

### Managing Director and CEO's Report

Welcome to this edition of the Bridgeport Quarterly Report. This report provides an update on the activities of the Company since the Shareholder Meeting held in February 2011.

The first half of 2011 has been extremely busy and this report provides an update on the Company's operations with particular focus on:

- Closing of the acquisition of IOR Energy upstream assets; and
- Ongoing development drilling and production operations at our Utopia Field

It is a pleasure to welcome New Hope Corporation (via Mattvale Pty Ltd) to our share register as a substantial shareholder in the Company as well as a privilege to welcome Mr Robert Neale, Managing Director of New Hope to our board. We welcome the strength and support New Hope brings to our register and board.

### Overview of activities

Production at Utopia continued to average 500 barrels of oil per week through the quarter with a total of 7 wells on line for most of the period. Utopia-10, a well drilled and fracture stimulated in December 2010, has stabilised at a very low rate. This rate does not justify the cost of fracking and unless this technology can be shown to deliver better results, it is unlikely to be used in future development wells. This was an important well to determine the best drilling practices for this field as we endeavour to optimise production and total field development well count. Unfortunately the thin nature of the Murta sands at Utopia combined with the difficulty of controlling the frac pressures and extent of the fracture propogations, means that vertical fraced wells are unlikely to work in this field.

In February 2011 we reported that due to poor weather, seismic interference and an accident on Australian Drilling Services Rig No 6 which had shut down operations, there was a delay in commencement of the Utopia-11H well, a horizontal well in the reservoir. The Utopia-11H well was drilled in May 2011 and completed with a 176.5m lateral in the Murta reservoir exhibiting excellent shows and good sand quality over the length. The well initially came on production at 90 bopd and dropped rapidly to 30bopd over a two-week period. We suspect the horizontal section of the well is still cleaning up and may have plugged off with mud and well-bore debris. The production team is working on a solution to this lower than anticipated flow rate with a view to determining the best course of action to reinstate the initial production level. The well will be flow tested over the next month to verify performance, but we are encouraged by this result as it has the potential to reduce the number of wells required in the Utopia field to carry out the full field development plan. This design of well allows us to continue to use low cost artificial lift systems in the form of beam pumps to maintain field operating expenditure at a relatively low level.

3D seismic acquisition over the Utopia field and the greater part of PL 214 was completed in Q1. The seismic data set has been

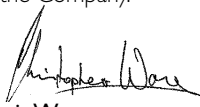
processed with our G&G team now working the interpretation and mapping of the data set. Initial work confirms that the good data quality has resulted in an excellent image of the subsurface. Preliminary results are favourable indicating a slightly larger mapped volume in the Utopia field as well as confirmation of satellite drilling targets in the licence.

In April the PL98 permit acquisition from IOR was completed, which contains the producing Inland Field and is currently producing an average of 1,300bbl/week. Subsurface engineering and geology work has commenced with a view to optimising existing producers and drilling infill wells to access undrained oil. In June 2011, the acquisition of the Otway exploration permits PEP 150 and PEP 151 from IOR also completed, which provides the company with a non- operated but substantial working interest in 4,117km<sup>2</sup> of exploration acreage in the Otway Basin, Victoria.

During the Q3 2011 the balance of the upstream assets of IOR are expected to close; namely the Naccowlah block (40 bopd net to Bridgeport), ATP 269 PG (Glendale) block and PLA 256 (Bargie) lease (10 bopd net to Bridgeport). An additional exploration permit, ATP 548P near the Inland Field, is subject to renewal by the Queensland Government.

The year ended 30 June 2011 audited statutory accounts are being finalised and will be included in the Company's Annual Report which will be sent to shareholders in October this year.

I look forward to seeing you at the Company's AGM which is scheduled to occur on 29 November 2011. In the interim if you have any questions at all about this report or the Company's activities, please feel free to contact me. Thank you for your continued interest in the Company.

