



ANNUAL REPORT 2008



CITYVIEW CORPORATION LIMITED
ACN 009 235 634

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2008

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CITYVIEW CORPORATION LIMITED
ACN 009 235 634

CORPORATE DIRECTORY

Directors

M A Africano	Chairman	Appointed 22 October 2008
P M Smyth	Director/CEO	
R J F Brothers	Director	
P Rand	Director	Appointed 27 October 2008
W V Reid	Director	Appointed 27 October 2008
P G H Smith	Director	Resigned 21 April 2008
I R Egan	Director	Resigned 27 October 2008
N P Hoexter	Director	Resigned 27 October 2008
P A de Chazal	Director	Resigned 27 October 2008

Advisory Board

Conrad Maher	Chairman
Bart de Boer	Member
David Boote	Member
Nik Hoexter	Member
Paul de Chazal	Member
Kevin Sylvester	Member
Leith Wale	Member

Australian Share Registry

Computershare Investor Services Pty Limited
45 St. George's Terrace
Perth Western Australia, 6000
Telephone: (61-8) 9323 2000
Facsimile: (61-8) 9323 2033

USA Share Registry

Computershare Trust Company, Inc
350 Indiana Street
Golden, Colorado CO 80401
Telephone: (303) 262 0600
Facsimile: (303) 262 0603

Auditor

Somes and Cooke
1304 Hay Street
West Perth, Western Australia 6872

Stock Exchange Listings

Australian Securities Exchange Limited
Trading Code: CVI

NASD OTC Bulletin Board

Trading Symbol: CTVWF

Frankfurt Stock Exchange (DAX)

Trading Symbol: C4Z

ETHICAL STANDARDS REPORT

This report outlines the code of conduct in place for directors and managers and employees of CityView Corporation Limited.

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Code of Conduct

This code of conduct sets out the standard which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

Commitment of the Board and Management to Corporate Code of Conduct

The Board and management approve and endorse this code of conduct and support the code and all it strives to achieve.

The Board and management encourage all staff to consider the principles of the code and use them as a guide to determining how to respond when acting on behalf of the Company.

Responsibilities to Shareholders and the Financial Community Generally

The Company aims to:

- Increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community; and
- Comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

Responsibilities to Clients, Customers and Consumers

The Company is to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage. Any transgression from the applicable legal rules is to be reported to the managing director as soon as a person becomes aware of such a transgression.

Employment Practices

The Company will employ the best available staff and consultants with skills required to carry out vacant positions.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

Responsibility to the Community

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

Responsibility to the Individual

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

Obligations Relative to Fair Trading and Dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

ETHICAL STANDARDS REPORT (cont.)

Conflicts of Interest

The Board, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company. Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Chairperson in the case of a board member or the managing director, the managing director in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

Compliance with the Code

Any breach of compliance with this code is to be reported directly to the managing director or chairperson, as appropriate.

Periodic Review of Code

The Company will monitor compliance with the code periodically by liaising with the Board, management and staff especially in relation to any areas of difficulty which arise from the code and any other ideas or suggestions for improvement of the code. Suggestions for improvements or amendments to the code can be made at any time by providing a written note to the managing director.

Incorporation of Code of Conduct for Executives

The Code of Conduct for Executives forms part of the Corporate Code of Conduct. It provides as follows:

All Executives will:-

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company.
2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company.
3. Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated.
4. Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.
5. Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.
6. Report any breach of this code of conduct to the chairperson, who will treat reports made in good faith of such violations with respect and in confidence.

STATEMENT OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2008

The ASX Corporate Governance Council requires that the Company must disclose the extent to which it has followed best practice recommendations, identify which recommendations have not been followed and the reason for not adopting the recommendations.

The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and those companies should only adopt those recommendations that are suitable in each individual case.

The following is a summary of policies adopted by the Company and where appropriate, explanations of where best practice recommendations have not been applied.

Board Composition and Functions

Under the Company's Constitution, the Board is required to consist of at least three and no more than ten directors. If the Company has three or more directors, one third of the directors, with the exception of the Chief Executive, must retire and seek re-election at the Annual General Meeting each year.

The Board of the Company currently consists of four independent non-executive directors (including the Chairman) and one executive director. The Board is considered to be comprised of directors with the experience and qualifications best suited to the Company's size and range of activities.

The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure and the adherence to Company policies.

The Board is also responsible for compliance with the Code of Conduct, overseeing risk management and internal controls and the assessment, appointment and removal of the Chief Executive, Company Secretary and other senior management.

Directors of the Company during the financial year and information pertaining to individual directors, is included in the Director's Report. Board members have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense.

Director Independence

The Company has established guidelines for testing the independence of directors. A director is considered to be independent if they satisfy certain criteria, the most significant being:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration. The director must have no other material contractual relationship with the Company other than as a director of the Company;
- The director is not a substantial shareholder of the Company;
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last three years, and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Terms of Office

The company's Constitution specifies that no director (except for the managing director) may retain office without re-appointment for more than three years or past the third annual general meeting following the directors appointment, whichever is the longer.

**STATEMENT OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2008 (cont.)**

Chairman and Chief Executive Officer (CEO)

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the Board's relationship with the Company's senior executives.

The CEO is responsible for implementing group strategies and policies. The Board charter specifies that these are separate roles to be undertaken by separate people.

Commitment

The Board held 13 board meetings during the year.

The number of meetings of the Company's Board of directors held during the year ended 31 December 2008, and the number of meetings attended by each director is disclosed on page 17.

It is the company's practice to allow its executive directors to accept appointments outside the company.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

Risk Management

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- Ensure compliance in legal, statutory and ethical matters;
- Monitor the business environment;
- Identify business risk areas;
- Identify business opportunities; and
- Monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board meets on a regular basis. The Company does not follow the ASX best practice recommendation that the Company should have an internal control function. The Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate internal control function.

Audit Committee

The Company has established an Audit Committee, which is responsible for the following:

- Oversee the existence and maintenance of internal controls and accounting systems, including the implementation of mandatory and non-mandatory accounting policies and reporting requirements;
- Oversee the financial reporting process, including reviewing and reporting to the Board on the accuracy of all financial reports lodged with ASX which include the quarterly, half-yearly and annual financial reports;
- Recommend to the Board the nomination, removal and remuneration of the external auditors; and
- Review the external audit arrangements, including ensuring that any non-audit services provided do not impair the auditors independence.

The Audit Committee meets and reports to the Board as required, but in any case at least twice each year and its members are Messrs Reid, Rand and Smyth. The Committee has authority to seek any pertinent information it requires from any employee or external party. Qualifications held by the individuals on the Audit Committee are included in the Directors' Report.

**STATEMENT OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2008 (cont.)**

Corporate Reporting

The Chief Executive Officer and Company Secretary are required to state in writing to the Board that the Company's financial reports present a true and fair view of the Company's financial condition and that operation results are reported in accordance with relevant accounting standards.

External Auditors

The Company and the Audit Committee policy, is to appoint external auditors who clearly demonstrate quality and independence. Somes and Cooke were appointed as the external auditor in 2008.

An analysis of fees paid to external auditors, including a break down of fees for non audit services, is provided in the director's report and in note 5 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Continuous Disclosure and Shareholder Communication

The Company follows the ASX listing rule 3.1 in complying with continuous disclosure requirements. Once the company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the company's securities, the company will immediately advise the ASX.

The CEO and the Company Secretary have been nominated as the persons responsible for communication with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Hedging Committee

The Company does not follow ASX Best Practice recommendations with regard to hedging. The Board considers that the Company is not of a size or operational complexity to warrant the implementation of a separate hedging committee.

Procedure for the Selection of New Directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement.

Corporate performance is enhanced when the Board has an appropriate mix of skills and experience. The Board is evaluated before a candidate is selected to join the Board. Candidates are nominated by existing Board members and, if necessary, independent search consultants are utilised. Where a director nominates a candidate for the Board, the director must disclose any pre-existing relationship with the nominee. New directors are provided with a letter of appointment setting out their responsibilities and rights and are provided with a copy of the Company's Constitution.

DIRECTORS' REPORT

Your Directors present their report on the Group consisting of CityView Corporation Limited ("CityView" or the "Company") and the entities it controlled at the end of, or during, the year ended 31 December 2008.

Directors

The following persons were Directors of CityView Corporation Limited during the financial year and up to the date of this report:

Manuel Antonio Africano

Peter Mark Smyth

Robert John Francis Brothers

Philip Rand

Wayne Vivien Reid

Peter Smith was a director from the beginning of the financial year until his resignation on 21 April 2008.

Ian Egan was a director from 21 April 2008 until his resignation on 27 October 2008.

Nik Hoexter was a director from the beginning of the financial year until his resignation on 27 October 2008.

Paul de Chazal was a director from the beginning of the financial year until his resignation on 27 October 2008.

Principal Activities

CityView Corporation Limited is an Australian based resource company, listed on the ASX in Australia, OTCBB in the USA and FSE in Germany. Its main listing is on the ASX as "CVI".

The principal continuing activities of CityView Corporation Limited are the acquisition and development of a commodity portfolio – gold, base metals, rare earths, coal, iron ore, diamonds, oil and oil refinery interests. There have been no significant changes in the principal activities of the Group during the financial year.

Dividends

The Directors do not recommend that any amount be paid by way of dividend.

No dividend was paid or declared by the company in the period since the end of the previous financial year, and up to the date of this report.

Corporate Structure

CityView Corporation Limited is a company limited by shares that is incorporated and domiciled in Australia.

Results of Operations

The table below shows the Group's performance over the last 2 years.

	2008 <u>(Consolidated)</u>	2007 <u>(Consolidated)</u>
Net Loss After Tax	\$37,030,763	\$13,974,696

The loss includes a charge of \$32,207,591 for exploration and development expenses, which has been written off as incurred. Notwithstanding that CityView's projects are proceeding towards the development phase, the write-off is incurred because of the group's accounting policies, which are in line with international accounting standards.

This write-off does not represent the board's view of the value of the projects being undertaken.

DIRECTORS' REPORT (cont.)

Review of Operations

ANGOLA

Minerals

During the year CityView completed the transfer of its working interest in the Longonjo and Ucua licence areas to Fortitude Minerals Limited ("Fortitude) for 15 million shares of Fortitude. CityView has steadily increased this holding in Fortitude to 24,646,103 shares of a total of 54,832,103 shares, representing a 45% approx. equity in Fortitude.

