

MANAGING DIRECTOR/CEO REPORT

It is a pleasure to welcome our new and on-going shareholders to this Quarterly Report covering the work activities of Bridgeport Energy Limited (Bridgeport Energy or the Company) and its affiliated companies during the quarter ended June 2010. This edition provides an update on the following matters:

- i) the recent capital raising by way of a Placement and Rights issue;
- ii) current production performance;
- iii) the accelerated development programme for Utopia;
- iv) the exploration well in ATP560P, as well as
- v) the planned seismic programmes for our two permits.

OVERVIEW OF ACTIVITIES

The unusually cold winter temperatures which followed record flooding during the wet season coupled with some pumping equipment failures on two of the wells has resulted in production levels being slightly below forecast as noted in the graph later on in this report. Whilst this has not materially impacted the company cash flow, it has been frustrating as we have yet to reach full field production with all the wells on line at the same time. This is a timing issue as we hope to be on full production by late August. The encouraging news is that the test equipment installed last quarter has allowed us to individually flow test each well and shows the field performance to be tracking expectations.

The recent Rights Issue, together with a small placement raised funds of \$6.6 million (before costs). The capital raising was very well supported by the existing shareholders (with a 75% take-up) and will now enable the Company to proceed with a slightly modified programme to the proposed acceleration of the development of the Utopia Field as set out in the previously issued Rights Issue Offer Document.

The technical team is reviewing techniques intended to reduce the Utopia project well count and increase recovery per well which will have a positive NPV effect for the company. For 2010, work is focussing on controlled hydraulic fracturing of vertical wells and application of short radius drilling technology to drill horizontal legs in our future producers. Such drilling techniques are widely used in Australia and certainly in the Cooper Basin and it is intended to utilise this technology on the drilling of Utopia 10 and 11 wells. The benefit of the information gained during Q4, 2010, which has to be specifically designed for the producing formation will be to improve well production rates on the new development wells, thereby reducing the overall field development well capital expenditure.

Plans for 2011 are to consider further well drilling and completion enhancement techniques such as multi stage hydraulic fracturing of horizontal wells – which have been used

with considerable success overseas in formations with similar rock characteristics. The PL 214 development section of this report discusses the oil recovery benefits of each of these development approaches in further detail.

Planning for the Q4 2010 work programme has commenced, with tendering completed for the seismic programme and under review for award. In addition the tender process is in progress for drilling equipment with relevant service contracts currently being negotiated. It has been confirmed that ADS Rig 6 will be available to commence work on 1 October 2010. The short term forward plan is to have the following initiatives completed by year end;

- up to 3 more producers in place;
- 100km² of 3D seismic acquired over PL214;
- 60km of seismic acquired in ATP560P as required under our permit commitments; and
- an exploration well drilled in ATP560P.

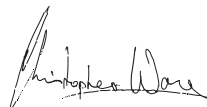
Total budgeted funds for these activities is \$9.7mm including contingency (net Bridgeport: \$5.8mm). The remaining funds raised from the Rights Issue will be carried over to mid 2011 and in combination with net cash flow from the field will be used to drill additional production wells in the field, with the added advantage of 3D seismic acquired this year being used for future well positioning and justification next year.

NEW VENTURES

The Company is also actively pursuing new opportunities to acquire cost effective reserves and production. As shareholders may have recently seen, BP has just divested over \$7bn of assets to Apache comprising East Texas, Western Canada and Egypt assets at quite favourable pricing levels. In Australia, there is a similar divestment programme of "non-core" projects among the larger cap companies and Bridgeport has been considering some of these opportunities as they have arisen.

Whilst we will continue to make significant progress on the Utopia production acceleration project, the Company of course will continue to review expansion opportunities as they arise on the basis that such an opportunity fits within our core business plan. Shareholders will be kept fully informed on such acquisition opportunities as they progress to commerciality.

If you have any questions at all about this report or the current operations of the Company, please feel free to contact me. Thank you for your continued interest in the Company.



Chris Way
10 August 2010

PRODUCTION, DEVELOPMENT AND EXPLORATION ACTIVITY REVIEW

PL 214 - UTOPIA FIELD PRODUCTION

Utopia production performance is outlined in Figure 1 below. Field production has been less than forecast over the June 2010 quarter due primarily to flooding at the end of the wet season; unusually cold weather; as well as the failure of pumping equipment at Utopia 7 and Utopia 8 and delays receiving pumping equipment for Utopia 3.

