



OFFER DOCUMENT

For a non-renounceable pro rata offer of New Shares at an issue price of \$0.30 each on the basis of 1 New Share for every 4 Shares and Options held on 21 April 2010 to raise approximately \$7.85 million.

The last date for acceptance and payment in full is 5.00 pm (AEST) 25 May 2010.

THIS IS AN IMPORTANT DOCUMENT AND SHOULD BE READ IN ITS ENTIRETY. YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER BEFORE SUBSCRIBING FOR SHARES UNDER THE OFFER.

CORPORATE DIRECTORY

REGISTERED OFFICE

Bridgeport Energy Limited
Level 7
111 Pacific Highway
North Sydney NSW 2060

DIRECTORS

Mr Pat Handley (Chairman)
Mr Christopher Way (MD/CEO)
Mr Michael Arnett (Non-Executive)
Mr Vincent Hua (Non- Executive)
Mr Tony Strasser (CFO)

COMPANY SECRETARY

Mr Tony Strasser

LEGAL ADVISER

Norton Rose Australia
Grosvenor Place
Level 18
225 George Street
Sydney NSW 2000

ACCOUNTANT AND TAX ADVISER

PKF
Level 10
1 Margaret Street
Sydney NSW 2000

21 April 2010

Dear Securityholder,

The directors of Bridgeport Energy Limited ACN 137 446 952 (*Bridgeport or Company*) are pleased to announce a capital raising of up to \$8.6 million. The raising will be conducted by way of:

- a non-renounceable rights issue to each existing shareholder¹ to raise up to \$7.85 million (*Offer*) the terms of which are further detailed in Annexure B of the offer letter (*Offer Letter*); and
- a private placement to raise up to \$750,000 (*Placement*).

Further information on the Company is set out in Annexure A to this Offer Letter. As you will see, the Company has experienced some important successes since the acquisition of Oil Wells, Inc. of Kentucky in September 2009 (*Acquisition*).

Firstly, the Company has increased its production from approximately 40bopd to nearly 130bopd in the producing Utopia oil field in PL214 (*Utopia Field*), of which the Company holds a 60% interest (with the remaining 40% interest being held by Bounty Oil & Gas NL). This was accomplished by both reworking and fine-tuning the three existing wells, as well as drilling three new wells in the Utopia Field.

In addition, we have spent considerable time analyzing the geological information that came with the Acquisition, as well as collecting valuable information in our drilling programme. As a result, we believe the 2P Reserves in the Utopia Field alone have increased by at least 50%. As explained in greater detail in Annexure A, this comes from analysis that suggests the depth of the oil water contact in the Utopia Field is deeper than originally thought.

Moreover, our knowledge of the true potential of this field has increased with the previously mapped eastern lobe of the field now becoming an important 3P Reserve component. This will be further enhanced by undertaking additional seismic programmes, which will assist us in pinpointing additional low risk development drilling locations and confirm our thinking on the probable extent of the 2P Reserves in the main Utopia Field and the 3P Reserves in the eastern lobe.

It is our current thinking, with the benefit of the work performed to date, that the combination of the 2P Reserves in Utopia Field and the 3P Reserves in the eastern lobe of the field could be as high as 5mdbl.

Secondly, in the exploration areas of our portfolio contained both within PL214 and ATP560, detailed review work undertaken since the Acquisition has resulted in a number of exploration leads being mapped. The directors believe that these exploration leads could potentially contain resources equal to or even greater in size than the Utopia Field. Over the next quarter and with further 2D seismic, it is anticipated that these exploration leads will mature to the drilling stage and exploration drilling can commence.

These factors lead the directors to the conclusion that based on the successes to date, the Company should:

- drill the Utopia Field much more quickly than was originally anticipated in the Newport Energy Pty Ltd Information Memorandum dated August 2009 (Information Memorandum);
- drill more production wells since the field Reserves have increased, in order to increase the field stabilized production rate to near 700bopd (compared to the 350bopd in 2014 stated in the Information Memorandum); and
- commence exploration work in the permits in the form of seismic and drilling of an exploration well to determine the extent of oil and gas resources in our tenements. It is possible that successful results in the exploration phase will lead to further NPV gains in the Company's value.

The funds raised under the Offer and the Placement will provide several important advantages to the Company, including:

- obtaining further seismic and engaging in more detailed analysis to allow better placement of the development wells and therefore have a better understanding of the actual size of the Utopia Field;

¹ Shareholder means a holder of shares in the Company and also, where the context requires, a holder of options. Pursuant to the terms of the options currently on issue, holders of options are entitled to participate in new issues of capital that are offered to shareholders on a pro-rata basis, without first exercising their options.

- by injecting additional capital from our existing and new shareholders:
 - the Company will be able to drill the field(s) more quickly, which will be likely to result in additional cash flows, access to which will allow us to further accelerate the drilling of the field(s) and exploit the expected increased 2P Reserve base; It is likely that the net present value (NPV) of the your investment will increase due principally to the higher volume of oil produced over a much shorter period of time; and
 - the Company will have access to more working capital at an earlier time to investigate further rationalization of similar fields in the immediate area, of which the directors believe there are several;
- through the exploration programme, the directors believe that there is a reasonable probability of identifying further resources within the permits, the existence of which would further increase the value of the Company; and
- an increased opportunity to create liquidity for shareholders earlier than we might have otherwise anticipated.

As explained in greater detail in Annexure A , the directors estimate your initial investment on a fully diluted basis has increased from an NPV of \$0.20/share to \$0.38/share. We are of the opinion that this accelerated program is likely to further improve the value to \$0.44/share.

TERMS OF RIGHTS OFFER

Existing shareholders will have the opportunity to participate in a pro-rata non-renounceable rights issue on the basis of 1 share for every 4 shares and options held at the date of offer letter (*Record Date*), with each new share being issued at an issue price of \$0.30/share (*New Share*) to raise \$7.85 million. As at the date of this offer there are 74,697,167 shares outstanding and 30,000,000 options on issue.

Shareholders may apply for additional New Shares above their entitlement and the Company reserves the right to accept oversubscriptions on a pro-rata basis should the total shares applied for by all applicants exceed the total of \$7.85 million sought by the Company

LIMITED PRIVATE PLACEMENT

In addition, the Company intends to seek investment from a limited number of new strategic shareholders who have the potential to be important contributors to our future growth as we look beyond our current endeavours. The Company will issue up to 2,500,000 new shares at \$0.30 per share (*Placement Shares*) for this purpose and the Placement portion of the raising will be limited to a maximum of \$750,000 and will have the same issue price as the Offer.

APPLICATION FOR RIGHTS

An entitlement and Acceptance Form (*Form*) accompanies this Offer Letter. If you wish to participate in the rights issue, you must complete the form in accordance with the instructions set out on the form and return it with your payment.

The Company is relying on the exceptions in section 708 of the Corporations Act 2001 in respect of the Offer. Therefore in order to subscribe for new shares you must complete the “eligibility” section of the Form.

As neither the Offer nor the Placement is underwritten, no brokerage or commissions are payable.

INFORMATION MEETING

To facilitate the answer to any questions you may have, which may also benefit others, we are having an information meeting on Friday, 7 May 2010 at 10am (AEST) at the offices of Norton Rose Australia located at Grosvenor Place, Level 18, 225 George Street, Sydney NSW. For convenience, we are offering dial in facilities as follows: +61 (0) 2 9330 8960

CLOSING DATE

This offer will close at 5pm (AEST) on 25 May 2010.

IN SUMMARY

The proceeds of this Offer and Placement, along with existing cash reserves, will be utilized to:

- accelerate the development the Utopia Field;
- conduct extensive seismic investigations on the Utopia Field and the eastern lobe of the field;

- continue the prudent exploration of ATP560;
- provide working capital for the Company's on-going operations; and
- pay the expenses of the Offer.

Please do not hesitate to contact Tony Strasser by phone on +61 2 8907 7900 or by email to ts@bridgeport.net.au if you have any questions in relation to this offer.

We look forward to your participation in the next stage of development of your Company.

Yours faithfully

A handwritten signature in black ink that reads "Pat Handley". The signature is written in a cursive style with a large, prominent initial "P".