The licence areas held by Fortitude are:-

<u>Commodity</u>	<u>License</u>	<u>Percentage</u>	<u>Area</u>
Copper	Cachoeiras de Binga	80%	3,615 sq km
	Zenza Dondo	70%	747 sq km
	Benguela	70%	3,943 sq km
	Bengual SW	80%	355 sq km
	Bentiabe	80%	183 sq km
Gold	Chipindo	60%	1,433 sq km
Carbonatite	Longonjo Minerals	70%	3,760 sq km
Pegmatite	Ucua	70%	3,760 sq km
Diamonds	Longonjo Diamonds	38%	3,000 sq Km
			18,405 sq km
=====			

A drilling programme has been prepared with the objective of drilling 3,000 metres on each of Longonjo and Cachoeiras: work on the other concession areas will then follow.

Diamonds

CityView initially acquired an option to take up 100% of Canzar Resources Limited, the holder of interests in the Luachisse and Nhefo alluvial and kimberlite diamond concession areas in Angola:

<u>Concession</u>	<u>Percentage</u>	<u>Area</u>
Luachisse	41%	2,720 sq km
Nhefo	42%	3,280 sq km

CityView then converted its option into a 10% net profits interest of Canzar's percentage share of the Luachisse and Nhefo alluvial diamond concessions.

In mid 2008 CityView concluded negotiations with Pensador Resources Inc. to finance the projects in which CityView held interests or was evaluating. Because of the worldwide banking crisis which occurred in the second half of 2008 Pensador was not able to fulfil its obligations: CityView accordingly terminated its arrangements with Pensador.

Under the terms of the unwinding agreements, CityView transferred its 10% net profits interest in Nhefo and Luachisse alluvials to Pensador in return for (i) gaining 18.5% of Angola Diamond Holdings Limited, the parent company of Canzar and (ii) acquiring the right to receivables of \$2.3 million (£1.1 million) and \$4.6 million (US\$3.2 million) owing by Fortitude Minerals Limited.

DIRECTORS' REPORT (cont.)

Oil

Following an extensive data review of four blocks offshore Angola and calculating the timing amount of development capital required, it was decided not to proceed with the offshore programme (the oil price having fallen heavily).

Instead CityView decided to focus on the acquisition of a crude oil refinery which had been offered under option to CityView. The refinery has a 55,000 barrels per day capacity (readily capable of being increased to 100,000 barrels per day capacity) and its design is suitable for West Africa.

An extensive technical review has been undertaken to determine *inter alia* the optimum location, which was finally agreed to be the Niger Delta. Deanshanger Project Limited ("Deanshanger") has been appointed as the project co-ordinator. Under the terms of the joint venture Deanshanger will own two-thirds of the refinery and CityView one-third, with each party sharing the costs of purchase and installation and operation on a pro-rata basis.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

		2008 \$
(a)	An increase in contributed equity of \$25,384,423 (from \$81,930,730 to \$107,315,153)	
	As a result of:	
	Issue of 111,596 fully paid ordinary shares on exercise of options	19,299
	Issue of 63,819,213 fully paid ordinary shares @ \$0.0125	797,740
	Issue of 36,000,000 fully paid ordinary shares @ \$0.10 each	3,600,000
	Issue of 5,000,000 fully paid ordinary shares @ \$0.11 each	550,000
	Issue of 9,000,000 fully paid ordinary shares @ \$0.15 each	1,350,000
	Issue of 12,500,000 fully paid ordinary shares @ \$0.175 each	2,187,500
	Issue of 75,000,000 fully paid ordinary shares @ \$0.222 each	16,650,000
	Issue of 2,000,000 fully paid ordinary shares @ \$0.238 each	476,000
	Issue of 4,000,000 fully paid ordinary shares @ \$0.022 each in lieu of cash payment	88,000
	Issue of 20,000,000 fully paid ordinary shares @ \$0.10 each in lieu of cash payment	2,000,000
	Issue of 750,000 fully paid ordinary shares @ \$ 0.195 each in lieu of cash payment	<u>146,250</u>
		27,864,789
	Less: Costs arising on share issues	<u>(2,480,366)</u>
	Net increase in share capital	<u>25,384,423</u>

(b) The net increase in contributed equity amounting to \$25,384,423 was used principally for the company's portion of the costs of the acquisition and maintenance of its projects in Angola.

DIRECTORS' REPORT (cont.)

Matters Subsequent to the End of the Financial Year

On 21 January 2009, The Company announced the termination of its relationship with Pensador Resources Inc. As a result of the termination, CityView secured an 18.5% holding in Angola Diamond Holdings Ltd, the parent company of Canzar Resources Limited, who holds approximately 42% interests in Nhefo and Luachisse diamond concessions in Angola.

CityView also received the benefit of loans of A\$2.3 million (GBP 1.1 million) and A\$4.6 million (US\$3.2 million) made by Pensador to Fortitude Minerals Limited.

On 27 February 2009, The Company in accordance with the resolution approved at the Extraordinary General Meeting of 30 January 2009, allotted 8,796,000 shares to six of the remaining seven shareholders of European Oil Limited in exchange for their holding in European Oil Limited. CityView now holds 96.42% of European Oil Limited.

On 28 February 2009, The Company completed the placement of the shortfall stock in relation to its rights issue to raise A\$6.2 million. These funds have been loaned to Fortitude Minerals Limited for the payment of licence fees in Angola and the commencement of its work program in Angola.

Likely Developments and Expected Results of Operations

Information on likely developments and expected results of operations of the consolidated entity have not been included in this report as the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The Operators of the Company's projects in Angola hold licences issued by the relevant environmental protection authority covering its operations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any material breach of those environmental requirements.

DIRECTORS' REPORT (cont.)

Information on Directors

Manuel Africano – Chairman. Age: 49

Mr Africano, who is based in Angola, is an expert at doing business in Africa. He recently retired as the Minister for Geology and Mines in Angola and during his term as a senior Minister in the Cabinet he successfully assisted in the rebuilding of Angola's fractured post-war economy.

Mr Africano has been the General Co-ordinator of the African Diamond Producers Association and during Angola's war of independence he was the Director of Mobilisation supervising activities in Europe.

Mr Africano has a Masters Degree in International Relations from the Sorbonne University Paris where he also studied for a doctorate in economics. Mr Africano is fluent in Portuguese, French, English and a number of African languages and has an outstanding network throughout Africa and the Middle East.

Other current directorships

None

Former directorships in the last 3 years

None.

Special Responsibilities

Chairman

Interest in shares and options

None

Peter Mark Smyth – Chief Executive. Age: 69

Mr Smyth has over 40 years of experience in the natural resources sector, which commenced with Selection Trust where he was part of the project development teams for Mt. Newman iron ore and Agnew nickel projects in Australia. Since 1975 he has co-founded a number of successful companies involved in the exploration and production of gold, oil, gas and diamonds around the world. He was appointed to the Board on 6 March 2006.

Other current directorships

2004 – Present Simba Mines Inc

Former directorships in the last 3 years

2005 – 2008 Thor Mining Plc

Special Responsibilities

Chief Executive Officer

Finance Director / Audit committee member

Interest in shares and options

1,050,426 ordinary shares in CityView Corporation Limited.

5,210,086 options over ordinary shares in CityView Corporation Limited

DIRECTORS' REPORT (cont.)

Robert John Francis Brothers – Non Executive Director. Age: 67

Mr Brothers is based in Hong Kong and for over 20 years, owned and operated gas tankers and floating gas storage facilities through Beckworth Enterprises Inc, a ship owning group specialising in the carriage of liquid refrigerated petroleum gas. Prior to working for his own account Mr Brothers was an executive director of the substantial Hong Kong conglomerate Wheelock Marden & Co Ltd.

Other current directorships

None

Former directorships in last 3 years

None

Special Responsibilities

Director

Interest in shares and options

3,000,000 options over ordinary shares in CityView Corporation Limited

Philip Rand – Non Executive Director. Age: 56

Mr Rand, who is based in London, has many years experience in the upstream energy sector working in complex geographical and political environments.

Mr Rand is currently chief executive and chief financial officer of Equator Exploration Limited with operations in West Africa and is a non-executive director of Victoria Oil & Gas PLC and also the Cyprus based Falcon group which has connections with the Abu Dhabi National Oil Co.

Other current directorships

None

Former directorships in the last 3 years

None

Special Responsibilities

Director

Audit committee member

Interest in shares and options

None

Wayne Reid – Non Executive Director. Age: 70

Mr Reid is based in Melbourne and acts as Chairman of CityView's Audit Committee.

He is an experienced public company director having been a director of a number of major Australian companies covering a wide range of business interests. He has been awarded the O.B.E. medal for a lifetime contribution for honorary services to the community and sport.

Other current directorships

None

Former directorships in the last 3 years

None

DIRECTORS' REPORT (cont.)

Special Responsibilities

Director

Chairman of the audit committee

Interest in shares and options

None

Peter George Hunt Smith – Non Executive Director. Age: 76

Mr Smith is a former international banker who served Westpac Bank for 40 years leading to a position as a Senior Manager Asian Banking & Oil & Gas. Mr Smith has a large network of corporate clients and has attended many Government sponsored Trade Missions promoting Western Australia, as well as being responsible for opening an oil & gas office for Westpac in Houston, Texas.

Other current directorships

None

Former directorships in the last 3 years

None

Special Responsibilities

Chairman of the audit committee

Interest in shares and options

None

Ian Egan – Non Executive Director. Age: 61

Mr Egan is based in Melbourne and has extensive operational and Board experience in relation to the development of new operations and the management of established operations. He has worked in the mining industry for more than 35 years, holding senior management positions at BHP including Group General Manager BHP Titanium Minerals and General manager Non-Ferrous Metals BHP Minerals.

Mr Egan is the Chairman of Fortitude Minerals Limited and is non-executive director of Kenmare resources.

Other current directorships

Kenmare Resources

Former directorships in the last 3 years

None

Special Responsibilities

Director

Interest in shares and options

None

DIRECTORS' REPORT (cont.)

Nicholas Paul Hoexter – Non Executive Director. Age: 64

Mr Hoexter is based in London and has been a senior member of BP's HQ policy unit "think tank" and chief economist unit reporting to the main Board of BP. Mr Hoexter has a wide international business experience and is particularly skilled at project evaluation, having been a member of the BP/Selection Trust takeover evaluation/negotiation team. Mr Hoexter was also Chief Executive of the in-house asset leasing company of BG plc.