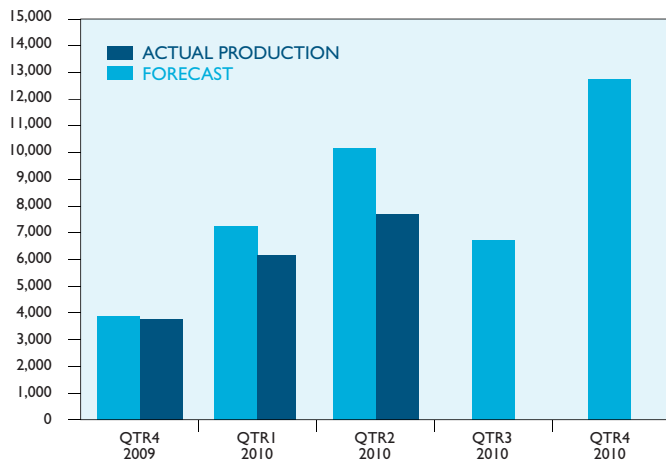
The field test rate has been consistent at approximately 90bopd with normal decline rates. Production up time during the quarter has been affected (less than planned, averaging 88% as against budgeted 93%) due to the following factors:

- Numerous shutdowns as a direct result of the unusually cold weather causing the waxing of supply fuel for the pump engines
- Severe flooding during March and April which caused delays in moving trucks for crude oil offtakes from the facility and resulted in manual reduction down of well production rates
- Beam pump equipment failures on Utopia 3, 7 and 8 – which has been repaired and will be back on full production in mid August

Working of the field over this past quarter by the production team has lead to some conclusions in regard to equipment spares required at site and management of supply fuel for the well pump engines. These findings such as “back to base” well shutdown alarms; requirement to acquire a spare beam pump to be held in inventory; and use of diesel only as a fuel during the winter months will be implemented over the next few months to reduce downtime next winter.

Assuming no further field equipment and production problems, the field will be capable of full production with 7

Figure 1. Utopia Field - Actual/Forecast Production (BBLs)



Note. Downtime during Quarter 2/2010 due to:

1. Flooding
2. Waxing Crude, Fuel Supply
3. Equipment Failure (Utopia #7 & 8)

wells producing by late August and a target production rate approaching 100 bopd. Shut in testing of each of the new wells (Utopia 7, 8 and 9) is required for reservoir management purposes and will be carried out during September, which is why the production rate for Q3 is less than budget. During Q4, well testing will have been completed and the new development wells will be progressively brought on line as they are completed with production increasing commensurately.

DEVELOPMENT ACTIVITIES

Seismic planning activities for the 100km², 3D seismic survey have commenced. As can be seen in Figure 2, the area covered is substantial relative to the overall production block and should go a long way to mitigating future risk on production wells, as well as assist with defining additional reserves in the permit (such as the eastern lobe for example). The time frame and deliverables for this project are:

Timing	Deliverable
July – 15 Sept	Finalise seismic contractor; environmental and cultural clearances, surveying and line clearance
15 Sept – 15 Oct	Acquisition by Terrex Seismic
15 Oct – 31 Oct	2D acquisition by Terrex Seismic
Nov - Dec	Processing of data
Jan 2011	Commence data interpretation

Environmental and cultural clearances are currently in progress and once that has been achieved, “line clearing” and preparation for the seismic crew arrivals will progress over the next two months with acquisition expected to commence mid September. Terrex Seismic submitted the winning tender for this work and a contract is being prepared for their final work scope.

Drilling planning activities for the Utopia field accelerated development project is well advanced, with tenders out for equipment (wellhead and tubular), specialist third party services being contracted, and services from the prior programme being reactivated. The team is currently planning for the following work activities prior to calendar year end:

Timing	Work Activity
1 Oct – 14 Oct	Drill Utopia 10 (vertical well, fraced to maximise production)
14 Oct – 1 Nov	Reenter Utopia 1 and drill horizontal leg towards Utopia 1
1 Nov – 21 Nov	Drill ATP560P exploration well
21 Nov – Dec	Drill Utopia 11 (Eastern Lobe appraisal) or Workover 2 wells (to be determined)

* All programmes subject to JV approval

This work programme is expected to boost field production by year end to over 200 bopd and essentially provide access to all the P90 reserves in the field.

The combined forecasted capital expenditure on PL214 for the seismic and drilling programme described above is \$7.4 million including contingency (net to Bridgeport: \$4.4 million).