  
**Chris Way**  
Managing Director/ CEO

8 August 2011

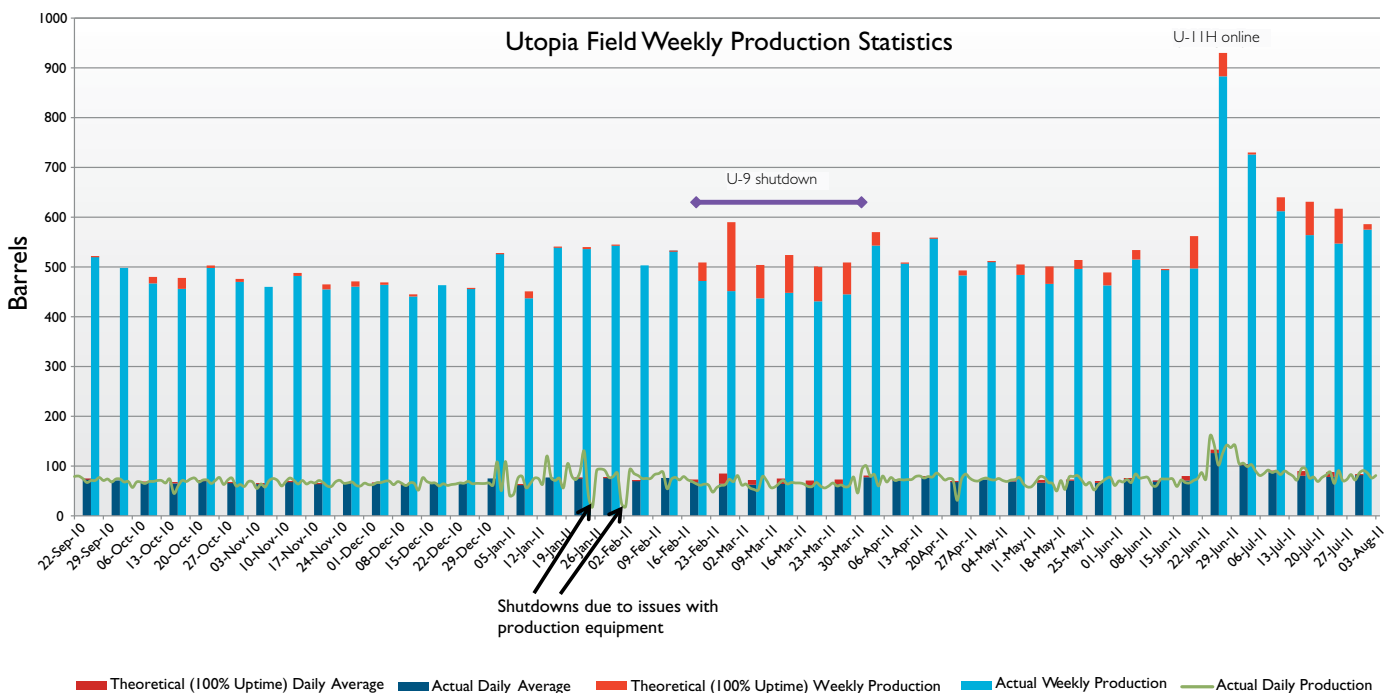
## PRODUCTION AND SALES DATA

June 2011 Quarterly Production and Sales	Apr-11	May-11	Jun-11	Total
Total Production (bbls)	3,213	6,946	7,169	17,328
Total sales (bbls)	2,526	6,364	6,371	15,262
Total sales (before trucking) (\$)	296,166	637,403	627,061	1,560,629
Average price (A\$) received (per bbl)	117	100	98	102

### PL 214 – Production Permit, Utopia Field

#### Bridgeport – 60% interest and operator

Utopia field production has been consistently over 500bbl/week (70bopd) for the quarter, with 7 wells on line, except for 40 days during Feb/Mar when Utopia 9 was shutin for buildup testing and analysis.



In late June 2011, Utopia-1 IH came on line with the field rate briefly increasing to over 900bbl/week (128bopd). While subsequently undertaking clean-up flow and testing, the well appeared to plug and dropped back to 30bopd. This problem is presently being analysed and may require a workover to clean up the well with the aim of increasing production. The field rate is presently at a stabilised rate of 625bbl/week (90bopd) while analysis work is undertaken.

