Mr Bart de Boer as a member of the Advisory Committee;
- The disposal of the Company's interests in European Oil Limited and Fortitude Minerals Limited;
- The convening of a meeting of shareholders to ratify proposed resolutions aimed at consolidating the Company's capital and authorising a capital raising; and
- The preparation of an application to the Federal Court of Australia to seek orders appropriate to regularise the issue of 160m shares in December 2009.

In addition to the above, the Company has embarked on a clear path to urgently attend to other required matters. The timetable required to achieve these objectives is set out in the recent Notice of Meeting dispatched to shareholders and effectively requires these matters to be concluded or substantially progressed by 23 September 2010.

These matters include:

- Completion of the Federal Court Application (and receipt of a judgement);
- Completion of the 30 June 2010 Financial Accounts and Audit;
- The preparation of a “long form” prospectus as required by Section 710 of the Act.

Importantly, in addition to the above, the Board of Directors recognise that they will probably be replaced in their entirety as part of the capital raising.

To this end, shareholders will be given the details of proposed replacement Directors in the prospectus.

The Board believes that the course of action as outlined above and presently in progress is the best way forward for the recapitalisation and revitalisation of CityView. In contract, the Board is aware that if any of the remaining recapitalisation steps fail then CityView will likely be place in Voluntary Administration. It is clearly in the Board’s opinion, not in the best interest of creditors or shareholders to allow this to happen at this juncture.

The Board will continue to provide regular updates on the remaining recapitalisation steps as developments occur.



Mark Smyth
Chief Executive Officer