Further drilling is planned for mid 2011 and, subject to well performance with the new well designs on Utopia 10 and 11, the expectation is to drill fewer wells than originally planned in the field yet achieve the same (or greater) ultimate recovery.

As a qualitative guide to the planned approach, Figure 3 shows the difference in ultimate recovery (UR) on a typical Utopia field Murta production well between:

- A standard vertical well with deep perforations (current field design basis @ \$1 million capital cost)
- A vertical well hydraulically fractured @ \$1.5 million/well
- A short radius 250m horizontal open hole completed well @ \$1.8 million/well and
- A short radius 700m horizontal well with multi zone fracturing est @ \$2.5 million/well.

The work programme for 2010 will go a long way to providing us the quantitative benefits of this higher recovery, lower overall capital expenditure plan.

Figure 2. Utopia - Seismic Graph

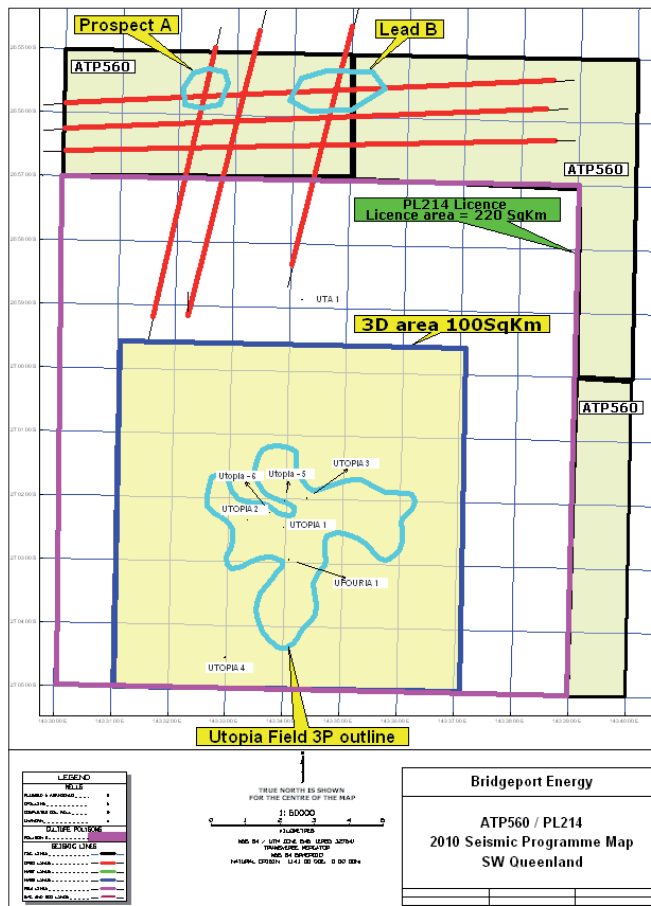
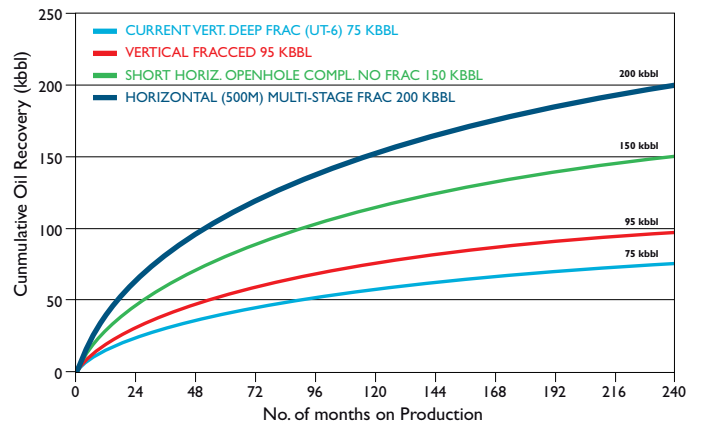


Figure 3. Potential Oil Recovery for Four Different Types of Well completions



ATP 560P

The Bridgeport technical team has worked hard through this past quarter to gather all the existing seismic data and generate a leads and prospects map over both the PL214 and ATP560 permits. A Lead is defined in the oil & gas business as a geological feature which can be identified on regional mapping from existing data but is not yet ready to drill due to the need to acquire additional data, such as, for example further seismic. A Prospect is defined in the industry as ready to drill with existing data as analysed. The result of this work has led us to consider two highly potential features just north of the PL 214 production block, identified in Figure 2 as Prospect A and Lead B. This is in an area of the permit where interests held are 60% Bridgeport and 40% Bounty (see Figure 2).

