



ASX: CVI
NASDAQ OTCBB: CTVWF
FSE: C4Z

ASX / MEDIA RELEASE

May 24, 2010

Chief Executive's Address to Shareholders at the Annual General Meeting held at the BGC Centre on May 24, 2010 at 4.pm

In view of the recent turmoil that CityView has had to endure, it is an appropriate time to review what we have achieved and where should we go from here.

Four years ago CityView had no prospects and no money. I was invited by the Singaporean controlling shareholders of the Company to come in and sort out the mess. My first act was to write off the approximate \$500,000 debt that CityView owed to me and also to organize some working capital for the Company. We decided that Africa would offer the best opportunities for a start-up company and we looked around to see what was available.

We chose Angola as our point of entry into Africa because it is resource rich and had just emerged from a devastating civil war. The risks were high but conversely the rewards would be excellent if one could manage the politics. Angola is a very complex country. One has to be influential to survive. Despite being cautioned that it would be all too hard, we succeeded in gaining entry into a copper/gold concession at Longonjo in Angola on reasonable terms. Also to everyone's surprise, Sonangol qualified CityView as a suitable participant in Angola's prolific oil industry.

Our second year in Africa progressed well. We gained control of the Longonjo concession and transferred it for shares in Fortitude Minerals Limited for an approximate \$20 million capital gain. This broadened our exposure to Angola as Fortitude's mineral concession areas cover some 15,000 square kilometres, including most of the coastal Angolan copper belt. Also during this second year of operations we got our foot on the Nhefo and Luachisse diamond areas.

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Our problem at that time was that because the oil market was booming, our shareholders wanted CityView to focus on oil rather than minerals. However there was no oil concession available in Angola on reasonably commercial terms: the entry costs ran into hundreds of millions of dollars. We had to look elsewhere and eventually found a gas field in Cameroon which proved to be economically infeasible.

Nevertheless, after only two years work we had sufficient mineral and diamond projects in place to contemplate creation of a diversified mining house. We prepared plans for CityView to acquire 100% of Fortitude and we also negotiated a \$1 billion project funding package. CityView looked good and this was reflected in our rising share price.

All went well until mid 2008 when Lehmann Brothers collapsed and we were engulfed by the global financial crisis. Our financiers vanished and without finance an exploration asset becomes a liability. CityView had to quickly do a U-turn and change from expansion to survival. The Stock Market went into a nosedive. To reflect market reality, we impaired our assets thereby creating a substantial accounting loss in our financial statements: this can of course be reversed at the appropriate time.

The whole of our third operational year was spent salvaging as much of our portfolio as possible. Our mineral and diamond exploration programme had to be shelved and oil exploration abandoned. Only projects with a positive cash flow would make commercial sense. We were offered an oil refinery with the potential to generate a good cash flow, and we took a good look at this project as there is a chronic shortage of refined products in Africa. Regrettably politics intervened and the terms became un-commercial, so we have had to walk away from it – at least for the time being.

By the end of our third year although our share price had been hammered, we had survived the financial crash and were ready to resume our work programme. Then in August 2009 ASIC issued a Determination preventing CityView from raising equity funds for twelve months. Despite this roadblock we have managed to maintain our position in Africa and have even identified a potential revenue producing opportunity in the pelletisation of coal fines. Progress has not been as fast as we would have desired, but this is not surprising in view of the restrictions imposed on CityView.

The good news is that August 2010 is only three months away and CityView can then become more productive. This will give us the opportunity to assess the best way to advance forward. Personally I think that after all this drama, CityView needs a fresh start with new management and a new direction. We will put everything on the table and work out what is best for shareholders.

To get the optimum value from our Fortitude investment, Fortitude needs to secure its licence titles for a minimum of three years with the right of conversion into automatic production licences: thanks to the efforts of our Chairman this is progressing well although it will require substantial expenditure to meet the obligations under the terms of the licence extensions.

With regard to the coal pelletisation, our objective is to generate positive cash flow for the Company within a few months and re-establish its value based on a multiple of its earnings. To achieve this will require some renegotiations of the terms and preliminary discussions have been initiated by Philip Rand. We anticipate being in a position to report further on this imminently.

Our other priority is for CityView to get relisted: this is what shareholders are clamouring for. They have been disadvantaged for far too long. To achieve relisting, we will need to raise working capital or have continuity of cash flow and this can only be done within the ASIC rules. It has been a rough ride but we will get there in the end: we will not give up. We want shareholders to recover the value of their investment: that is our continual aim and we believe we are close to securing the first steps to this becoming reality.



Mark Smyth
Chief Executive

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