Assuming a solution to the Utopia-1 IH production problems is found, the field is capable of full production with 8 wells producing a total of 130 bopd. The production facility has been improved over the quarter with flowlines and beam pump installed for Utopia-1 IH; upgrading of the camp area electrical and plumbing system; and road improvements. The production team has also installed a pre-heat loop on the fuel lines for all the beam pump engines which should minimise shutdowns due to fuel waxing on cold nights. There were no LTI's during the quarter on producing or drilling operations.

Analysis of the subsurface 3D seismic data set continues, with encouragement that the oil volume of the field is equal to or possibly larger than originally mapped. New field reservoir maps and reserves estimates are expected to be available and verified by late Q3.

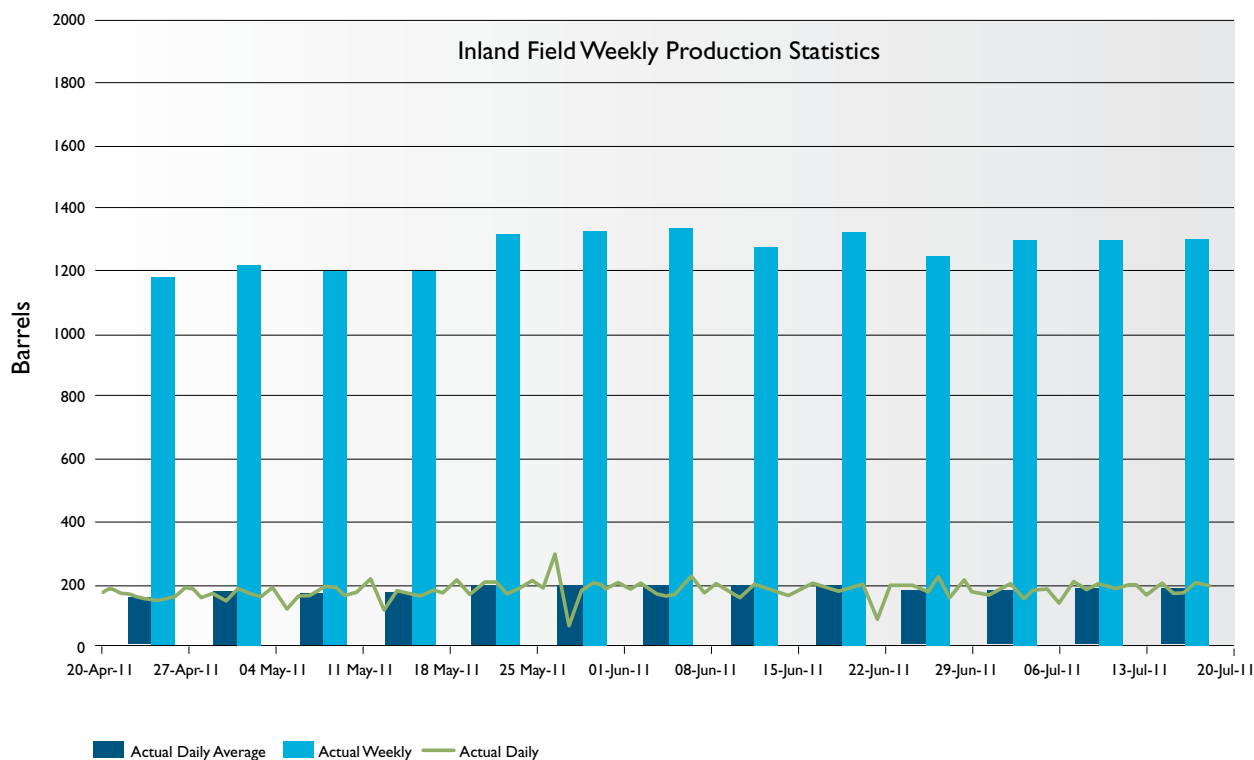
### Development Activities

No development activities are planned for the Utopia field over the next 6 months while the 3D seismic data is interpreted and a full field development plan is prepared and approved by the Joint Venture. During this period continued production and net cash flow is expected to generate sufficient funds to allow the drilling of further development wells in Q1, 2012. Additional routine activities under consideration include possible workovers to resolve production problems in Utopia-1 I and re-entry and re-perforation of the Murta reservoir in Utopia-3.