Other current directorships

None

Former directorships in last 3 years

None

Special Responsibilities

Director

Interest in shares and options

3,000,000 options over ordinary shares in CityView Corporation Limited

Paul Andre de Chazal – Non Executive Director. Age: 66

Mr de Chazal, who is based in London, was a partner involved for over thirty years in the international affairs of Simmons & Simmons, one of the world's largest international law firms. He has acted for many substantial industrial and financial companies. Mr de Chazal has been a director of a number of insurance companies and was for many years a director of the executive committee of the Belgian-Luxemburg Chamber of Commerce in Great Britain.

Other current directorships

None

Former directorships in last 3 years

None

Special Responsibilities

Director

Interest in shares and options

3,000,000 options over ordinary shares in CityView Corporation Limited

Company secretary

The company secretary is Mr Paul Williams. Mr Williams studied a bachelor of business degree and was appointed to the position of company secretary on 31 July 2007. Prior to joining CityView Corporation Limited he was working in London with another Australian listed public company with mining interests in Mauritania.

DIRECTORS' REPORT (cont.)

Meeting of Directors

The numbers of meetings held during the year ended 31 December 2008, were: 13

	Meetings Eligible to Attend	Meetings Attended
M A Africano	6	4
P M Smyth	13	13
R J F Brothers	13	11
P Rand	6	6
W V Reid	6	5
P G H Smith	1	-
I R Egan	6	6
N P Hoexter	8	8
P A de Chazal	8	5

Remuneration Report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share based compensation
- E Additional information

The information provided under headings A to E includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

There has been no share based payments to the directors or key management personnel under the employee share and option plan introduced and approved by shareholders at the company's annual general meeting on 4 May 2007.

There is no further additional information.

A Principles used to determine the nature and amount of remuneration (audited)

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and other non-cash payments. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. To assist in achieving these objectives, the Board links the nature and amount of executive directors' and officers' emoluments on an annual basis based on market conditions.

On 4 May 2007 at the company annual general meeting the directors proposed a monthly fee payable to all directors of \$2,500 p/mth which was approved by shareholders.

The only relationship between shareholder wealth, company performance and remuneration is the effect that the underlying share price has on the valuation of key management personnel options.

The following table shows the gross revenue, profits and dividends paid to shareholders.

DIRECTORS' REPORT (cont.)

	2004	2005	2006	2007	2008
Revenue	\$0.017m	\$0.007m	\$0.049m	\$0.210m	\$0.092m
Net loss	\$0.7m	\$2.7m	\$7.0m	\$14.0m	\$37.0m
Share price at year end	1.29c	7.2c	11.83c	29.0c	1.1c
Number of shares on issue at year end	80.6m	80.6m	184.5m	333.7m	561.9m
Dividends paid	-	-	-	-	-

The Board has not established a remuneration committee in view of the size of the Company. The Director and CEO, Mr Mark Smyth has a service agreement with the company.

The Company secretary Mr Paul Williams has a service agreement with the company.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves.

B Details of Remuneration (audited)

Details of the nature of each element of the emoluments of each key management personnel paid during 2008 are as follows:-

2008 Name	Short-term employee benefits		Post- employment Benefit	Share-based payments	Total \$	% Linked to Performance
	Cash salary and service fees \$	Performance fees \$				
M A Africano	-	-	-	-	-	-
P M Smyth	250,000	-	-	-	250,000	-
R J F Brothers	30,000	-	-	201,230	231,230	-
P Rand	-	-	-	-	-	-
W V Reid	-	-	-	-	-	-
P G H Smith	10,000	-	-	-	10,000	-
I R Egan	12,500	-	-	-	12,500	-
N P Hoexter	27,500	-	-	-	27,500	-
P A de Chazal	22,500	-	-	-	22,500	-
Total key management personnel compensation	352,500	-	-	201,230	553,730	-
Other Executives						
P Williams	138,190	-	4,810	-	143,000	-

There were no other key management personnel of the company during the financial year.

DIRECTORS' REPORT (cont.)

2007 Name	Short-term employee benefits		Post- employment Benefit	Share-based payments	Total \$	% Linked to Performance
	Cash salary and service fees \$	Performan ce fees \$				
P M Smyth	195,000	-	-	690,000	885,000	-
P G H Smith	15,000	-	-	417,000	432,000	-
N P Hoexter	-	-	-	417,000	417,000	-
P A de Chazal	7,500	-	-	417,000	424,500	-
R J F Brothers	-	-	-	-	-	-
J H Jacoby	6,000	-	-	276,000	282,000	-
M al Ansari	20,000	-	-	-	20,000	-
Total key management personnel compensation	243,500	-	-	2,217,000	2,460,500	-
Other Executives						
P Williams	127,560	-	4,440	352,400	484,400	-

C Service Agreements (audited)

Romarcam Investments Pty Ltd has contracted to provide the services of Mr Mark Smyth to act as Chief Executive of CityView Corporation Limited. Mr Smyth took up the position of Chief Executive on March 6, 2006. The contract is for a period of up to five years and can be terminated by either party on one year's notice. The fees payable under the contract are \$15,000 per month. Mr Smyth also receives a director's fee of \$2,500 per month which was approved by shareholders at the company's annual general meeting held on May 4, 2007.

Mr Paul Williams is contracted to provide accounting, administration and Company secretarial duties. The contract can be terminated by the Company on one year's notice. The fees payable under the contract are \$11,000 per month including superannuation.

No other key management personnel have service agreements with the company.

D Share based compensation (audited)

Options

Options over shares in CityView Corporation Limited are granted under the CityView Corporation Limited Employee Share and Option Plan which was approved by shareholders at the 2007 annual general meeting. The Employee Share and Option Plan is designed to provide long term incentives for executives to deliver long term shareholder returns. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guarantee benefits.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are below.

DIRECTORS' REPORT (cont.)

Summary of options granted to Directors from 01/01/2008 to 31/12/2008 are as follows:

Grant date	Date vested	Expiry date	Exercise price	Value per option at grant date
23/05/2008	23/05/2008	30/11/2009	\$0.15	\$0.067

Summary of options granted under ESOP from 01/01/2008 to 31/12/2008 are as follows:

Grant date	Date vested	Expiry date	Exercise price	Value per option at grant date
Nil	Nil	Nil	Nil	Nil

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Details of options over ordinary shares in the company provided as remuneration to each of the key management personnel of CityView Corporation Limited are set out below. When exercisable, each option is convertible into one ordinary share of CityView Corporation Limited. Further information on the options is set out in note 23 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2008	2007	2008	2007
P M Smyth	-	5,000,000	-	5,000,000
R J F Brothers	3,000,000	-	3,000,000	-
P G H Smith	-	3,000,000	-	3,000,000
N P Hoexter	-	3,000,000	-	3,000,000
P A de Chazal	-	3,000,000	-	3,000,000
J H Jacoby	-	2,000,000	-	2,000,000
<i>Other Company and Group Executives</i>				
P Williams	-	5,000,000	-	5,000,000

The model inputs, not included in the table above, for options granted during the year ended 31 December 2008 include:

- a) Options are granted for no consideration and vest over one and a half years
- b) Share price at grant date was \$0.155
- c) Expected volatility, based on the history of the companies share price, range from 0.2620 to 0.9076
- d) Expected dividend yield of Nil
- e) A risk free interest rate of 6.03%

DIRECTORS' REPORT (cont.)

E Additional Information (unaudited)

Share-based compensation: Options

Further details relating to options are set out below.

<i>Name</i>	<i>A Remuneration Consisting of Option</i>	<i>B Value at Grant date</i>	<i>C Value at Exercise Date</i>	<i>D Value a Lapse Date</i>
R J F Brothers	87%	201,230	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

Share Options

As at the date of this report, there were 96,529,950 unissued ordinary shares under option. The details of the options are as follows:

Number	Exercise Price \$	Expiry Date
96,529,950	0.15	30 November 2009

Insurance of Officers

The Company paid insurance premiums in respect of Directors' and Officers' liability insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity and related joint venture companies. The total amount of the premium paid in respect of the Directors' and Officers' liability insurance has not been disclosed due to confidentiality reasons.

Proceedings on behalf of the company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the court under section 237 of the *Corporations Act 2001*.

Non-audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

DIRECTORS' REPORT (cont.)

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Amount paid/payable to Somes and Cooke for audit of the financial report for the Company is \$14,562.00. The amount paid/payable to Somes and Cooke for non-audit taxation services performed for the Company is \$ Nil.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

Rounding of Amounts

The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors

Somes and Cooke continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.



P.M. Smyth
Director
Perth
31 March 2009



CityView Corporation Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CityView Corporation Ltd.

As lead audit partner for the audit of the financial statements of CityView Corporation Ltd. for the year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

SOMES and COOKE

K. C. Somes

31 March 2009
1304 Hay Street
West Perth WA 6005



INDEPENDENT AUDITOR'S REPORT

To the members of CityView Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of CityView Corporation Limited (the Company) and Controlled entities (the Consolidated entity), which comprises the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of CityView Corporation Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (Including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian Equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors of the company are also responsible for the remuneration disclosures contained in the director's report.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

BASIS FOR DISCLAIMER OF AUDITOR'S REPORT

Limitation of scope

We have been unable to obtain all the information and explanations we require in order to form an opinion on the financial report in respect to the following investments and payments as detailed below.

Investments - Associated Companies

Balances prior to impairment through the Income Statement

- European Oil Limited \$ 887,760
- Fortitude Minerals Limited \$ 10,064,021
- Pensador Resources Inc \$ 12,436,720

Audited financial accounts for the period ended 31st December 2008 have not been made available to us in respect to the above associated companies or other evidence to support the investments.

Write off – Preliminary diamond exploration expenditure \$4,190,413.

We have not been provided with sufficient evidence to perform appropriate audit procedures to test the integrity of the above expenditure which has been written off through the Income Statement.