Pat Handley
Chairman

ANNEXURE A - INFORMATION ON THE COMPANY

I.1 BACKGROUND

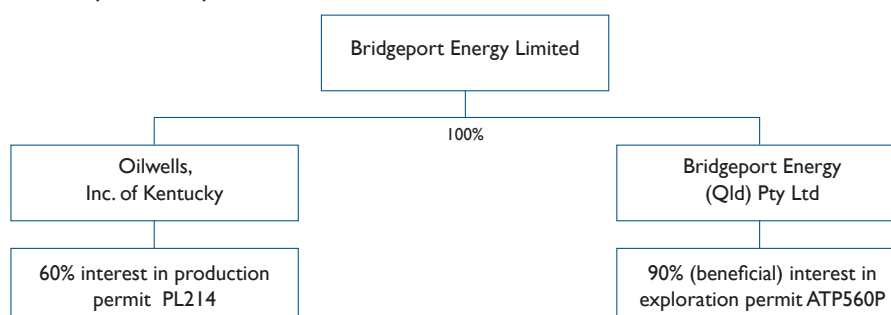
Bridgeport Energy Limited (Bridgeport or the Company), (formerly Newport Energy Pty Ltd), is a public unlisted Australian Company, incorporated in June 2009 with current equity of approximately \$10.3 million with two oil projects based in southwest Queensland. Bridgeport acquired the US entity Oilwells, Inc. of Kentucky (OWK) on 31 August 2009 (Acquisition), whose assets at that time comprised a 60% interest in the producing Utopia Field (in PL214) and a 90% (average) working interest in the contiguous ATP560P exploration block.

Since the Acquisition, the Company has completed the drilling of three additional successful production wells in the Utopia Field which has increased overall field production from under 50bopd towards 130bopd. Note that optimisation of the well production is currently in progress.

Following the recent drilling success, a thorough technical review of the field data (including well bore, production data and a 2010 budget of Reserves analysis) and field economics has been performed. This work has provided Bridgeport with the confidence to proceed, subject to a further capital raising, with an acceleration of the full development and exploitation of the Utopia Field in combination with further seismic programs in both the Utopia Field and the ATP560P exploration block. In addition, the Company intends to commence a seismic and drilling programme associated with the ATP560P permit. The accelerated and expanded scope of the project requires additional funding, which the Company intends to raise through this Offer.

I.2 CORPORATE STRUCTURE

The corporate structure of Bridgeport and its subsidiaries, including the interests held in each of the PL214 production permit and the ATP560P exploration permit is shown below:



I.3 CAPITAL STRUCTURE

The current capital structure of the Company at the date of this Offer Letter is:

| | |
|-----------------|------------|
| Shares on Issue | 74,697,167 |
| Options | |
| \$0.20 Options | 22,500,000 |
| \$0.35 Options | 7,500,000 |

The Company is proposing to issue 26,174,292 New Shares under the Offer and up to 2,500,000 Placement Shares under the Placement. Upon completion of the Offer and the Placement, the capital of the Company will be as follows, assuming that all New Shares are subscribed for under the Offer and all Placement Shares are subscribed for under the Placement.

| | |
|-----------------|-------------|
| Shares on Issue | 103,371,459 |
| Options | |
| \$0.20 Options | 22,500,000 |
| \$0.35 Options | 7,500,000 |

I.4 PROJECT INVESTMENT INFORMATION

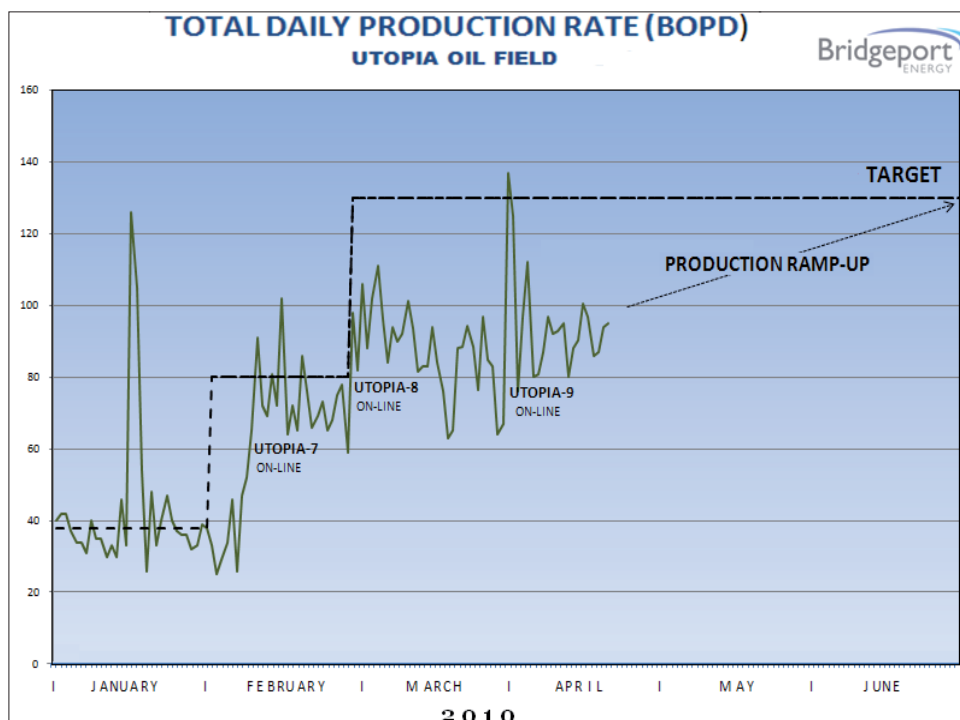
Through the Acquisition of OWK on 31 August 2009, Bridgeport acquired the following principal assets:

- 60% interest and operatorship of the PL214 production permit containing the Utopia Field producing at 35bopd;
- 60% interest in the producing infrastructure, inventory and access roads of the PL 214 production permit; and
- 90% (average) working interest in the ATP560P exploration permit, with corresponding 2D seismic and previously drilled well data.

PRODUCTION LICENCE PL214

Since the Acquisition, Bridgeport has undertaken a detailed review of the PL214 seismic data, analysed in detail the prior Utopia Field Reserves report, selected locations for three new drilling targets and successfully drilled three new production wells in the permit. The three wells have added to the Company's well production inventory, which now totals six wells and production budgeted at 130bopd. The current production and field offtake volumes are shown below.

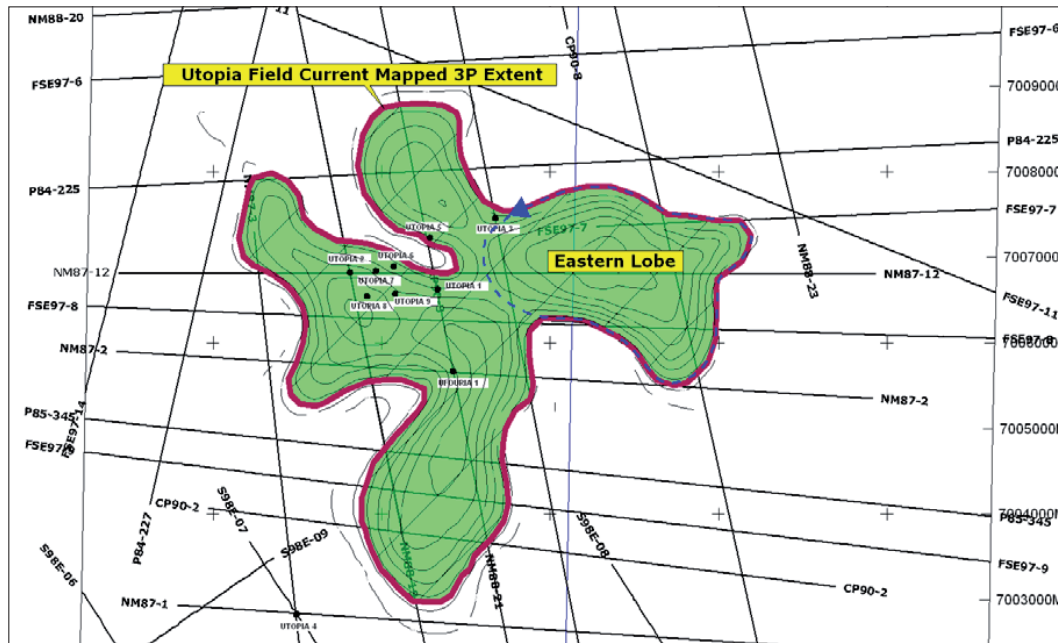
Figure I. Current production and field offtake volumes



In addition the Utopia production facility has been upgraded to allow individual well testing and a facility crude oil production rate of 350bopd. A well testing and production optimisation programme is currently under way for each well. Importantly, enhanced wireline logging operations undertaken on the wells has increased the Company's knowledge of the field performance and 2P Reserves, which are presently estimated to have increased to 3.0mmbbls (Bridgeport net: 1.8mmbbls) up 50% from 2mmbbls (Bridgeport net: 1.2mmbbls) from the date of Acquisition.