Planning is now well progressed for a vertical exploration well utilising ADS Rig 6 to drill a 1500m well located at Prospect A, approximately 8km north of the Utopia field. This prospect, containing mapped resources of approximately 1.0 mmbbl at the Murta formation level and additional potential at the Birkhead Hutton formation levels of 1-2 mmbbl, shows independent closure from two seismic lines and is at drill ready status. In addition we have identified a second feature in this area, Lead B, which currently has one seismic line through it and also has cumulative mapped reserves of 1.5 mmbbl. This lead requires additional seismic through it to move it to Prospect status. These resources are not included in the valuation of the company as they are considered as 3C and as such have no value until a successful discovery well is drilled and tested. A successful well on either of these leads would therefore substantially increase the value of the company.

To provide additional data through Lead B and fulfil the ATP560P work programme, 60km of 2D seismic acquisition is planned. Bids for seismic acquisition have been completed and the programme is being awarded to Terrex. Seismic activities are expected to commence in mid September, with the drilling rig expected on Prospect A approximately mid November. The combined costs of this Prospect A exploration well and 2D seismic programme in ATP 560P is forecast at \$2.3mm (net Bridgeport: \$1.4million).

With fulfilment of commitments on this license through the work programme above, the ATP 560P renewal lodged with the QDME will be awarded and will comprise a further 2 firm wells (one of which is likely to be Lead B) and 100km of seismic to be completed during the period November 2011 - November 2014. The technical team is sufficiently encouraged by the block prospectivity to consider this work programme commitment as realistic and is expected to recommend accepting the award to move into this next permit period.

RESERVES

Since acquisition of the assets of Oil Wells, Inc of Kentucky (a 100% subsidiary of Bridgeport) on 31 August 2009, the management team focus has been on the exploitation of reserves and opportunities in permits PL214 and ATP560. The reserves status (net to Bridgeport at 60%) of the Company (which is a proxy for company NPV) has increased significantly from 1.2mmbbl 2P at acquisition to 1.8mmbbl 2P at completion of development drilling in Feb 2010. By year end (subject to success in the exploration well and a potential Eastern Lobe appraisal well) we hope to move the reserves potentially to over 3mmbbl 2P (as shown in the table of reserves below).

This reserve growth is significant and more than justifies the initial acquisition at approximately A\$5.0/bbl. Success on this exploration and development drilling programme has the potential to reduce the 2P reserves cost to under \$3/bbl. This would be an excellent outcome for the Company and identifies our corporate niche as a low cost operator and producer.

The table of reserves (current & forecast) is set out below. The arrows on the table show the potential during 2010 for increasing the company oil reserve base further.

Oil Reserves (mmbbls)	2P		3P	
	Gross (100%)	Net to Bridgeport	Gross (100%)	Net to Bridgeport
Current				
PL 214	3.0	1.8	5.0	3.0
ATP 560P	-	-	1.8	1.1
Total	3.0	1.8	6.8	4.1
Year End Forecast ³				
PL 214	5.0	3.0	-	-
ATP 560P	0.2	0.1	1.6	1.0
Total	5.2	3.1	1.6	1.0

Notes:

1. Net volume represents Bridgeport's 60% interest
2. Reserves classifications in accordance with SPE, Petroleum Resource Management System, 2007. Reserve classifications are not additive
3. Subject to success in the exploration well and a potential Eastern Lobe appraisal well

This table does not show the potential future exploration upside on other leads and prospects within permit ATP560P or the PL 214 production licence. These resources are classified as 3C (contingent) and carry nominal value until a discovery proves otherwise.

CORPORATE INFORMATION

Bridgeport Energy Limited currently has the following capital structure:

Shares on Issue	96,588,595
Options	
\$0.20 Options	22,500,000
\$0.35 Options	7,500,000
Number of shareholders	74

The year ended 30 June 2010 financial statements are being finalised for the audit which will be completed in September/October. The cashflow expenditure is generally as reflected in the material as sent to shareholders in the recent Rights Issue Offer Document.

The inaugural Annual General Meeting is intended to be held on 29 November 2010. The Notice of Meeting and the Annual Report will be sent to all shareholders in good time informing you of the relevant details.

For further information or queries please email to: shareholder@bridgeport.net.au