DISCLAIMER OF AUDITOR'S OPINION

In our opinion

- a) because of the limitation on the scope of our work as described in the preceding paragraph we are unable to and do not express an opinion as to whether the financial report of CityView Corporation Limited is in accordance with the *Corporation Act 2001* including:
 - i) giving a true and fair view of the Company's and Consolidated entity's financial position as at 31st December 2008 and of its performance for the year ended on that date ; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1

MATERIAL UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without further qualifying our opinion we draw attention to the matters set out in note 1(c) in the financial report. These matters indicate the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

AUDITOR'S OPINION OF AASB 124 REMUNERATION DISCLOSURES CONTAINED IN THE DIRECTOR'S REPORT

We have audited the Remuneration Report included in pages 17 to 21 of the director's report for the year ended 31st December 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

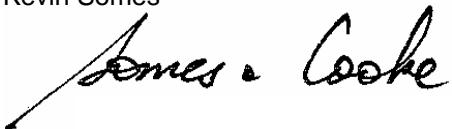
AUDITORS OPINION

In our opinion the remuneration disclosures that are contained in the director's report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

We do not express an opinion on any other disclosure made in the Director's Report.



Kevin Somes



Somes and Cooke
1304 Hay Street
West Perth WA 6005

31 March 2009

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 28 to 65 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- c) the audited remuneration disclosures set out on pages 17 - 21 of the directors report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



P M Smyth
Director
Perth
31 March 2009

CITYVIEW CORPORATION LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	NOTE	Consolidated Entity		Parent Entity	
		31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
		\$	\$	\$	\$
Revenue from continuing operations	2	92,250	210,063	92,250	205,352
Administration expenses		(1,337,070)	(819,487)	(1,337,070)	(718,836)
Employee wages and benefits expense		(292,485)	(121,286)	(292,485)	(121,286)
Employee share based payment		(201,230)	(2,710,370)	(201,230)	(2,710,370)
Consulting/Legal expenses		(2,404,942)	(667,966)	(2,404,942)	(589,946)
Depreciation and amortisation expense		(15,197)	(7,329)	(15,197)	(7,329)
Occupancy Expenses		(95,030)	(79,897)	(95,030)	(79,897)
Impairment of Other Financial Assets		(23,388,503)	(5,267,620)	-	-
Write off - Exploration & Evaluation expenses		-	(2,157,059)	-	-
Write off - Cameroon Oil deposit		-	(1,896,409)	-	-
Prov'n for diminution of Loans to Controlled Entities		-	-	(32,459,544)	(11,148,113)
Write off - Canzar Resources option fee		(1,191,182)	-	-	-
Preliminary diamond exploration expenditure		(4,190,413)	-	-	-
Write off – Fee in relation Enditrade Logistics		(2,000,000)	-	-	-
Write off – Refinery settlement		(800,000)	-	-	-
Fortitude mineral expenses		(637,493)	-	-	-
Marketing expenses		(538,525)	(430,820)	(538,525)	(430,820)
Other expenses		(30,943)	(26,516)	(30,943)	(26,516)
Loss from continuing operations	3	(37,030,763)	(13,974,696)	(37,282,716)	(15,627,761)
Income tax expense		-	-	-	-
Loss for the year		(37,030,763)	(13,974,696)	(37,282,716)	(15,627,761)
Loss is attributable to:					
Equity holders of CityView Corporation Limited		(37,030,763)	(13,845,403)	(37,282,716)	(15,627,761)
Minority interests		-	(129,293)	-	-
Basic loss per share (cents per share)	16	(37,030,763)	(13,974,696)	(37,282,716)	(15,627,761)
Where diluted losses per share are not diluted, they are not disclosed.		(8.47c)	(5.50c)		

The above income statement should be read in conjunction with the accompanying notes.

CITYVIEW CORPORATION LIMITED

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE	Consolidated Entity		Parent Entity		
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	
	\$	\$	\$	\$	
ASSETS					
Current assets					
Cash and cash equivalents	6	128,912	12,160,763	128,902	12,064,404
Trade and other receivables	7	27,928	66,449	27,928	66,449
Total current assets		156,840	12,227,212	156,830	12,130,853
Non-current assets					
Other financial assets	8 & 9	-	2	10	10
Available for sale financial assets		-	-	-	-
Property, plant and equipment	10	24,755	34,890	24,755	34,890
Exploration and evaluation expenditure	11	-	-	-	-
Total non-current assets		24,755	34,892	24,765	34,900
Total assets		181,595	12,262,104	181,595	12,165,753
LIABILITIES					
Current liabilities					
Trade and other payables	12	13,010	300,105	13,010	300,105
Total current liabilities		13,010	300,105	13,010	300,105
Total liabilities		13,010	300,105	13,010	300,105
Net assets		168,585	11,961,999	168,585	11,865,648
EQUITY					
Contributed equity	13	107,315,153	81,930,730	107,315,153	81,930,730
Reserves	14	5,185,046	4,983,816	5,185,046	4,983,816
Accumulated losses	15	(112,331,614)	(75,300,851)	(112,331,614)	(75,048,898)
Minority Interests	25	-	348,304	-	-
Total equity		168,585	11,961,999	168,585	11,865,648

The above balance sheet should be read in conjunction with the accompanying notes.

CITYVIEW CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated Entity	Parent Entity
	NOTE	31-Dec-08	31-Dec-07
		\$	\$
Cash flows from operating activities			
Interest received		92,250	210,063
Payments to suppliers and employees inc gst.		(5,303,255)	(1,670,738)
Net cash outflow from/(used in) operating activities	19(b)	(5,211,005)	(1,460,675)
Cash flows from investing activities			
Inter-company funds transfers		-	-
Payments for mineral exploration expenditure		(4,587,152)	-
Payments for acquisition of subsidiaries		-	-
net of cash acquired		-	-
Payments for other financial assets		(8,354,253)	(7,164,032)
Net cash outflow from/(used in) investing activities		(12,941,405)	(9,017,453)
Cash from financing activities			
Proceeds from pro-rata option issue		-	2,273,446
Proceeds from the issue of shares		8,596,289	20,304,121
Share issue costs		(2,475,730)	(845,116)
Net cash inflow from financing activities		6,120,559	21,732,451
Net increase / (decrease) in cash		(12,031,851)	11,254,323
Cash at the beginning of the period		12,160,763	906,440
Cash at the end of the period	19(a)	128,912	12,160,763

The above cash flow statement should be read in conjunction with the accompanying notes.

CITYVIEW CORPORATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008**

		Consolidated Entity		Parent Entity	
		31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	NOTE	\$	\$	\$	\$
Total equity at the beginning of the Financial year		11,961,999	922,490	11,865,648	2,956,801
Minority interests		(348,304)	348,304	-	-
Loss for the year attributable to CityView Corporation Limited		(37,030,763)	(13,845,403)	(37,282,716)	(15,627,761)
Total recognised income and expenses For the year		(37,030,763)	(13,845,403)	(37,282,716)	(15,627,761)
Shares Issued	13	27,864,789	20,664,121	27,864,789	20,664,121
Share Issue Cost	13	(2,480,366)	(1,111,329)	(2,480,366)	(1,111,329)
Reserves	14	201,230	4,983,816	201,230	4,983,816
		25,585,653	24,536,608	25,585,653	24,536,608
Total equity at the end of the Financial year		168,585	11,961,999	168,585	11,865,648

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1. Statement of Significant Accounting Policies

(a) Basis of Reporting

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, all applicable Australian Accounting Standards and Australian Accounting interpretations.

The financial report covers the consolidated entity CityView Corporation Limited (“CityView”) and its controlled entities and CityView as an individual parent entity. CityView is a listed public company, incorporated and domiciled in Australia. The accounting policies have been consistently applied to all years presented unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical cost and, except where stated, does not take into account changing money values or current valuations of non current assets. Cost is based on the consideration given in exchange for assets.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of CityView Corporation Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment.

Significant Accounting Policies

Accounting policies are selected and applied in a manner, which ensures that the resulting financial information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported.

Voluntary Change in Accounting Policy

Exploration and Evaluation Expenditure

Exploration and evaluation costs including the costs of acquiring tenements and licenses are expensed in the income statement in the year in which they are incurred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policy by the group.

The reason why the directors have adopted this policy are:

- Uncertainty as to the carrying value of the mineral tenements in today's economic climate.
- Sovereign risk in respect to the location of the mineral tenements and licenses.

The adjustments to the financial accounts are disclosed in Note 27.

Changes to Comparative Figures for a material misstatement in the prior years report

The following changes have been made to the comparative figures.

Consolidated Entity

Deposit – Cameroon Oil at cost \$1,896,409, written off through the income statement.

Parent Entity

Loans to consolidated entity at cost \$11,148,113, written off through the income statement.

The adjustments to the financial accounts are disclosed in Note 27.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(b) Principles of Consolidation

A controlled entity is an entity controlled by CityView. Control exists where CityView has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with CityView to achieve the objectives of CityView. A list of controlled entities is contained in Note 18 to the financial statements.

All inter company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(c) Going Concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 31 December 2008, and in accordance with the company's change in accounting policy, the company recorded a loss of \$37,030,763.

The company expects to be able to maintain sufficient cash reserves to meet day to day obligations as and when they fall due for the next 12 month period.

The company has available to it one or more of the following sources of funding:

- Further issue of shares
- Sale of exploration properties held by associates

The Board of Directors is aware of the company's working capital requirements to continue its normal business activities and based on the above matters consider the going concern basis of preparation to be appropriate for this financial report.

In the event that the above matters do not eventuate, there exists uncertainty as to whether the company will be able to continue as a going concern and realise its assets extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

CityView Corporation Limited and its wholly-owned subsidiary have implemented the tax consolidation legislation from 1 January 2004. CityView Corporation Limited is the head entity in the tax consolidated group. The stand-alone taxpayer/separate tax payer within a group approach has been used to allocate current income tax expenses and deferred tax balances to wholly-owned subsidiaries that form part of the tax consolidated group. CityView Corporation Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year.

(e) Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is CityView Corporation Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as a separate component of equity.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

On consolidation, exchange differences arising from the translation of any investment in foreign entities and of borrowings and other financial instruments designed as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of that net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale where applicable.

(f) Exploration and Evaluation Expenditure

Exploration and evaluation costs including the costs of acquiring tenements and licenses are expensed in the income statement in the year in which they are incurred.

The policy previously adopted is set out below.

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the consolidated entity's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the respective areas of interest or the ultimate sale of those areas or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

While the share of revenue from the operations in Angola will be receivable by the consolidated entity in US dollars, the directors are not able to determine what affect these factors, together with any movements in world mineral and oil and gas prices, may have on the future values of any expenditure carried forward.