Bridgeport has completed a detailed Utopia Field Reserves review incorporating the new well data and combined it with recalibration of the field geological model to derive a full field development concept. In the Information Memorandum, on the basis of a 2P Reserve base of 2mmbbls (Bridgeport net: 1.2mmbbl), it was forecast that Bridgeport would progress to full field development comprising up to 16 wells and additional infill seismic to potentially add more producing wells. The Bridgeport financial models indicated this would be achieved by utilising the initial equity raised and subsequent free cash flow.

The increase in 2P Reserves to 1.8mmbbl (net to Bridgeport) has now been re-analysed, and in addition to requiring more wells to exploit the higher reserve volume, acceleration economics have been calculated for bringing the production wells on-line earlier than planned. An acceleration of the full field development provides a net present value (NPV) increase of approximately \$19 million by drilling out the field over the next year rather than over a prolonged period funded from free cash flow as originally forecast. In parallel, and as part of the full field development, the eastern lobe of the field containing Probable 3P Reserves will be appraised and additional production wells added in those areas should they be successful adding to the potential 2P Reserve base.

Figure 2. Utopia Field 2P Reserves Map (excluding Eastern Lobe)*

* Note that the 3P map encompasses Eastern Lobe.

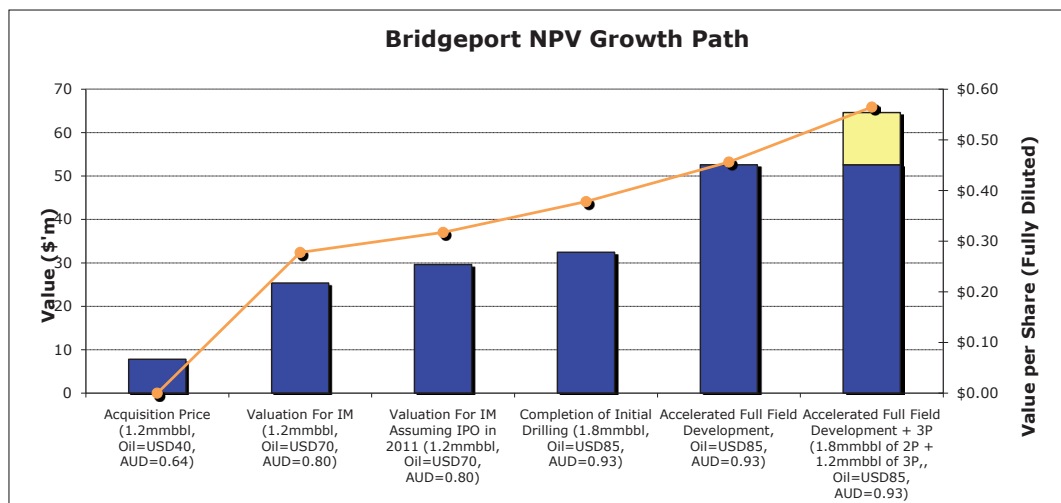
Following the recent drilling programme, a thorough review of the reserve estimates of the Utopia Field has been performed. A summary is set out in Table 1 below. No value was attributed to the Possible Reserves at the date of Acquisition, but the recent drilling programme has highlighted the existence of Possible Reserves in the eastern extension of the field.

Table 1. Utopia Field Reserve Volumes

| Oil Reserves (mmbbls) | 2P | | 3P | |
|---------------------------------------|--------------|-------------------|--------------|-------------------|
| | Gross (100%) | Net to Bridgeport | Gross (100%) | Net to Bridgeport |
| Current (At 15 April 2009) | 3.0 | 1.8 | 5.0 | 3.0 |
| At Acquisition (At 31 August 2009) | 2.0 | 1.2 | - | - |

* Note: Net volume represents Bridgeport's 60% interest

The initial acquisition Reserves and subsequent NPV growth of the Utopia Field Reserves is shown in Figure 3 below.

Figure 3. 2P/3P Reserves and NPV growth table

EXPLORATION LICENCE ATP560P

With regard to the ATP560P exploration permit, progress has been made with the review and analysis of data and by Q4 2010 the Company will be in a position to shoot 60km of 2D seismic and drill a well. A number of play types in the exploration block have been identified primarily at the Birkhead Hutton and Murta levels and at least two have been moved to lead category which will be worked further to prospect category and thence drilling later in the year. The work will be undertaken on a 60% basis, with discussions being held with our joint venture partner Bounty Oil & Gas NL (Bounty) regarding drilling and seismic in the contiguous area just north of the PL214 production permit where the leads exist. Prior to drilling these prospects, final maps will be developed, resource volumes calculated and risk analysis undertaken to justify expenditure. Bounty holds a 40% interest in the contiguous sub blocks to PL214 where these leads are found and therefore will be involved in the activities and costs in proportion to their equity levels. The work in ATP560P must take place this year as it is required by the Queensland Department of Mines & Energy (QDME) in order to retain tenure over the acreage.

It is intended that existing funds, funds from the rights issue and net cash flow from operations will be applied to the revised full field development plan for the Utopia Field and to the exploration work in permit ATP560P.

1.5 PL214 - UTOPIA FIELD DEVELOPMENT PLAN

Field development of the Utopia Field to capture a 2P Reserve base of circa 3mmbbl requires additional seismic and a significant number of new wells. Geological and reservoir modelling of the Utopia Field shows that at an average ultimate recovery per well of 70,000bbls, a total of 45 wells (including 2 workovers and 1 re-entry) is required to exploit the presently mapped 2P accumulation.

This is an increase from the original plan for the Utopia Field in the Information Memorandum dated August 2009 because the Reserve volume has increased (i.e. more Reserves requires more wells to recover the Reserves). At present the field has nine wells in it, of which three are currently not producing. Utopia 4 drilled in 1997, encountered water and was abandoned. Utopia 3 and 5 are candidates for Workovers. The remaining six wells are currently producing.

In order to fully exploit the Utopia Field, over field life, the drilling of an additional 36 wells, 1 re-entry and Workover of 2 wells is required. In the case of Utopia 5 a re-entry is planned because bypassed oil has been observed on the wireline logs. In the case of Utopia 3 a high level of water production is to be shut off with remedial cementing work. The drilling of additional wells in this field requires the gathering of additional seismic and revision of the existing geological model. However the existing 2P Utopia Field map provides sufficient confidence for the Company to drill an additional 3 wells, 1 re-entry and undertake 2 Workovers in Q4 2010, while seismic is acquired. The 2011 drilling locations will be selected following analysis and integration of the new seismic data into the field geological model. From then forward the cash flow generated from a total of 15 producers in the field will be sufficient to maintain a production level of 400bopd and generate sufficient free cash to allow the balance of the wells to be drilled in subsequent production years to maintain stable production levels from the Utopia Field. This well count does not include the Possible Reserves (3P) in the eastern lobe of the structure which will be assessed following appraisal drilling in that area.

| Utopia Field Wells | Current Status | Timing | Expected Base Production (bopd) |
|--------------------|------------------|--------------------|---------------------------------|
| U1, 2, 6, 7, 8, 9 | Producing | On Production | 130 |
| U 5 | Abandoned | Re-entry, Q4 2010 | 30 |
| U1/6, U3 | Existing/Shut In | Work Over, Q4 2010 | 40 |
| U10 – U12 | Planning | Q4 2010 | 90 |
| U13 – U18 | Planning | Q2 2011 | 180 |
| U19 - U21 | Projected | Q4 2011 | 90 |
| U22 – U34 | Projected | 2012 | 390 |
| U35 – U45 | Projected | 2013 | 330 |

Notes: 1. Production rates are indicative only for facility sizing. All production wells decline over life and an initial average of 30bopd per well has been used for this analysis.

