

16 December 2009

Dear Shareholder,

Following an eventful year in which we removed our company from the Australian Stock Exchange and progressed as an unlisted company, we are pleased to inform you that at our AGM on the 30th of November, our shareholders overwhelmingly voted in favour of a number of resolutions. These are aimed to position us in the coming months to take advantage of the recovery in the capital markets and continue to build on and progress our portfolio of projects.

Our company has welcomed two new directors to the Board, Mr Harry Wilson of the UK and Mr Oliver Lennox-King of Canada. Both have considerable expertise and experience in resources and the capital markets in London and Toronto respectively. In October Mr Lennox-King was instrumental in arranging our share placement to sophisticated investors, successfully raising \$900,000 at a share price of 10.59c

Our shareholders also voted to consolidate the share capital of the company on a 10 for 1 basis giving 15,358,197 ordinary shares on issue. Accompanying this letter is your new share certificate reflecting this consolidation. You should be aware that your percentage holding in the company is unchanged.

A change of name to Flow Energy Limited was also approved. Our company is becoming more international in its reach and so we felt that a new name would be more appropriate to reflect the future of the business. All correspondence will now be under the name of Flow Energy and our new website can be found at www.flowenergy.com.au. The Gippsland Offshore Petroleum website will automatically redirect to the Flow Energy website from the end of January 2010. Also accompanying this letter is a contact form. Please advise your preferred method of contact in the future and check the accuracy of your existing information. From the end of December, we will be managing the shareholder register in the place of Computershare.

Both websites have easy to follow instructions for trading in our shares and downloading the latest project information. We encourage you to use our website and email notification services in the future as we will not be producing regular quarterly reports. Rather we will be making announcements as events occur and the website will be our primary means of communication with our shareholders. We always remain at your disposal for telephone contact should you have any queries about the company and its activities.

As presented at the AGM, we have been progressing our projects over the last year and, subject to completion of our seismic program in Kenya early 2010, we will be positioned to drill Flow Energy's first well at the end of 2010. Our exploration efforts in Kenya have resulted in the identification of seven strong leads, one onshore, that have the potential to open up a significant gas province in the region.

Interest in East Africa is very strong with recent discoveries and corporate activity in Kenya and spudding of an offshore well north of Mozambique by Anadarko - the first in East Africa for some years. Anadarko have also recently been awarded most of the open acreage offshore Kenya so the potential of the region is now getting attention from the larger exploration companies.

During November, our exploration in France started in earnest with the commencement of the airborne gravity gradiometry survey. At the time of writing, the survey is continuing and scheduled to be completed at the end of the year. Our permit in the Aquitaine Basin is in France's oldest and most prolific oil and gas generating region and our objective is to look for "near-field" opportunities along trend of and adjacent to existing fields. While there has been little or no exploration in this area for twenty years, there is an abundance of seismic and well data that we plan to tie into our airborne survey and thereby develop drill targets by the end of 2010.

The Jamaican Government is opening a new licensing round in March 2010. We have agreed with the Petroleum Corporation of Jamaica (PCJ) to jointly promote the new acreage and our farm-in opportunity. With the stabilisation of the oil price and optimism that the worst of the recession is over, larger companies are now more interested in drilling frontier wells and joining in farm-outs. It seems likely that the coming year

will be a better time to find a partner for drilling in Jamaica. The PCJ has granted us a 12 month extension to the drilling deadline so we are now due to drill a well by the end of 2013.

We look forward to our future as Flow Energy and thank you, our shareholders, for your ongoing support of our plans.

Yours sincerely



Phil Harman
Chairman



Cath Norman
Managing Director