(g) Equipment

Each class of equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

The carrying amount of equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

(h) Depreciation

All equipment has been depreciated on a straight-line basis so as to write off the net cost of each asset over its expected useful life. The normal estimated useful life for equipment adopted for depreciation purposes is 3 years.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

(i) Impairment of Assets

At each reporting date the group assesses whether there is any indication that individual assets may be impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Investments in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recorded at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post acquisition profits or losses is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from the associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(k) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make payments for the purchase of goods or services received prior to the end of the financial year which are unpaid. They are unsecured and usually payable within 30 days.

(l) Receivables

Trade and other receivables are recorded at amounts due less provision for doubtful debts if recovery of the full amount due is no longer probable. Bad debts are written off when identified.

(m) Employee Entitlements

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave that will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

The Company does not record as an asset or a liability, the difference between the employer established defined benefit superannuation plan's accrued benefits and the net market value of the plans assets.

The Company also uses the services of consultants and contractors on an as needs basis.

Share based payments

Share based compensation benefits are provided to employees via the CityView Corporation limited Employee Share and Option Plan. Information relating to the scheme is set out in note 23.

The fair value of options granted under the CityView Corporation Limited "ESOP" is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

(n) Cash

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments with less than 20 days to maturity.

(o) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting

(p) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of CityView Corporation Limited, adjusted for the after tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) GST

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(s) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are required. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(t) Investments

(i) Available for sale financial assets

Available for sale financial assets, are non derivatives that are either designated in this category or not classified in any other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Statement of Significant Accounting Policies (cont)

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 7).

(u) Fair value estimations

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purpose.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets if held by the Group would be the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

(v) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg as a result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income tax) is recognised directly in equity.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(w) New standards and interpretations not yet adopted

The following new standards and interpretations have a potential impact on the Financial Report, but have an effective date after the financial reporting date.

*AASB 3 Business Combinations (2008) and
AASB 127 Consolidated and Separate
Financial
Statements*

AASB 3 and AASB 127 are a result of the joint IASB-FASB Business Combinations Phase II project. The Standards alter the manner in which business combinations and changes in ownership interests in subsidiaries are accounted for. Consequential amendments to other Standards are made through AASB 2008-3.

AASB 8 Operating Segments

AASB 8 will replace AASB 114 *Segment Reporting* and adopts a management approach to report on a company's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments.

AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 2007-3 was issued as a consequence of the issuance of AASB 8.

AASB 101 Presentation of Financial Statements (Revised, September 2007)

The revised AASB 101 is the result of phase A of the IASB's financial statement presentation project. The revised Standard introduces total comprehensive income, which represents the change in equity during a period, other than changes from transactions with owners in their capacity as owners.

AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007)

AASB 2007-8 was issued as a consequence of the issuance of the revised AASB 101.

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 2007-10 makes further changes to presentation and disclosure and builds on the changes made by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The Standard is a result of the IASB's first Annual Improvements Project. It makes amendments to several Accounting Standards which may result in changes for presentation, recognition or measurement.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The Standard is a result of the IASB's first Annual Improvements Project. It makes amendments to several Accounting Standards which may result in changes for presentation, recognition or measurement.

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The Standard makes clarifying amendments to several other Accounting Standards. Amongst other things the Standard specifies the accounting for certain transactions where a newly formed entity becomes the new parent of another entity or group.

The potential effect of these standards and Interpretations is yet to be fully determined. However it is not expected that the new Standards and Interpretations will significantly affect the group's financial position.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

Statement of Significant Accounting Policies (cont)

(x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
2 Revenue from continuing operations				
Interest received – other parties	92,250	210,063	92,250	205,352
Total Revenue	<u>92,250</u>	<u>210,063</u>	<u>92,250</u>	<u>205,352</u>
3. Loss from continuing operations				
<i>Loss before income tax has been determined after:</i>				
<i>Expenses</i>				
General and administrative expenses	2,059,803	1,118,006	2,059,803	1,017,355
Share based payments	435,480	3,070,370	435,480	3,070,370
Depreciation and amortisation	15,197	7,329	15,197	7,329
Consultants/Legal Services	2,404,942	667,966	2,404,942	589,946
Impairment of Other Financial Assets	23,388,503	5,267,620	-	-
Write off - Exploration & Development expenses	-	2,157,059	-	-
Write off – Cameroon Oil deposit	-	1,896,409	-	-
Prov'n for diminution of Loans to Controlled Entities	-	-	32,459,544	11,148,113
Write off – Canzar Resources option fee	1,191,182	-	-	-
Preliminary diamond exploration expenses	4,190,413	-	-	-
Write off – Fee in relation to Enditrade Logistics	2,000,000	-	-	-
Write off – Refinery settlement	800,000	-	-	-
Fortitude mineral expenses	637,493			
	<u>37,123,013</u>	<u>14,184,759</u>	<u>37,374,966</u>	<u>15,833,113</u>
4. Income Tax				
(a) Income tax benefit				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax benefit is attributable to:				
Loss from continuing operations	-	-	-	-
Aggregate income tax benefit	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred income tax (revenue) expense comprises:				
Decrease (increase) in deferred tax assets	-	-	-	-
Decrease (increase) in deferred tax liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	37,030,763	(13,974,696)	37,282,716	(15,627,761)
Tax at the Australian tax rate of 30% (2007-30%)	(11,109,228)	(4,192,408)	(11,184,814)	(4,688,328)
Permanent non-deductible difference	9,722,646	3,305,232	9,722,646	3,834,316
Losses not recognised	1,386,582	887,176	1,386,582	854,012
Income tax benefit	-	-	-	-
Effective tax rate (%)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

4. Income Tax continued

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
(c) Tax Losses				
Unused tax losses for which no deferred tax asset has been recognised	9,900,016	5,278,078	9,900,016	5,278,078
Potential tax benefit @ 30%	2,970,004	1,583,423	2,970,004	1,583,423

5. Remuneration of Auditors

Amounts paid/payable for audit of the financial report for the company:

Auditing services	14,562	35,000	14,562	35,000
	14,562	35,000	14,562	35,000

Amounts paid/payable for non-audit taxation services performed for the company:

Taxation services	-	15,000	-	15,000
	-	15,000	-	15,000

6. Cash and Cash Equivalents

Cash on hand	500	500	500	500
Cash at bank	128,412	388,553	128,402	292,194
Deposits at call	-	11,771,710	-	11,771,710
	128,912	12,160,763	128,902	12,064,404

Cash at bank and deposits at call attract an interest rate of 3.75% (2007 6.20%)

The group's and the parent entity's exposure to interest rate risk is discussed at note 20.

7. Trade and Other Receivables

Deposits	6,352	6,352	6,352	6,352
GST Receivable	21,576	60,097	21,576	60,097
Loans to controlled entities – at cost	-	-	43,607,657	11,148,113
Less Provision for diminution	27,928	66,449	(43,607,657)	(11,148,113)
	27,928	66,449	27,928	66,449

Also see note 27.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity	Parent Entity		
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
8. Non-Current Other Financial Assets				
Deposit – Cameroon Oil at cost	-	-	-	-
Total Non-Current other financial assets	-	-	-	-
Also see note 27.				
9. Non-Current Other Financial Assets				
Investment – In controlled entity	-	-	10	10
Investments in Associated Entities				
Investment - Quest Energy Middle East Limited	-	-	-	-
Investment – Madura / Simenggaris at cost	2	2	-	-
Investment – European Oil Limited at cost	1,600,910	713,150	-	-
Investment – Fortitude Minerals at cost	14,882,241	4,818,220	-	-
Investment – Pensador Resources Inc at cost	12,436,720	-	-	-
Impairment note (a)	(28,919,873)	(5,531,370)	-	-
Total Non-Current other financial assets	-	2	10	10
Balance at the beginning of the year	2	2	-	-
Additions	23,388,501	-	-	-
Disposals (sale and redemption)	-	-	-	-
Impairment	(23,388,503)	-	-	-
	-	2	-	-
Unlisted securities (note (b))				
Equity securities	-	2	-	-
	-	2	-	-

Also see note 27.

(a) Impairment

The principle activity of the above associate entities is mineral exploration. It is the policy of the consolidated entity to expense exploration and evaluation expenditure. The application of this policy to the above associated entities has resulted in the impairment of the above, other financial assets.

(b) Unlisted securities

Unlisted securities are traded in inactive markets. They are recorded at cost and written off through the income statement in accordance with the company's accounting policy.

Included in unlisted securities are shares in issued capital of Fortitude Minerals Limited at fair value of the Australian dollar equivalent to US\$1.39 per share (at cost).

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
10. Equipment				
Equipment at cost	73,630	73,630	73,630	73,630
Disposals	(22,504)	-	(22,504)	-
Less accumulated depreciation	(26,371)	(38,740)	(26,371)	(38,740)
	24,755	34,890	24,755	34,890
Balance at the beginning of year	34,890	10,874	34,890	10,874
Additions	5,062	31,345	5,062	31,345
Depreciation expense	(15,197)	(7,329)	(15,197)	(7,329)
Carrying amount at year end	24,755	34,890	24,755	34,890
11. Exploration and Evaluation Expenditure				
Exploration and evaluation costs	-	-	-	-
	-	-	-	-
Balance at the beginning of the year	-	-	-	-
Exploration and evaluation costs – Angola	-	3,927,977	-	-
Costs written off	-	(3,927,977)	-	-
	-	-	-	-
Also see note 27.				
12. Trade and Other Payables				
Trade creditors	-	-	-	-
Accrued expenses	4,576	295,343	4,576	295,343
Annual leave	8,434	4,762	8,434	4,762
	13,010	300,105	13,010	300,105

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

13. Contributed Equity

(a) Share capital

	Number of Shares	Share Capital
		\$
Ordinary fully paid shares at 31 December 2007	333,692,632	81,930,730
Ordinary fully paid shares at 31 December 2008	561,873,441	107,315,153

Effective 1 July 1998, the corporation's legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the company does not have authorised capital or par value in respect of its issued shares.