2. The proposed development plan is subject to JV approval.

In addition to the drilling of new production wells over 2010 and 2011, the current facility production limit of 350bopd will need to be upgraded to allow for production levels of up to 900bopd at peak oil production. The Utopia production facility currently comprises pipework and storage capacity to accommodate 10 wells, 1200 barrels of oil storage and 350bopd. At a field rate of 130bopd this provides just over one week of storage capacity. The nameplate sizing of the facility will need to be increased such that once the field is at full production, further storage will be available to provide up to 4200 barrels of storage with associated pipework and manifolding for up to 40 wells. This will permit a peak rate of 900bopd and stable field flow rate of 700bopd to be safely and efficiently maintained. An upgrade of the onsite production office, warehouse space and accommodation capability will also be required to handle the greater operating requirements of the expanded field.

Finally, the increased level of trucking of Utopia crude oil will require an upgrade of the facility lease road, which is currently a 38km dirt road, to handle up to nine trucks per working week. This upgrade will involve the installation of culverts at creek beds and grading and surfacing of the road to allow near all weather access and egress.

1.6 ATP560P - EXPLORATION PLAN

Field development of the Utopia Field to capture a 2P Reserve base of circa 3mmbbl requires additional seismic and a significant number of new wells. Geological and reservoir modelling of the Utopia Field shows that at an average ultimate recovery per well of 70,000bbls, a total of 45 wells (including 2 workovers and 1 re-entry) is required to exploit the presently mapped 2P accumulation.

This is an increase from the original plan for the Utopia Field in the Information Memorandum dated August 2009 because the Reserve volume has increased (i.e. more Reserves requires more wells to recover the Reserves). At present the field has nine wells in it, of which three are currently not producing. Utopia 4 drilled in 1997, encountered water and was abandoned. Utopia 3 and 5 are candidates for Workovers. The remaining six wells are currently producing.

In order to fully exploit the Utopia Field, over field life, the drilling of an additional 36 wells, 1 re-entry and Workover of 2 wells is required. In the case of Utopia 5 a re-entry is planned because bypassed oil has been observed on the wireline logs. In the case of Utopia 3 a high level of water production is to be shut off with remedial cementing work. The drilling of additional wells in this field requires the gathering of additional seismic and revision of the existing geological model. However the existing 2P Utopia Field map provides sufficient confidence for the Company to drill an additional 3 wells, 1 re-entry and undertake 2 Workovers in Q3 2010, while seismic is acquired, followed by a further 4 wells in Q4 2010, which will take advantage of the new seismic and mapping data. The 2011 drilling locations will be selected following analysis and integration of the new seismic data into the field geological model. From then forward the cash flow generated from a total of 15 producers in the field will be sufficient to maintain a production level of 400bopd and generate sufficient free cash to allow the balance of the wells to be drilled in subsequent production years to maintain stable production levels from the Utopia Field. This well count does not include the Possible Reserves (3P) in the eastern lobe of the structure which will be assessed following appraisal drilling in that area.

The Acquisition brought with it a largely unexplored exploration permit covering approximately 200km² of prime acreage on the eastern edge of the Cooper Eromanga geological basin. There are 13 wells drilled in the permit to date, most of which were drilled in the period between the 1960s and 1980s and a number containing oil & gas shows. A regional review of the block has been completed and the Bridgeport team is now attempting to source all the 2D seismic data and upload it into the geological database. A leads and prospects map is currently being generated for the permit. Once this is completed a decision will be made on locating a well in the lowest risk prospect.

The permit has in place a commitment with the QDME to drill one well and acquire at least 60km of 2D seismic prior to 30 November 2010. While commitments can be varied, management is encouraged that there are some lower risk prospects in the area contiguous to the producing permit PL214 which warrant drilling. Once mapping is complete and in parallel with seismic and drilling operations in the Utopia Field, the plan is to fulfil the permit commitment by drilling the lowest risk exploration well in the permit based on current 2D seismic. Depending on results, and notwithstanding the current commitment in place, it is a possible outcome that the seismic may be acquired or deferred into 2011 (subject to discussions with the QDME).

Bridgeport Energy (QLD) Pty Ltd (BQ) is registered with the QDME as 100% title on the ATP560P. However, it is noted that there are two farm-out agreements within ATP560P which were entered into prior to the Acquisition being:

- Mclvor Block which constitutes a five minute graticular block – Lakes Oil 50%/Vic Pet 50%, in which BQ has a 7.5% gross overriding royalty; and
- UEleven Block which constitutes a five minute graticular block – in which BQ has a 2.5% working interest

In addition, there are 28 contiguous sub blocks to the north and east of (and bordering) PL214 (but which is mapped as part of ATP560 joint venture) in which OWK and Bounty maintain a 60% /40% relevant working interest. On this basis, the average working interest in the ATP560P block is 90%.

1.7 2010 AND 2011 WORK PROGRAMME COSTS

The work programme described above in sections 1.5 and 1.6 is to be funded by proceeds from the Offer and continuing revenue from PL214 Utopia Field crude oil sales.

1. PL214

The proposed total (100% JV) work programme and costs up to mid year 2011 are summarised in the table below.

| Development Project Cost \$ million | Work Element | Description | Timing |
|-------------------------------------|-----------------------------|--|-----------|
| 2.0 | Seismic Acquisition | 120km ² 3D + associated interpretation and analysis | Q3 2010 |
| 2.5 | Production Facility Upgrade | New storage tanks, fire system upgrades, 18 x beam pumps, install potable water facility | Q4 2010 |
| 4.3 | Drill & Complete Phase 1 | Drill & complete 3 Production wells: 1 Re-entry and Workover 2 wells | Q3/4 2010 |
| 6.0 | Drill & Complete Phase 2 | Drill & complete up to 6 Production wells | Q2 2011 |
| 14.8 | Total Project | | |

Note: \$14.8 million is the total project cost. The net cost to Bridgeport is 60% of this, or \$8.9 million.

2. ATP560P

The ATP560P 2010 work programme comprises one exploration well and 60km of 2D seismic and is summarised in the table below.

| Development Project Cost \$ million | Work Element | Description | Timing |
|-------------------------------------|----------------------|---|---------|
| 0.6 | Seismic Acquisition | 60km 2D | Q3 2010 |
| 0.2 | G&G work | Data assimilation and review | ongoing |
| 1.5 | Drill & Test | Drill & test 1 Exploration well to a depth of | Q4 2010 |
| 2.3 | Total Project | | |

Note: \$2.3 million is the total project cost. The net cost to Bridgeport is 60% or \$1.4 million, on the basis of drilling in the contiguous sub blocks to PL214, in which Bounty has a 40% interest.

Total proposed capital expenditure over the remainder of 2010 and 2011 net to Bridgeport is \$10.3 million.

The forecast capital expenditures will be met by revenue derived from crude oil production and from funds raised by way of this Offer.

1.8 OTHER OPPORTUNITIES

Concurrent with the proposed acceleration of our drilling activities, the Company has been approached about and continues to pursue opportunities in the oil and gas sector. The Company intends on using its resources to evaluate and pursue wherever practicable, additional sources of oil and gas which may form the basis for future income streams, which are considered to be in the best interests of the Company. Of course, the economics of any future opportunities will be communicated in the most appropriate way to shareholders.

1.9 USE OF FUNDS

The funds raised from this Offer and the Placement, plus existing cash reserves will be utilized to:

- accelerate the development the Utopia Field;
- conduct extensive seismic investigations on the Utopia Field and the eastern lobe of the field;
- continue the prudent exploration of ATP560;
- provide working capital for the Company's on-going operations; and
- pay the expenses of the Offer.

If the Company does not raise the full amount under the Offer, it is the Board's current intention to modify and adapt the work programmes set out in sections 1.7(1) and (2) as appropriate to align the work programmes with the amount raised.

1.10 VALUATION

The price of \$0.30 per New Share has been derived adopting a 20% discount to the net present value (NPV) of \$0.38 per share (base case, on a fully diluted basis). The directors believe that this discount is reasonable under current market conditions.