## PL 98 – Production Permit, Inland Field

### Bridgeport – 100% interest and operator

On 20 April 2011, the principal asset of IOR Energy upstream asset acquisition completed and from that date forward Bridgeport has had the cash flow benefit of approximately 185 bopd from that field. The transition of operating and safety systems has been seamless and we welcome four new production operators who work on a rotation basis to the team reporting to our Production Superintendent Tony Westman.



Some production improvements have already been realised, with pumping rates increased on key producers and well cycling introduced to the field. There were no safety incidents or LTI's during the quarter.

### Development Activities

At this stage production operations at the Inland field are continuing in a seamless transition. Office studies in progress include a review of the producing wells with a view to identifying workover candidates to optimise production. We are also in the process of a comprehensive re-interpretation and mapping of the existing 3D seismic data set. This will allow us to update the estimate of remaining recoverable oil reserves and identify infill development well locations in the field. in 2012.

### Non-Operated Production Permits

ATP 259P Naccowlah Block and Petroleum Leases

(Bridgeport 2%, Santos Operated)

ATP 269P Glenvale Block and PLA 216 Bargie

(Bridgeport 6.1%, Beach Operated)

Included amongst the assets acquired from IOR Energy, are some small non-operated production interests. The acquisition of these assets is progressively closing as the necessary transfer documentation is executed by the various joint venture parties. We expect this part of the transaction to close over the next quarter, after which Bridgeport will start to receive the benefit of 40bopd net from these interests.

## Development Activities

Various work programmes to enhance and increase production across the assets are planned throughout the year by both Santos and Beach which are presently under joint venture review.

Bridgeport's total company net oil production, following completion of the acquisition of the non-operated assets, will be approaching 300 bopd. Based on a present Tapis price of USD 121.92 (AUD 113.39) this represents gross cash flow to Bridgeport of over \$12 MM per annum. After operating expenditure and trucking costs and with minimal capital expenditure over the next two quarters, the Company expects to accumulate sufficient cash to carry out a development well drilling programme in the first quarter of 2012. This programme will be designed to increase production across our operated assets with the benefit of high resolution 3D imagery and detailed well engineering work.

### ATP 560P Exploration Permit (Bridgeport 60-100%, Operator)

#### Eromanga Basin

Results of the Ubute-1 exploration well and the new 2D data set are being integrated into the subsurface model for this permit. The Bridgeport technical team is now generating an inventory of leads and prospects (traps) over both PL 214 and ATP 560P. Leads require additional data, such as further seismic, before they are ready to be drilled, whereas prospects are drilling candidates.

Once this inventory of opportunities has been compiled, decisions will be made as to the work required to prioritise the prospects for drilling. Ubute-1 encountered very good quality sands at the Birkhead and Hutton reservoir levels. The challenge now is to determine possible oil migration pathways to other traps in the permit.

With fulfilment of commitments on this permit through the work programme above, the ATP 560P renewal lodged with the QDME has been awarded and comprises a further 2 firm wells and 100 km of seismic to be completed during the period November 2011 to November 2014. The technical team is sufficiently encouraged by the permit's prospectivity to fulfil the work programme and is further looking at bidding for gazettal block opportunities in the immediate vicinity.

Another encouraging feature of the Ubute exploration well is that it encountered substantial coals at the Winton coal level. These coals have been identified in most of the wells drilled in PL 214 and ATP 560P to date and preliminary mapping has confirmed the existence of a coal seam gas (CSG) resource that could justify one or more appraisal wells in the next year. Gas found in these permits can help us lower operating costs in the producing fields as well as, subject to volumes, rates and pressures identified, be sold into nearby pipelines.

## PEP 150 and PEP 151 Exploration Permits (Bridgeport 15% & 25% respectively, Somerton Operated)

### Otway Basin

Non-operated interests in these two permits were part of the acquisition from IOR Energy. The permits are located onshore in the Otway Basin in southwest Victoria and at this stage seismic and geological studies are being planned. Further information will be provided as the G&G work unfolds. Most of the Otway Basin is gas prone with ready access to gas markets in Victoria should gas be found.

### Reserves

With acquisition of the IOR interests and ongoing mapping and drilling activities the reserves position of the company is set out in the table below.