(b) Movements in ordinary shares on issue

Balance at beginning of year	333,692,632	81,930,730
Exercise of options	111,596	19,299
Issue of fully paid ordinary shares @ \$0.0125	63,819,213	797,740
Issue of fully paid ordinary shares @ \$0.10	36,000,000	3,600,000
Issue of fully paid ordinary shares @ \$0.11	5,000,000	550,000
Issue of fully paid ordinary shares @ \$0.15	9,000,000	1,350,000
Issue of fully paid ordinary shares @ \$0.175	12,500,000	2,187,500
Issue of fully paid ordinary shares @ \$0.222	75,000,000	16,650,000
Issue of fully paid ordinary shares @ \$0.238	2,000,000	476,000
Issue of fully paid ordinary shares @ \$0.022 in satisfaction of promotion and marketing of the company	4,000,000	88,000
Issue of fully paid ordinary shares @ \$0.10 in satisfaction of fees in relation to Enditrade Logistics	20,000,000	2,000,000
Issue of fully paid ordinary shares @ \$0.195 in satisfaction of promotion and marketing of the company	750,000	146,250
Share issue costs	-	(2,480,366)
	<hr/> 561,873,441	<hr/> 107,315,153

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary shareholder is entitled to one vote when a poll is called otherwise each shareholder has one a show of hands.

(c) Options:

As at 31 December 2008 there were 96,529,950 options on issue. The options have a exercise price of 15c and expire on 30November 2009.

(d) Dividends:

The Directors declared no dividend during the reporting period.

(e) Franking credits:

The Company retains no franking credits for the year ended 31 December 2008 and the year ended 31 December 2007.

(f) Capital risk management:

The group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to potentially provide for shareholders in the future and to maintain an optimal capital structure to reduce the cost of capital.

At 31 December 2007 and 2008 the parent and group entities were debt free, the gearing ratio's for both parent and group was zero.

Consolidated Entity		Parent Entity	
31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
\$	\$	\$	\$

14. Reserves

Reserves

Share based payment reserve	2,911,600	2,710,370	2,911,600	2,710,370
Option premium reserve	2,273,446	2,273,446	2,273,446	2,273,446
	5,185,046	4,983,816	5,185,046	4,983,816

Movements

Share based payment reserve				
Balance at the beginning of the year	2,710,370	-	2,710,370	-
Movement during the year	201,230	2,710,370	201,230	2,710,370
Balance at 31 December	2,911,600	2,710,370	2,911,600	2,710,370
Option premium reserve				
Balance at the beginning of the year	2,273,446	-	2,273,446	
Movement during the year	-	2,273,446	-	2,273,446
Balance at 31 December	2,273,446	2,273,446	2,273,446	2,273,446

The share based payment reserve is used to recognise:

- The fair value of shares and options issued to employees and key management personnel.

Option premium reserve is the value received in relation to the pro rata option issue to shareholders

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

15. Accumulated losses

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
Accumulated losses at the beginning of the financial year	(75,300,851)	(61,455,448)	(75,048,898)	(59,421,137)
Net loss attributable to the members of the parent entity	(37,030,763)	(13,845,403)	(37,282,716)	(15,627,761)
Accumulated losses at the end of this financial year	(112,331,614)	(75,300,851)	(112,331,614)	(75,048,898)

Also see note 27.

16. Earnings per share

	31-Dec-08	31-Dec-07
(a) Basic and diluted loss per share (cents per share)	(8.47c)	(5.50c)
The weighted average number of ordinary shares on issue used in the calculation of basic and diluted losses per share	436,891,527	251,606,109
(b) Diluted losses per share are not disclosed, as they are not diluted.		
(c) Loss from continuing operations used to calculate basic earnings per share	(37,030,763)	(13,845,403)

17. Financial Reporting by Segments

(a) Primary Segments

	Investments		Exploration		Unallocated		Consolidated	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue/income	-	-	-	-	92,250	210,063	92,250	210,063
Segment profit/(loss) after income tax	(37,123,013)	(14,184,759)	-	-	92,250	210,063	(37,030,763)	(13,974,696)
Segment Assets	181,595	12,262,104	-	-	-	-	181,595	12,262,104
Segment Liabilities	(13,010)	(300,105)	-	-	-	-	(13,010)	(300,105)
Depreciation/amortisation	(15,197)	(7,329)	-	-	-	-	(15,197)	(7,329)
Investments in associates, Exploration expenditure	-	-	-	-	-	-	-	-

The major products and services covered by those segments are:

Investments from general financing and corporate activities

Exploration of minerals and oil and gas interests

Also see note 27.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

17. Financial Reporting by Segments (Continued)

(b) Secondary Segments

	Indonesia		Africa/Middle East		Australia		Unallocated		Consolidated	
	31Dec08	31Dec07	31Dec08	31Dec07	31Dec08	31Dec07	31Dec08	31Dec07	31Dec08	31Dec07
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue/income	-	-	-	-	-	-	92,250	210,063	92,250	210,063
Segment profit/(loss) after income tax	-	-	-	(9,450,381)	(37,123,013)	(4,734,378)	92,250	210,063	(37,030,763)	(13,974,696)
Segment Assets	-	2	-	-	181,595	12,262,102	-	-	181,595	12,262,102
Segment Liabilities	-	-	-	-	(13,010)	(300,105)	-	-	(13,010)	(300,105)
Depreciation / amortisation	-	-	-	-	(15,197)	(7,329)	-	-	(15,197)	(7,329)
Investments in associates, exploration expenditure	-	-	-	-	-	-	-	-	-	-

The pricing of inter-segmental transactions is the same as prices charged on transactions with parties outside the economic entity.

Also see note 27.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

18. Particulars Relating to All Entities

	Country of Incorporation	Type of Shares Held	Principal Activity	Ownership interest	
				2008	2007
Parent entity					
CityView Corporation Limited	Australia	Ordinary	Investment	100%	100%
Controlled entities					
CityView Asia Pty Ltd	Australia	Ordinary	Exploration	100%	100%
Glenvale Associates Limited	Belize	Ordinary	Exploration	-	79%
Other Financial Assets					
European Oil Limited	UK	Ordinary	Exploration	70%	-
Fortitude Minerals Limited	Belize	Ordinary	Exploration	45%	8.00%
Pensador Resources Inc.	USA	Ordinary	Exploration	18.5%	-
Quest Energy Middle East Limited	UAE	Ordinary	Exploration	-	8.30%
Medco Madura Pty Ltd	Australia	Ordinary	Exploration	-	2.65%
Medco Simenggaris Pty Ltd	Australia	Ordinary	Exploration	-	2.50%

The accounts of, Fortitude Minerals Limited are not included in the consolidated accounts according to the equity method of accounting for investments because the Company does not exercise a significant influence over those companies.

European Oil Limited for accounting purposes has been treated as an associate as the Company administers no control and has not received any financial accounts to 31 December 2008.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec 07
	\$	\$	\$	\$
19. Notes to Statement of Cash Flow				
(a) Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:				
Cash	128,912	12,160,763	128,902	12,064,404
	128,912	12,160,763	128,902	12,064,404
(b) Reconciliation of loss from ordinary activities after tax to net cash (used by) operating activities				
Loss from continuing operations	(37,030,763)	(13,974,696)	(37,282,716)	(15,627,761)
Add non cash operating items:				
Depreciation	15,197	7,329	15,197	7,329
Impairment of Other Financial Assets	23,388,503	5,267,620	-	-
Exploration & Development expenditure written off	3,437,493	2,157,059	-	-
Cameroon Oil deposit written off	-	1,896,409	-	-
Loans to Controlled Entities written off	-	-	32,459,544	11,148,113
Option Fee Canzar Resources written off	1,191,182	-	-	-
Preliminary diamond exploration expenditure written off	4,190,413	-	-	-
Share based payments – ESOP	201,230	2,710,370	201,230	2,710,370
Share based payments – Marketing	234,250	360,000	234,250	360,000
Change in assets and liabilities net of the effect of purchase and disposal of controlled entities:				
	(285,000)			(285,000)
(Increase)/decrease in receivables	38,521	(48,770)	38,521	(48,770)
(Decrease)/increase in payables	(287,095)	287,602	(287,095)	287,602
Foreign exchange losses	(8,316)	(12,558)	(8,316)	(12,558)
Minority Interests	(581,620)	173,960	(581,620)	-
Net cash (used) by operating activities	(5,211,005)	(1,460,675)	(5,211,005)	(1,460,675)

(c) For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market Instruments, net of outstanding bank overdrafts.

(d) Non cash financing and investing activities

During the financial year the parent entity issued shares to the value of approximately \$16.5 million for an investment in an associated entity owned by a control entity. This transaction was processed through the company's broker in London.

Also see note 27.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

20. Financial Instruments

Financial Risk Management

CityView is exposed in particular to risks to movements in interest rates that affect the value of its assets. Financial risk management aims to limit these market risks through the on going review of the interest rates and its predicted outcomes.

(a) Interest Rate Risks

CityView is exposed to interest rate risk in Australia. To minimise the effects of reducing interest income that the group may receive, the board plans to invest the excess cash position in the near future to avoid any adverse effects of future interest rates. As the parent and the group plan to invest the large cash balances, there is no written internal policy on interest rate management.

Interest rate risks are required to be presented by way of sensitivity analysis in accordance with AASB 7; these show the effects of changes in the market interest rates on interest income. The interest rate sensitivity analysis is based on the following assumptions:

Changes in market interest rates affects the interest income of non derivative variable interest financial instruments and is based on both historic trends and the perceived market interest. .

CityView Group and Parent have determined that the effects of changes in these interest rates based upon forward looking rates would not have a material effect on the group or the parent for 2008 or 2007.

The following table summarises the sensitivity of the Groups financial assets (cash) to interest rate risk.

31 December 2008	Carrying amount \$	Interest rate risk			
		-1%		+1%	
		Profit \$	Equity \$	Profit \$	Equity \$
Financial assets					
Cash and cash equivalents	128,912	(1,289)	(1,289)	1,289	1,289
Total increase/(decrease)		(1,289)	(1,289)	1,289	1,289

(b) Liquidity risk

The group has no significant exposure to Liquidity risk as there is effectively no debt however should there be a risk of a non material nature then the group manages liquidity risk by monitoring forecast cash flows.

(c) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The group operates internationally and is exposed to foreign exchange risk arising from the exposure to the US dollar.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

(d) Credit Risk

The Company has adopted a policy of only dealing with credit worthy parties and, where appropriate, obtaining sufficient collateral or security as a means of mitigating the risk of financial loss through defaults in contractual obligations.

The Company does not have any significant credit risk exposure to a single debtor or group of debtors having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, without provision for losses, represents the maximum exposure of the consolidated entity to credit risk without taking into account the value of any collateral or other security.

The credit risk exposure of the consolidated entity would also include the difference between the carrying amount and the realisable amount.

(d) Net Fair Value

The carrying amount of assets and liabilities recorded in the financial statements represents their respective net fair values determined in accordance with the accounting policies referred to in note 1.