NPV of Bridgeport

| Base Case | Value (\$) | NPV/Share (undiluted) | NPV/Share (diluted) |
|----------------------------------|-------------------|-----------------------|---------------------|
| Number of Shares | | 74,697,167 | 104,697,167 |
| Option Exercise Value (\$) | | - | 7,125,000 |
| NPV of Cashflows (@12%) | 23,863,867 | | |
| EMV of Exploration Assets | 2,400,000 | | |
| Value of Franking Credits (@70%) | 6,203,673 | | |
| | 32,467,540 | 0.43 | 0.38 |

| Accelerated Case Proposed 1 for 4 Rights Issue & Place | Value (\$) | NPV/Share (undiluted) | NPV/Share (diluted) |
|--|-------------------|-----------------------|---------------------|
| Number of Shares | | 103,371,459 | 133,371,459 |
| Option Exercise Value (\$) | | - | 7,125,000 |
| NPV of Cashflows (@12%) | 40,288,885 | | |
| EMV of Exploration Assets | 2,400,000 | | |
| Value of Franking Credits (@70%) | 9,097,605 | | |
| | 51,786,490 | 0.50 | 0.44 |

The NPVs are based on a discounted cash flow valuation method over the economic life of the current expected Reserves. This assumes cash flows arising from existing and proposed development, exploration and feasibility work as well as the revenues and Estimated Monetary Value (EMV) that arises. The above numbers do not include projections for further acquisitions, growth opportunities or if further inherent upside of the Utopia Field is realised.

These projections are predictive in character and may be affected by a change in assumptions or by known or unknown risks and uncertainties. Results ultimately achieved may differ materially from the above. Cash flow projections may also change significantly if further acquisitions are made.

Key assumptions used in the valuations are as follows:

| | |
|-----------------------------------|-----------|
| Equity Discount Rate | 12% |
| Cost Inflation | 3% |
| Oil Escalation Factor | 2% |
| Tax Rate | 30% |
| Value of Franking Credits | 70% |
| Oil Price (USD/bbl) | 85 |
| AUD/USD Exchange Rate | 0.93 |
| Total Reserves (Total JV in bbls) | 2,980,000 |
| Bridgeport's Share (in %) | 60% |
| Bridgeport's Share (in bbls) | 1,788,000 |

1.11 RISKS

1. RISK FACTORS

Oil and gas exploration, development and production have inherent risks, which may have a material effect on Bridgeport's future performance and the value of its securities. Potential investors should consider whether the investment opportunity described under this Offer is a suitable investment, having regard to their own individual investment objectives, financial circumstances, and the risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their own professional advisers before deciding whether to submit the Form.

2. RESERVES

The oil and gas Reserves present in the fields and available for production are determined by technical means including seismic surveys and the drilling of exploration wells. Reserves figures are expressed probabilistically and Bridgeport relies upon these probabilities in making its investment decisions. A significant negative variance in the actual quantum of oil or gas available for production under forecast economic criteria could have a material adverse effect on Bridgeport. Reserves are defined by an international standard used by Bridgeport and as specified in the Petroleum Resources Management System dated 2007 and sanctioned by the International Society of Petroleum Engineers, the American Association of Professional Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (ref: www.spe.org, Reserves Determination).

3. RESOURCES

Undiscovered resources have a possibility of being found within the permits. If found, these may or may not be commercial and indeed there is no assurance that exploration wells drilled in the course of business will find hydrocarbons. If commercial resources are found, additional capital will be required to exploit them, at which point the resources will be reclassified as reserves. Resources are defined on an

international standard used by Bridgeport and as specified in the Petroleum Resources Management System dated 2007 and sanctioned by the International Society of Petroleum Engineers, the American Association of Professional Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers (ref: www.spe.org, reserves determination).

4. APPRAISAL DRILLING RISK

Even when drilling in existing fields, there is no assurance that oil will be discovered or, even if it is, that commercial quantities of oil can be recovered from these wells. No assurances can be given that if commercial Reserves are discovered Bridgeport will be able to realise such Reserves as intended.

5. OIL PRICE FLUCTUATIONS

The price for oil will depend on available markets and supply and demand dynamics. Market prices are also affected by transmission and distribution costs. Any substantial decline in oil prices or increase in transmission and distribution costs could have a material adverse effect on Bridgeport.

6. DEVELOPMENT CAPITAL COST

The capital cost of the proposed development could vary with changes in a variety of factors, including exchange rates which affect imported capital equipment prices and geological and technical conditions encountered during the drilling of wells and construction of production facilities. A substantial development cost overrun could have a material adverse effect on Bridgeport.

7. ECONOMIC FACTORS

Factors such as inflation, currency exchange rates, interest rates, supply and demand and industrial disruption have an effect on operating costs, commodity prices and stock market prices. Changes in these variables could have a material effect on Bridgeport. Bridgeport's possible future profitability and the value of its securities can be affected by these factors, which are beyond the control of Bridgeport.

8. COMPETITION

Bridgeport will compete with other companies, including major oil companies. Some of these companies have greater financial and other resources than Bridgeport and, as a result, may be in a better position to compete for future business opportunities. Many of Bridgeport's competitors not only explore for oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that Bridgeport can compete effectively with these companies.

9. LICENCE TITLE RIGHTS

Retention leases and production licenses are granted for specific time periods and are subject to specific obligations to be undertaken by the license holders. If the licenses are not renewed Bridgeport's business plan and development programs may require modification.

10. GOVERNMENT ACTION

Governmental action, including delays, inactions or policy change, particularly in relation to matters such as access to infrastructure, environmental regulation, taxation and royalties and production and exploration licensing may affect Bridgeport's activities.

11. ENVIRONMENTAL

Oil and gas exploration, development and production can be potentially hazardous to the environment. Bridgeport may incur substantial costs for environmental rehabilitation, damage control and losses by third parties resulting from its operations.

Bridgeport is subject to environmental laws and regulations in connection with its activities. Bridgeport intends to conduct its activities in an environmentally responsible manner, however Bridgeport could be subject to liability due to risks inherent in its activities, such as accidental leaks, spillages or other unforeseen circumstances. These risks will be covered by reasonable insurance levels which could be exceeded.

12. LIMITED OPERATING EXPERIENCE

While Bridgeport's directors and officers have significant experience in the oil and gas industry, Bridgeport was only registered as an Australian company in June 2009. Accordingly, Bridgeport has limited historical, financial or operating information available. Bridgeport's ability to achieve its objectives depends on the ability of its directors and officers to implement the current plans and to respond to any unforeseen circumstances, which may require change to those plans.

13. RELIANCE ON THIRD PARTY CONTRACTORS

It is intended that development activities of Bridgeport will be contracted to third parties, including via alliance agreements with Australian Drilling Services (ADS) and Aztech Well Construction Pty Ltd (Aztech). While all care will be taken to contract with third parties that have appropriate expertise and experience, using competitive pricing bases, there can be no guarantee that such third parties will perform as expected or required. Non-performance by third party contractors may have a material adverse effect on Bridgeport.

14. RELIANCE ON THIRD PARTY INFRASTRUCTURE

The sharing with other industry players of operating infrastructure such as transport equipment and refineries is an integral feature of oil and gas operations. As such, Bridgeport places reliance on the proper operations and maintenance of shared facilities in the Eromanga area that are outside of its direct control in order to deliver its production to market.

15. RELIANCE ON JOINT VENTURE AGREEMENT

Bridgeport is reliant on the joint venture agreement governing PL 214 and on development agreements to be entered into for further developments.

Under such agreements, the Company may be required to participate in programs and budgets with which it does not agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, financial failure or default by any participant in a joint venture or contract to which Bridgeport is party may have a significant and adverse impact on Bridgeport. Furthermore, any proposed work programs or other activities under such agreements may need to be approved by the joint venture participants.

16. DRILLING AND OPERATING RISKS

Oil and gas drilling and production activities are subject to numerous risks, many of which are beyond Bridgeport's control.

Bridgeport's operations may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties (including well and reservoir under performance), shortage or delays in the delivery of equipment and compliance with governmental requirements.

Industry operating risks include fire, explosions, blow-outs, producing equipment (plant and pipe) failures, abnormally pressured formations and environmental hazards, such as accidental leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. While insurance cover is carried for these risks, the occurrence of such risks could still cause Bridgeport substantial loss due to the cost of personal injury, loss of life, damage or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties or suspension of operations. Any of these events might also give rise to claims against Bridgeport.

17. FINANCING

Bridgeport, in order to meet future development costs and license commitments, may be required to raise additional capital. Any additional equity raising may be dilutive to shareholders or may be undertaken at lower prices than the current market price (or Offer price). In addition, any debt financing raised may involve restrictions on the operations and further financing activities of Bridgeport.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. In the event that required funds are not forthcoming, Bridgeport may need to farm out its interests or reduce its commitments. A failure to meet license commitments will render license areas liable to be cancelled.