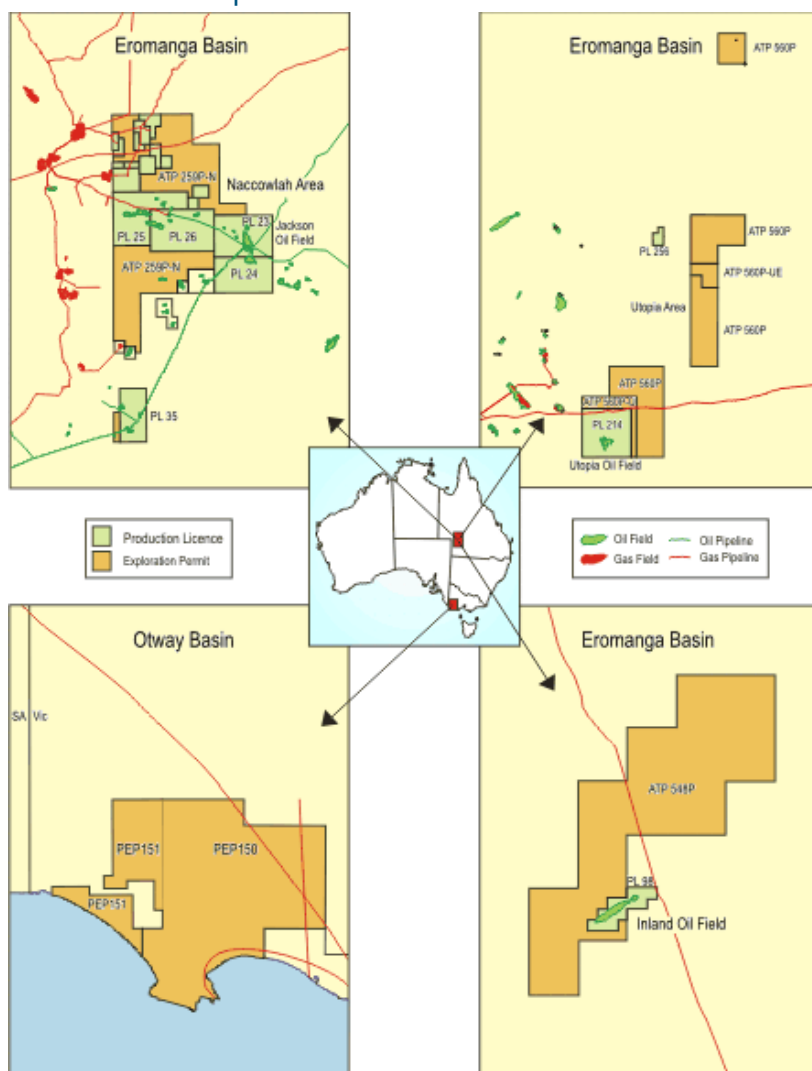
Oil Reserves (MMbo)	2P		3P	
	Gross (100%)	Net to Bridgeport	Gross (100%)	Net to Bridgeport
PL 214	3.0	1.8	5.0	3.0
PL 98	1.1	1.1	2.3	2.3
Other		0.2		0.3
Total		3.1		5.6
ATP 560P	–	–	0.8	0.5
PEP 150	–	–	n/a	0.5
PEP 151	–	–	n/a	0.75
Total				1.75

#### Notes:

1. Net volume represents Bridgeport's working interest
2. Reserves classifications in accordance with SPE, Petroleum Resource Management System, 2007. Reserve classifications are not additive.
3. Excludes non-mapped or undefined prospective resources such as CSG resource identified in permits PL 214 and ATP 560P



## Asset Location Map



## Corporate Information

Bridgeport currently has the following capital structure:

Shares on Issue	149,543,140
Performance rights	335,000
Options	
\$0.20 Options	22,500,000
\$0.35 Options	7,687,200
Number of shareholders	77

The year ended 30 June 2011 financial statements are being finalised with the audit commencing in September. The audited statutory financial statements will be included in the Annual Report.

The Annual General Meeting is intended to be held on 29 November 2011. The Notice of Meeting together with the Annual Report will be sent to all shareholders in October 2011.

For further information or queries please email to: [shareholder@bridgeport.net.au](mailto:shareholder@bridgeport.net.au)

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