21. Key management personal disclosure

(a) Directors

The following persons were directors of the Company during the financial year ended 31 December 2008.

- (i) *Chairman – non-executive*
M Africano (from 22 October 2008)
- (ii) *Executive directors*
M Smyth Chief Executive
- (iii) *Non - executive directors*
R Brothers
P Rand (from 27 October 2008)
W Reid (from 27 October 2008)
P Smith (from 1 January 2008 – 21 April 2008)
I Egan (from 21 April 2008 – 27 October 2008)
N Hoexter (from 1 January 2008 – 27 October 2008)
P de Chazal (from 1 January 2008 – 27 October 2008)

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

21. Key management personal disclosure continued

(b) Key management personnel compensation

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
Short-term employee benefits	665,730	2,944,900	665,730	2,944,900
	665,730	2,944,900	665,730	2,944,900

The company has taken advantage of the relief provided by Corporations Regulations 2M.6.04 and has transferred the detailed remuneration disclosures to the directors report. The relevant information can be found in section A – E of the remuneration report on pages 17 – 21.

(c) Equity instruments disclosures relating to key management personnel

(i) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of CityView Corporation Limited and other key management personnel of the group, including their personally related parties, are set out below.

2008 Name	Balance at start of year	Received during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
M A Africano	-	-	-	-	-
P M Smyth	5,210,086	-	-	-	5,210,086
R J F Brothers	-	3,000,000	-	-	3,000,000
P Rand	-	-	-	-	-
W V Reid	-	-	-	-	-
P G H Smith	-	-	-	-	-
I R Egan	-	-	-	-	-
N P Hoexter	3,000,000	-	-	-	3,000,000
P A de Chazal	3,000,000	-	-	-	3,000,000

2007 Name	Balance at start of year	Received during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
P M Smyth	-	5,000,000	-	210,086	5,210,086
P G H Smith	-	3,000,000	-	-	3,000,000
N P Hoexter	-	3,000,000	-	-	3,000,000
P A de Chazal	-	3,000,000	-	-	3,000,000
R J F Brothers	-	-	-	-	-
M al Ansari	750,000	-	-	(750,000)	-
J H Jacoby	100,000	2,000,000	-	(100,000)	2,000,000

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

21. Key management personal disclosure continued

(ii) Share holdings

The number of shares in the company held during the financial year by each director of CityView Corporation Limited and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2008 Name	Balance at start of year	Received during the year on option exercise	Other changes during the year	Balance at the end of the year
M A Africano	-	-	-	-
P M Smyth	1,050,426	-	-	1,050,426
R J F Brothers	-	-	-	-
P Rand	-	-	-	-
W V Reid	-	-	-	-
P G H Smith	-	-	-	-
I R Egan	-	-	-	-
N P Hoexter	-	-	-	-
P A de Chazal	-	-	-	-

2007 Name	Balance at start of year	Received during the year on option exercise	Other changes during the year	Balance at the end of the year
P M Smyth	1,050,426	-	-	1,050,426
P G H Smith	-	-	-	-
N P Hoexter	-	-	-	-
P A de Chazal	-	-	-	-
R J F Brothers	-	-	-	-
M al Ansari	1,250,000	-	-	1,250,000
J H Jacoby	200,000	-	(200,000)	-

22. Related Party Disclosures

(a) Parent entities

The parent entity as well as the ultimate Australian entity within the Group is CityView Corporation Limited.

(b) Subsidiaries

Interest in subsidiaries is set out in note 18.

(c) Key management personnel

Disclosure relating to key management personnel is set out in note 21.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

22. Related Party Disclosures continued.

(d) Loans to/from related parties

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
<i>Loans from other related parties</i>				
Beginning of the year	-	-	-	-
Loans advanced	-	-	-	-
Loans repaid	-	-	-	-
Interest charged	-	-	-	-
Interest paid	-	-	-	-
End of year	<hr/>	<hr/>	<hr/>	<hr/>
<i>Loans to associates</i>				
Beginning of the year	-	670,601	-	670,601
Loans advanced	-	-	-	-
Loan taken up on consolidation	-	(670,601)	-	(670,601)
Interest charged	-	-	-	-
Interest paid	-	-	-	-
End of year	<hr/>	<hr/>	<hr/>	<hr/>

(e) Terms and conditions

On 21 July 2006, the company made an interest free loan of \$670,601.00 to Glenvale Associates. The terms of the loan state that Glenvale Associates will repay the loan to CityView on the successful development and commercial exploitation of the Longonjo lease in Angola held by Glenvale Associates. The loan has been taken up on consolidation of Glenvale into CityView.

(f) Interests in director-related entities

Apart from the disclosures in this note, no director has entered into a material contract with the Company since the end of the financial year and there were no material contracts involving interests of directors or payment upon termination subsisting at the end of the financial year.

(g) Equity interests in controlled entities

As disclosed in Note 18 at 31 December 2008, the Company has the entire ownership of CityView Asia Pty Ltd and 45% of Fortitude Minerals Limited and 70% of European Oil Limited.

23. Share Based Payments Plans

	Consolidated Entity		Parent Entity	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$
(a) Recognised share based payments expenses				
Total expenses arising from share based payment transactions recognised during the period as part of share based payment expense were as follows:				
Shares issued in lieu of expenses	2,234,250	360,000	2,234,250	360,000
Options issued under employee option plan fully vested	-	493,370	-	493,370
Options issued to "KMP" fully vested	201,230	2,217,000	201,230	2,217,000
	<hr/>	<hr/>	<hr/>	<hr/>
	2,435,480	3,070,370	2,435,480	3,070,370

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

23. Share Based Payments Plans continued

(b) Type of share based payment plan

The Company has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of CityView Corporation Limited and its subsidiaries. Under the ESOP, the directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of CityView Corporation Limited and its subsidiaries.

The fair value at grant date of options granted during the reporting period is determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

(c) Summary of options granted under ESOP

Grant Date	Expiry Date	Exercise Price	Balance at Start of Year	Granted During the Year	Exercised During the Year	Balance at end of Year	Vested & Exercisable at end of Year
-	-	-	-	-	-	-	-
Weighted average exercise price			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

There were no options granted under ESOP from 1 January 2008 to 31 December 2008.

24. Commitments for Expenditure

All of CityView's future exploration and development expenditure will be paid directly by its associated companies for their relevant exploration and development expenditure.

CityView will be responsible for its ongoing local administration and operating costs.

CityView has a draw down facility to the value of \$2,000,000 to fund its next 18 months administration and operating costs.

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

25. Business Combinations

On 5 March 2008, CityView Corporation Limited sold its shareholding in Glenvale Associates Limited to Fortitude Minerals Limited, an exploration group operating in Angola for 15 million shares in Fortitude Minerals Limited at US\$1.39 per share.

Details of the sale are as follows:

Sale Consideration

	\$
Value received for sale of subsidiary	22,361,647
Less Costs incurred	<u>448,572</u>
Gain on sale	<u>21,913,075</u>

26. Investments in Associates

On 5 March 2008, CityView Corporation Limited acquired 45% of Fortitude Minerals Limited, an exploration group with projects in Angola. This acquisition has been achieved in stages as follows.

Purchase Fortitude Minerals Limited - Shares.

	No of shares	\$
Book value of investment	9,646,103	14,433,669
Other – Sale of Glenvale Associates Limited – Shares	<u>15,000,000</u>	<u>22,361,647</u>
	24,646,103	36,795,316
Less Gain on sale of subsidiary (see note 25)		<u>(21,913,075)</u>
Consolidating carried value of associate		<u>14,882,241</u>

Fortitude Minerals Limited has a number of subsidiaries companies which hold the licenses over mining permits in Angola.

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

27. Voluntary Changes in Accounting Policy

	Consolidated Entity 2007	Parent Entity 2007
	\$	\$
Changes to account balances		
Non current available for sale financial assets prior to change		
- Quest Energy Middle East Limited	713,150	-
- Fortitude Minerals at Cost	4,818,220	-
	<hr/>	<hr/>
	5,531,370	-
Expensed through income statement		
- Impairment of Other Financial Assets	(5,267,620)	-
Adjustments accumulated losses – 31 December 2006	(263,750)	
	<hr/>	
Exploration and evaluation expenditure prior to change		
- Exploration and evaluation costs – Angola	3,927,977	-
	<hr/>	
Expensed through income statement		
- Exploration and evaluation expenditure	(2,157,059)	-
Adjustments accumulated losses – 31 December 2006	(1,770,918)	-
	<hr/>	
	NIL	-
Adjustments to the financial account		
Income Statements for the year ended 31 December 2007		
- Impairment of Other Financial Assets	5,267,620	-
- Exploration and Evaluation expenditure	2,157,059	-
- Prior to the change in accounting policy	-	-
	<hr/>	
Balance Sheet for the year ended 31 December 2007		
- Available for sale financial assets	2	-
- Prior to change in accounting policy	5,531,370	-
	<hr/>	
- Exploration and evaluation expenditure	-	-
- Prior to change in accounting policy	3,927,977	-
	<hr/>	
Statements of change in equity		
- Total equity at the beginning of the financial year	922,490	-
- Prior to the change in accounting policy	2,957,158	-

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

Consolidated Entity 2007	Parent Entity 2007
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**Changes in notes to and forming part of the financial statements for the financial
year ended 31 December 2007**

Non current available for sale financial asset

- Total non current other financial asset	2	-
- Prior to change in accounting policy	5,531,372	-

Exploration and evaluation expenditure

- Exploration and evaluation cost	-	-
- Prior to change in accounting policy	3,927,977	-

Accumulated Losses

See accumulated losses (b) below

Financial Reporting by Segment

- a) Primary segments see (b) below
- b) Secondary segments see (b) below

Notes to Statement of Cash Flow

See (b) below

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

(b) Changes to comparative figures to account for material misstatements in the prior years report	Consolidated Entity	Parent Entity
	2007	2007
Adjustments to the financial accounts		
Income Statement		
Write off deposit - Cameroon Oil	1,896,409	-
Write off loans to controlled entities – at cost	-	11,148,113
Loss for the year prior to changes	4,653,608	4,479,648
Adjustments		
Change in accounting policy	7,424,679	-
See (a) above	12,078,287	4,479,648
Change in (b)	1,896,409	11,148,113
Loss for the year prior to changes	13,974,696	15,267,761
Loss is attributed to equity holders of CityView Corporation Ltd.	13,845,403	15,627,761
Minority interests	129,293	-
13,974,696	13,974,696	15,627,761
Prior to the changes (a) and (b) above		
Loss is attributed to equity holders of CityView Corporation Ltd.	4,524,315	4,479,648
Minority interests	129,293	-
4,653,608	4,653,608	4,479,648
Basic loss per share	5.50c	
Prior to changes (a) and (b) above	1.80c	