18. LIQUIDITY

Bridgeport is at present an unlisted entity and shares in Bridgeport will not be freely tradable in its current form. While it is anticipated that Bridgeport will proceed to an IPO, there is no guarantee that a listing will occur at any time, nor that a liquid market for shares in Bridgeport will ever be created. Even if an IPO was undertaken, the shareholding of investors in Bridgeport may be subject to escrow restrictions, either compulsory or voluntary, which may limit the ability of an investor to realise their investment in Bridgeport for up to two or more years after an IPO.

19. INSURANCE

Bridgeport intends to adequately insure its operations in accordance with industry practice. Insurance of all risks associated with oil and gas exploration, development and production is not always possible and, where available, the cost can be high. Accordingly, Bridgeport may not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue.

20. RELIANCE ON KEY PERSONNEL

The ability of Bridgeport to achieve its objectives depends on the engagement of external contractors and additional permanent staff. If Bridgeport is unable to attract personnel or engage suitable external technical staff, or if the services of the present management cease to be available to Bridgeport, this may affect Bridgeport's ability to achieve its objectives.

21. LITIGATION

Exposure to litigation brought about by third parties such as customers, regulators, employees or business associates could negatively impact the Company through increased costs, payments for damages and damage to its reputation.

1.12 TECHNICAL GLOSSARY

1. **2D** means two dimensional;
2. **3D** means three dimensional;
3. **IP** means Proven Reserves as defined by the International Society of Petroleum Engineers, 2007 standard
4. **2P** means Proven and Probable Reserves as defined by the International Society of Petroleum Engineers, 2007 standard;
5. **3P** means Proven, Probable and Possible Reserves as defined by the International Society of Petroleum Engineers, 2007 standard;
6. **ATP** means authority to prospect;
7. **Bbl** means barrels;
8. **Bopd** means barrels of oil equivalent per day;
9. **EMV** means estimated monetary value;
10. **JV** means joint venture;
11. **mmbbls** means millions of barrels;
12. **NPV** means net present value;
13. **PL** means production license;
14. **Possible Reserves** means the Reserves when calculated by probabilistic methods should have at least 10% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable plus Possible reserves;
15. **Probable Reserves** means the Reserves when calculated by probabilistic methods should have at least 50% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable reserves;
16. **Proven Reserves** means the Reserves when calculated by probabilistic methods should have at least 90% probability that the quantities actually recovered will equal or exceed the estimate;
17. **Q1** means first quarter;
18. **Q2** means second quarter;
19. **Q3** means third quarter;
20. **Q4** means fourth quarter; and
21. **QDME** means Queensland Department of Mines & Energy.
22. **Reserves** means those quantities of hydrocarbons which are anticipated to be commercially recovered from known accumulations from a given date forward according to the Petroleum Resources Management System and definitions of the Society of Petroleum Engineers & World Petroleum Congresses dated 2007;
23. **Resources (Prospective)** means those quantities of hydrocarbons which are mapped and estimated to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development and are in accordance with the definitions of the Society of Petroleum Engineers & World Petroleum Congresses dated 2007;
24. **Seismic** means data comprising numerous adjacent traces acquired sequentially;
25. **Workover** means an activity in which an existing well bore is entered to increase productivity or for remedial work.

ANNEXURE B - DETAILS OF THE OFFER

1.1 THE OFFER

The Directors of Bridgeport have approved a pro-rata non-renounceable rights issue of 26,174,292 New Shares at \$0.30 per New Share to raise approximately \$7.85 million (before expenses associated with the Offer are paid).

Shareholders of Bridgeport who hold shares or options (or a combination of both) on the date of this Offer Letter are entitled to subscribe for 1 New Share for every 4 shares and/or options held.

Shareholders may apply for additional New Shares above their entitlement but the Company reserves the right to accept oversubscriptions on a pro-rata basis should the total shares applied for by all applicants exceed the total of \$7.85 million sought by the Company.

To the extent that there is a shortfall once all of the applications made by existing shareholders for New Shares has been filled, the Company reserves the right to place the remaining new shares proposed to be issued under the entitlement offer to investors who are currently not shareholders in the Company and fall within section 708 of the Corporations Act.

1.2 NEW SHARE TERMS

Upon issue each New Share will rank equally with all existing shares then on issue.

1.3 RECORD DATE

Shareholders who hold shares or options (or a combination of both) on the date of this Offer Letter are entitled to participate in the Offer in respect of those securities.

1.4 ACCEPTANCE AND ENTITLEMENT TO NEW SHARES

The number of New Shares to which each Shareholder is entitled is shown on the Entitlement & Acceptance Form (Form) accompanying this Offer Letter. Fractional entitlements will be rounded up or down to the nearest whole number. This Offer Letter is for the information of shareholders who are entitled and may wish to apply for New Shares.

The Company is relying on the exceptions to the requirement to provide disclosure to investors in section 708 of the Corporations Act 2001 in respect of the rights issue. Therefore in order to subscribe for New Shares you must complete the "eligibility" section of the Form in accordance with the instructions and return it to the Company.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Form in accordance with the instructions set out on the Form and forwarding the completed Form together with the full amount payable that it reaches the Company by no later than 5pm (AEST) on 25 May 2010.

1.5 ADDITIONAL SHARES

Shareholders may apply for additional New Shares above their entitlement and the Company reserves the right to accept oversubscriptions on a pro-rata basis should the total shares applied for by all applicants exceed the total of \$7.85 million sought by the Company.

1.6 ALLOTMENT AND ALLOCATION POLICY

Bridgeport will proceed to allocate New Shares as soon as possible after the Closing Date. Successful applicants will be notified in writing or electronically of the number of New Shares allocated to them as soon as possible after the allocation is made.

1.7 CLOSING DATE

The issue will remain open until 5pm (AEST) on 25 May 2010.

I.8 UNDERWRITING

The Offer is not underwritten.

I.9 TAXATION

Shareholders should be aware that there may be taxation implications of participating in the Offer and subscribing for New Shares. The taxation consequences of participating in the Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstance.

I.10 OVERSEAS SHAREHOLDERS

The Company has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's shareholders reside.

The distribution of this Offer Letter in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Letter should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

If you have a registered address outside of Australia or New Zealand and wish to make any application to receive New Shares under this Offer, you should do so by providing a warranty to the Company in the "eligibility" section of the Form that after making due and proper enquiries in the relevant jurisdiction you are a person to whom New Shares may be lawfully issued under the Offer and that the issue of New Shares to you under the Offer does not contravene any law of that jurisdiction. If the Company is satisfied that your application in writing is sufficient, it may issue New Shares to you.

21 April 2010

The Directors
Bridgeport Energy Limited
Level 7, 111 Pacific Highway
North Sydney NSW 2060

Dear Sirs,

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

At the request of the Directors of Bridgeport Energy Limited ("**Bridgeport**" or "**the Company**"), PKF Corporate Advisory Services (NSW) Pty Ltd ("**PKFCA**") has prepared this Investigating Accountant's Report for inclusion in an Offer Document to be dated on or about 21 April 2010 ("**Offer Document**") relating to a capital raising of \$8.6 million. This raising will be conducted by way of:

- A non-renounceable rights issue to each existing shareholder of up to 26,174,292 shares at 30 cents each to raise up to \$7.85 million; and
- A private placement of 2,500,000 shares at 30 cents each to raise up to \$750,000 (**Placement**).

This Report sets out PKFCA's findings on the following Financial Information of Bridgeport as set out in Appendix B of our report:

- A review of the Historical Consolidated Statement of Financial Position as at 31 December 2009;
- A review of the Historical Pro-Forma Consolidated Statement of Financial Position as at 31 December 2009; and
- A review of the Historical Consolidated Statement of Comprehensive Income for the period ended 31 December 2009 (ie. from the date of incorporation)

The foregoing financial information is collectively referred to as "**the Historical Financial Information**".

Terms used in this Investigating Accountant's Report are intended to have the same meaning ascribed to them as in the Offer Document, unless expressly provided for otherwise in this Investigating Accountant's Report.

The nature of this Investigating Accountant's Report is such that it should be given by an entity that holds an Australian Financial Services Licence under the Financial Services Reform Act 2001. PKFCA is wholly owned by PKF and holds the appropriate Australian Financial Services Licence (Licence No. 247420).

BACKGROUND

Bridgeport was incorporated on 2 June 2009 and acquired 100% of the issued capital of Oilwells Incorporated of Kentucky (“**OWK**”) on 31 August 2009.

OWK holds a 60% interest in the Oilwells Inc, of Kentucky/Bounty Joint Venture (“**OWK JV**”) which has oil producing, development and exploration assets in Queensland.

Bridgeport also holds 100% legal title (effectively a 90% beneficial interest) in the exploration permit ATP560 in Queensland.

Bridgeport acquired 100% of the issued share capital of OWK by settlement of cash which was raised by an equity raising.

HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information comprises:

- the Reviewed Historical Consolidated Statement of Financial Position as at 31 December 2009;
- the Reviewed Historical Pro-Forma Consolidated Statement of Financial Position as at 31 December 2009; and
- the Reviewed Historical Consolidated Statement of Comprehensive Income for the period ended 31 December 2009;

The Pro-Forma Historical Consolidated Statement of Financial Position as at 31 December 2009 assumes completion of the transactions detailed in Appendix B of this report and assumes the maximum of \$8.6m will be raised under the Offer.

The Directors of Bridgeport are responsible for the preparation and presentation of the Historical Financial Information (including the Pro-Forma financial information and including the determination of the adjusting transactions). The Historical Financial Information has been prepared for inclusion in the Offer Document. We disclaim any assumption of responsibility for any reliance on this Investigating Accountant’s Report or on the Historical Financial Information to which it relates for any purposes other than for which it was prepared.

The Historical Financial Information is presented in a summarised form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to interim financial reports prepared in accordance with the Corporations Act 2001.

SCOPE OF REVIEW

We have reviewed the Historical Financial Information as set out in Appendix B of our report, in order to report whether anything has come to our attention which causes us to believe that the Historical Financial Information does not present fairly the results of operations and financial position of Bridgeport, in accordance with the recognition and measurement principles prescribed by Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Bridgeport.

Our review has been conducted in accordance with Australian Standards on Review Engagements 2410, “Review of a Financial Report Performed by the Independent Auditor of the Entity”. We made such enquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- A review of accounting records and other documents;
- A comparison of the consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and accounting policies adopted by Bridgeport;

- A review of the assumptions used to compile the adjusting transactions; and
- Enquiries of Directors, Management, Advisers and others.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

STATEMENTS AND OPINION

Review of Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical Financial Information as set out in Appendix B of our report, has not been presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by Bridgeport.

Subsequent Events

Other than the matters dealt with in this Investigating Accountant's Report, to the best of our knowledge and belief, there have been no material transactions or events outside the ordinary course of business of Bridgeport that have come to our attention which require comment on, or adjustment to, the information contained in this Investigating Accountant's Report or which would cause such information to be misleading or deceptive.

INDEPENDENCE AND GENERAL ADVICE LIMITATION

Independence

PKFCA is a member of the PKF East Coast accounting practice. PKFCA does not have any interest in the outcome of the Offer set out in the Offer Document, other than in connection with the preparation of this Investigating Accountant's Report, for which normal professional fees will be received.

The Directors of Bridgeport have agreed to indemnify and hold harmless PKFCA, its Directors and Staff from any claims arising out of misstatement or omission in any material or information provided to PKFCA by the Company and its Directors, Management and Officers.

PKFCA has consented to the inclusion of this Report in the Offer Document in the form and context in which it is included. At the date of this Investigating Accountant's Report, this consent has not been withdrawn.

General Advice Limitation

This Investigating Accountant's Report has been prepared, and included in the Offer Document, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Investigating Accountant's Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

PKFCA holds an Australian Financial Services Licence. As a holder of an Australian Financial Services Licence we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of PKFCA's Financial Services Guide is set out in Appendix A to this Investigating Accountant's Report.

Yours faithfully,

A handwritten signature in cursive script that reads "PKF Corporate Advisory Services (NSW) Pty Ltd".

PKF CORPORATE ADVISORY SERVICES (NSW) PTY LTD

A handwritten signature in cursive script that reads "Bruce Gordon".

BRUCE GORDON

Director

APPENDIX A: FINANCIAL SERVICES GUIDE

21 April 2010

This Financial Services Guide is issued in relation to the Investigating Accountant's Report included in the Offer Document dated on or about 21 April 2010 relating to a capital raising of \$8.6. The raising will be conducted by way of:

- A non-renounceable rights issue to each existing shareholder of up to 26,174,292 shares at 30 cents each to raise up to \$7.85 million; and
- A private placement of 2,500,000 shares at 30 cents each to raise up to \$750,000

PKF Corporate Advisory Services (NSW) Pty Ltd ("**PKFCA**") (ABN 70 050 038 170) has been engaged by the Directors of Bridgeport to prepare an Investigating Accountant's Report for inclusion in the Offer Document.

PKFCA holds an Australian Financial Services Licence - Licence No: 247420.

Financial Services Guide

As a result of our Investigating Accountant's Report being provided to you we are required to issue to you a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue an Investigating Accountant's Report in connection with the issue of securities of another person.

Our Investigating Accountant's Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Investigating Accountant's Report has been issued.

Our Investigating Accountant's Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General Financial Product Advice

Our Investigating Accountant's Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the issue of share described in the Offer Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We have charged fees for providing our Investigating Accountant's Report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who

engaged us to provide the Investigating Accountant's Report. Our fees have been agreed on either a fixed fee or time cost basis.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly in connected with any assignment and in particular are not directly related to the engagement for which our Investigating Accountant's Report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the Reports that we are licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF East Coast Practice, Chartered Accountants and Business Advisers. The Directors of PKFCA may also be Partners in PKF East Coast Practice, Chartered Accountants and Business Advisers.

PKF East Coast Practice, Chartered Accountants and Business Advisers are comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory Services (NSW) Pty Ltd, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Industry Complaints Service ("**FICS**"). FICS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FICS. FICS may be contacted directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007
Toll free: 1300 78 08 08
Facsimile: (03) 9621 2291
Email: www.fics@fics.asn.au

APPENDIX B: FINANCIAL INFORMATION

This Section provides a summary of the Historical Financial Information of Bridgeport which comprises Bridgeport Energy Limited and its subsidiary. All Historical Financial Information presented in this Section should be read in conjunction with the Investigating Accountant's Report and other information contained within this Offer Document.

Unless otherwise stated, the Historical Financial Information has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ("**AASB**") and the Corporations Act. The accounting policies comply with Australian Equivalents to International Financial Reporting Standards ("**AIFRS**") and International Financial Reporting Standards ("**IFRS**").

The Historical Financial Information comprises:

- the Reviewed Historical Consolidated Statement of Comprehensive Income, for the period ended 31 December 2009;
- the Reviewed Historical Consolidated Statement of Financial Position as at 31 December 2009 (i.e. pre-Offer);
- the Reviewed Historical Pro-Forma Consolidated Statement of Financial Position as at 31 December 2009, assuming that the proposed transactions envisaged in this Offer Document are completed (i.e. post Offer); and

The foregoing financial information is collectively referred to as "**the Historical Financial Information**".

BACKGROUND

The Historical Financial Information in this Section should be read in conjunction with the information and accounting policies set out below and other information contained within this Offer Document.

The Historical Financial Information contained in this Offer Document is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an Annual Report prepared in accordance with the requirements of the Corporations Act.

Bridgeport was incorporated on 2 June 2009 and acquired 100% of the issued capital of Oilwells Incorporated of Kentucky ("**OWK**") on 31 August 2009.

OWK holds a 60% interest in the Oilwells Inc, of Kentucky/Bounty Joint Venture ("**OWK JV**") which has oil producing, development and exploration assets in Queensland.

Bridgeport also has an effective 90% interest in the exploration permit ATP560 in Queensland.

Bridgeport acquired 100% of the issued share capital of OWK by settlement of cash which was raised by an equity raising.