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

(b) Changes to comparative figures to account for material misstatements in the prior years report (cont.)	Consolidated Entity	Parent Entity
	2007	2007
Adjustments to Balance Sheet		
Other financial assets	-	-
Prior to the change in (b)	1,896,409	-
Trade and other receivable	-	66,449
Prior to change in (b)	-	11,214,562
Accumulated losses prior to adjustments (a) and (b)	63,945,095	63,900,785
Change in accounting policy	9,459,347	-
Change in (b)	1,896,409	11,148,113
Accumulated loss	75,300,851	75,048,898
Total equity prior to adjustments (a) and (b)	23,317,755	23,013,761
Change in accounting policy	(9,459,347)	-
Change in (b)	(1,896,409)	(11,148,113)
	11,961,999	11,865,648
 Statement of change in equity		
Loss for the year attributable to CityView Corporation Ltd. prior to adjustments (a) and (b)	4,524,315	4,479,648
Change in accounting policy	7,424,679	-
Change in (b)	1,896,409	11,148,113
	13,845,403	15,627,761

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

Adjustments to the notes to and forming part of the financial statements for the year ended 31 December 2007	Consolidated Entity 2007	Parent Entity 2007
Trade and other receivables	-	-
Loan to controlled entities – at cost	-	-
Prior to change in (b)	-	11,148,113
Non current other financial assets	-	-
Deposit Cameroon Oil – at cost	-	-
Prior to change in (b)	1,896,409	-
Accumulated losses		
Accumulated losses at the beginning of the financial year prior to adjustments (a) and (b)	59,420,780	59,421,137
Change in accounting policy	2,034,668	-
	<hr/> 61,455,448	<hr/> 59,421,137
Net loss attributable to the members of the parent entity prior to adjustments(a) and (b)	4,524,315	4,479,648
Change in accounting policy	7,424,679	-
Change in (b)	1,896,409	11,148,113
	<hr/> 13,845,403	<hr/> 15,627,761
Accumulated Losses	<hr/>75,300,851	<hr/>75,048,898

CITYVIEW CORPORATION LIMITED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

Adjustments to Financial Reporting by Segments	Investments 2007	Exploration 2007
Primary Segments		
Segment profit (loss) after income tax prior to adjustment (a) and (b)	4,863,671	-
Change in accounting policy	7,424,679	-
Change in (b)	1,896,409	-
	<hr/> 14,184,759	<hr/> -
Segment assets prior to adjustments (a) and (b)	19,689,883	3,927,977
Change in accounting policy	(5,531,370)	(3,927,977)
Change in (b)	(1,896,409)	-
	<hr/> 12,262,104	<hr/> -
Secondary Segments		Africa/Middle East
Segment profit (loss) after income tax prior to adjustments (a) and (b)	(129,293)	(129,293)
Change in accounting policy	(7,424,679)	(7,424,679)
Change in (b)	(1,896,409)	(1,896,409)
	<hr/> (9,450,381)	<hr/> (9,450,381)
Segment assets prior to adjustments (a) and (b)	11,355,756	
Change in accounting policy	(9,459,347)	
Change in (b)	(1,896,409)	
	<hr/> NIL	<hr/> NIL
Adjustments to notes to statement and cash flow	Consolidated Entity 2007	Parent Entity 2007
Reconciliation of loss from ordinary activities after tax to net cash (used by) operating activities		
Loss from continuing operations prior to adjustments (a) and (b)	4,653,608	4,479,648
Change in accounting policy	7,424,679	-
Change in (b)	1,896,409	11,148,113
	<hr/> 13,974,696	<hr/> 15,627,761
Add non cash operating items		
Impairment of Other Financial Assets	5,267,620	-
Exploration and Evaluation expenditure	2,157,059	-
Prior to change in accounting policy	-	-
Write off loans to controlled entities	-	11,148,113
Prior to change in (b)	-	-
Write off deposit Cameroon Oil	1,896,409	-
Prior to change in (b)	-	-

CITYVIEW CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

28. Contingent Liabilities

The Company is currently involved in negotiations for the purchase of an oil refinery. Negotiations are continuing and the relevant parties are nearing final documentation.

Montaque Capital Partners previously threatened to make a claim against the Company for non-payment of an alleged commission to it from the Company. Montaque Capital Partners has offered to comprise its asserted claim for payment of \$500,000. While the Company has not accepted this proposal (or the merits of any potential claim), the Company considers that the amount of \$500,000 represents the upper limit of any compromise that it may agree to reach with Montaque Capital Partners.

29. Subsequent Events

On 21 January 2009, The Company announced the termination of its relationship with Pensador Resources Inc. As a result of the termination, CityView secured an 18.5% holding in Angola Diamond Holdings Ltd, the parent company of Canzar Resources Limited, who holds approximately 42% interests in Nhefo and Luachisse diamond concessions in Angola.

CityView also received the benefit of loans of A\$2.3 million (GBP 1.1 million) and A\$4.6 million (US\$3.2 million) made by Pensador to Fortitude Minerals Limited.

On 27 February 2009, The Company in accordance with the resolution approved at the Extraordinary General Meeting of 30 January 2009, allotted 8,796,000 shares to six of the remaining seven shareholders of European Oil Limited in exchange for their holding in European Oil Limited. CityView now holds 96.42% of European Oil Limited.

On 28 February 2009, The Company completed the placement of the shortfall stock in relation to its rights issue to raise A\$6.2 million. These funds have been loaned to Fortitude Minerals Limited for the payment of licence fees in Angola and the commencement of its work program in Angola.

CITYVIEW CORPORATION LIMITED

Additional shareholder information as at 27 March 2009

Market Capitalisation

Shares on Issue	1,011,073,441	Options – Listed	96,529,950
Fully Diluted Capital	1,107,603,391		

Number of Shares

Ordinary Share Capital of 1,011,073,441 fully paid ordinary shares held by 3,918 individual shareholders.

Options

4,000,000 Options were issued during the year 96,529,950 remain unexercised at 27 March 2009.

Voting Rights

In accordance with the constitution of the Company, on a show of hands each shareholder present in person or by proxy, representative or attorney has one vote and on a poll every shareholder present in person or by proxy, representative or attorney has, in respect of fully paid shares, one vote for every share held. None of the options confers a right to vote but shares issued upon the exercise of options will rank equally in all respects (including voting rights) with the then existing issued fully paid ordinary shares.

Distribution of Shareholding

Holdings	Number of Shareholders	Number of Shareholders holding less than a Marketable Parcel
1 to 1,000	63	2,270
1,001 to 5,000	452	
5,001 to 10,000	524	
10,001 to 100,000	1,977	
100,001 and over	902	
Total	3,918	

Top Twenty Holders of Quoted Shares

	Number of Shares	Percentage of Capital
1. HSBC Custody Nominees (Aus) Limited	237,003,126	23.44%
2. Citicorp Nominees Pty Ltd	98,909,224	9.78%
3. US Control Account		
C/- Computershare Trust Company Inc	48,638,080	4.81%
4. Comsec Nominees Pty Ltd	20,886,094	2.07%
5. Ms Tanya Rererakis	10,985,145	1.09%
6. Arredo Pty Ltd	10,000,000	0.99%
7. Clariden Capital Limited	10,000,000	0.99%
8. Etrade Australia Nominees Limited	9,381,946	0.93%
9. Mr Guennadi Kisselev & Mrs Liadmila Kisselev	9,157,200	0.91%
10. Mr Guennadi Kisselev	8,900,000	0.88%
11. ANZ Nominees Limited	8,820,658	0.87%
12. ARB Nominees Pty Ltd	8,138,000	0.80%
13. Boulevade Investments Pty Ltd	7,800,000	0.77%
14. Rexbury Nominees Pty Ltd	7,592,267	0.75%
15. Mr Peter Allan Learmont	7,500,013	0.74%
16. Mr Phil Civil	6,444,000	0.64%
17. Mobash Pty Ltd	6,001,800	0.59%
18. Mr Hilton Barrett	5,500,370	0.54%
19. Mr Gordon Alan Wonsch	4,800,000	0.47%
20. Madstyle Enterprises Pty Ltd	4,319,333	0.43%

CITYVIEW CORPORATION LIMITED

Distribution of Option Holding

Holdings	Number of Option Holders	Number of Option Holders Holding Less Than a Marketable Parcel
1 to 1,000	90	940
1,001 to 5,000	274	
5,001 to 10,000	143	
10,001 to 100,000	322	
100,001 and over	164	
Total	993	

Top Twenty Holders of Quoted Options

	Number of Options	Percentage of Capital
1. Mr Mark Smyth & Mrs Jennifer Smyth	5,210,086	5.40%
2. Mr Robert Brothers	3,000,000	3.11%
3. Mr Paul de Chazal	3,000,000	3.11%
4. Mr Nicholas Hoexter	3,000,000	3.11%
5. Etrade Australia Nominees Pty Limited	2,969,467	3.08%
6. Mr Thomas Jones & Mrs Audrey Jones	2,747,100	2.97%
7. Mr Simon Podolsky & Mrs Jeanette Podolsky	1,750,000	1.81%
8. Mr Seng Hing Leaw	1,600,000	1.66%
9. Mr Thomas Jones & Mrs Audrey Jones	1,596,700	1.65%
10. Mr Conrad Maher	1,480,800	1.53%
11. Mr Scott Duncan & Mrs Shelly Duncan	1,480,000	1.53%
12. Mr Ashley Cole	1,275,500	1.32%
13. Mr Gary Martin	1,107,000	1.15%
14. Comsec Nominees Pty Ltd	1,000,000	1.04%
15. Mr William Cornelissen & Mrs Frances Cornelissen	1,000,000	1.04%
16. David Boote Consulting Ltd	1,000,000	1.04%
17. Engelbart De Boer	1,000,000	1.04%
18. Mr Erminio Giancola	1,000,000	1.04%
19. Goldfields Cottages Pty Ltd	1,000,000	1.04%
20. Mr Luke Hibbert	1,000,000	1.04%