Bridgeport Energy Limited

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2009

| | Reviewed Actual |
|--|----------------------------|
| Revenue | 268,860 |
| Cost of sales | 155,298 |
| Gross profit | 113,562 |
| | |
| Other income | |
| Interest received | 26,359 |
| | |
| Expenses | |
| Director fees | 16,350 |
| Depreciation and amortisation | 23,593 |
| Employee costs | 260,491 |
| Foreign exchange loss | 35,364 |
| Insurance | 8,432 |
| Legal/professional | 42,728 |
| Other expenses | 85,917 |
| Rates | 21,101 |
| Rental – premises | 7,480 |
| Royalties | 14,707 |
| Travel | 8,673 |
| | |
| Net loss for the period | (384,916) |
| | |
| Other comprehensive income/(loss) | - |
| | |
| Total comprehensive loss for the period | (384,916) |

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Bridgeport Energy Limited

Consolidated Statement of Financial Position

As at 31 December 2009

| | Note | Reviewed Actual 31 December | Reviewed Pro-Forma 31 December |
|--|------|-----------------------------------|--------------------------------------|
| Current assets | | | |
| Cash and bank | 2 | 2,278,150 | 10,834,150 |
| Trade and other receivables | | 182,011 | 182,011 |
| Inventory | | <u>244,702</u> | <u>244,702</u> |
| Total current assets | | <u>2,704,863</u> | <u>11,260,863</u> |
| Non-current assets | | | |
| Plant and equipment | | 779,438 | 779,438 |
| Oil producing assets | 3 | 3,974,112 | 3,974,112 |
| Exploration and evaluation expenditure | 4 | <u>2,883,177</u> | <u>2,883,177</u> |
| Total non-current assets | | <u>7,636,727</u> | <u>7,636,727</u> |
| Total Assets | | <u>10,341,590</u> | <u>18,897,590</u> |
| Current liabilities | | | |
| Trade and other payables | | 440,482 | 440,482 |
| Provisions | | <u>266,972</u> | <u>266,972</u> |
| Total current liabilities | | <u>707,454</u> | <u>707,454</u> |
| Total Liabilities | | <u>707,454</u> | <u>707,454</u> |
| Net Assets | | <u>9,634,136</u> | <u>18,190,136</u> |
| Equity | | | |
| Share capital | 5 | 10,019,052 | 18,575,052 |
| Accumulated losses | | <u>(384,916)</u> | <u>(384,916)</u> |
| Total Equity | | <u>9,634,136</u> | <u>18,190,136</u> |

The Statement of Financial Position should be read in conjunction with the accompanying notes

Bridgeport Energy Limited

Notes to the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES

Bridgeport Energy Limited ("**Bridgeport**") was incorporated on 2 June 2009 and is an unlisted public company domiciled in Australia. Bridgeport's operations comprise oil production, development, exploration and investment in the resources industry.

Operating results

The Statement of Comprehensive Income is for a seven month period ie. from the date of incorporation of Bridgeport. Bridgeport acquired OWK on 31 August 2009, therefore the operating results included in the Statement of Comprehensive Income are reflective of the period 1 September 2009 to 31 December 2009.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bridgeport and its subsidiary as at 31 December each year ("**the Group**").

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Where the finalisation of the fair values of the assets acquired is incomplete at the reporting date provisional accounting principles are applied. Any subsequent adjustment to fair values made within 12 months of the acquisition of the subsidiary result in a re-statement of the allocation of the purchase price.

(b) Exploration and evaluation expenditure

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 they are expected to be recouped through the successful development of the area 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.

When a reasonable assessment of the existence of economically recoverable reserves is possible, the accumulated costs for the relevant area of interest are reallocated into development expenditure.

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.

Bridgeport Energy Limited

Notes to the Financial Statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Oil and gas assets

Producing assets

The costs of oil and gas assets in production are separately accounted for as tangible and intangible assets and include past exploration and evaluation costs, pre-production development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings.

Assets in development

When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated the field enters its development phase. The costs of oil and gas assets are transferred from exploration and evaluation expenditure and reclassified into the development phase and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings.

When full commercial operation commences, the accumulated costs are transferred into oil producing assets.

Oil and gas assets are subject to depletion in accordance with the following policy:

Depletion charges are calculated using a unit of production method which will amortise the cost of carried forward exploration, evaluation and development expenditure over the life of the estimated proven plus probable reserves (“2P”) reserves in a cash generating unit, together with the development expenditure necessary to develop the hydrocarbon reserves in the respective cash-generating units.

(d) Inventories

Inventories include petroleum products and consumables and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Petroleum products

Cost is derived on an absorption costing basis and includes direct operating costs and an appropriate portion of fixed and variable overheads.

Consumables

Consumables includes drilling and maintenance stocks, which includes plant spares, consumables and maintenance and drilling tools used for ongoing operations. They are valued at actual cost.

(e) Interest in jointly controlled operations

The Company’s share of the assets, liabilities, revenue and expenses of jointly controlled operations are included in the appropriate items of the Statement of Comprehensive Income and Statement of Financial Position.

(f) Revenue recognition

(i) *Sale of goods*

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases, this coincides with the transfer of legal title or the passing of possession to the buyer.

(ii) *Interest revenue*

Interest revenue is recognised using the effective interest method.

Bridgeport Energy Limited

Notes to the Financial Statements

g) Restoration provision

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at reporting date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalised and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

h) Basis of Preparation of the Pro-Forma Statement of Financial Position

The Pro-Forma Statement of Financial Position at 31 December 2009 reflects the Statement of Financial Position of Bridgeport as at that date, including certain transactions, detailed below, as if those transactions had occurred at 31 December 2009.

- A capital raising of \$8.6 million which will be conducted by way of:
 - A non-renounceable rights issue to each existing shareholder of up to 26,174,292 shares at 30 cents each to raise up to \$7.85 million;
 - A private placement of 2,500,000 shares at 30 cents each to raise up to \$750,000; and
 - The Pro-Forma Statement of Financial Position assumes the maximum of \$8.6m is raised
- The payment of expenses associated with the Offer estimated to be \$44,000 which will be charged against equity and reflected in the Pro-Forma Statement of Financial Position.

Bridgeport Energy Limited

Notes to the Financial Statements

| | Reviewed Actual 31 Dec 2009 \$ | Reviewed Pro-Forma 31 Dec 2009 \$ |
|---|---|--|
| Note 2 – CASH AND CASH EQUIVALENTS | | |
| <i>Cash and cash equivalents</i> | | |
| Cash at bank and on hand | 2,278,150 | 10,834,150 |
| Total cash and cash equivalents | 2,278,150 | 10,834,150 |

Reconciliation of cash and cash equivalents

| | | |
|---|------------------|-------------------|
| Cash and cash equivalents at 31 December 2009 | 2,278,150 | 2,278,150 |
| Proceeds from the Offer | - | 8,600,000 |
| Capital raising and listing costs | - | (44,000) |
| Total cash and cash equivalents | 2,278,150 | 10,834,150 |

NOTE 3 – OIL PRODUCING ASSETS

| | | |
|--|------------------|------------------|
| Opening balance | - | - |
| Acquired through acquisition of subsidiary | 2,779,829 | 2,779,829 |
| Restoration provision | 248,540 | 248,540 |
| Additions at cost | 949,572 | 949,572 |
| Amortisation | (3,829) | (3,829) |
| Closing balance | 3,974,112 | 3,974,112 |

NOTE 4 – EXPLORATION AND EVALUATION EXPENDITURE

| | | |
|--|------------------|------------------|
| Opening balance | - | - |
| Acquired through acquisition of subsidiary | 2,855,239 | 2,855,239 |
| Additions at cost | 27,938 | 27,938 |
| Closing balance | 2,883,177 | 2,883,177 |

The ultimate recoupment of expenditure carried forward for exploration and evaluation is dependent on the successful development and commercial exploration or sale of the respective areas.

Bridgeport Energy Limited

Notes to the Financial Statements

NOTE 5 – SHARE CAPITAL

| | Number of Shares | Reviewed Actual 31 Dec 2009 \$ | Number of Shares | Reviewed Pro-Forma 31 Dec 2009 \$ |
|---|---------------------|--|---------------------|---|
| Issued on incorporation | 100 | 1 | 100 | 1 |
| Shares issued | 74,697,067 | 10,439,551 | 74,697,067 | 10,439,551 |
| Share issue costs | - | (420,500) | - | (420,500) |
| Shares issued pursuant to the Offer | - | - | 28,674,292 | 8,600,000 |
| Share issue costs associated with the Offer | - | - | - | (44,000) |
| | 74,697,167 | 10,019,052 | 103,371,459 | 18,575,052 |

