31 July 2008

The Manager, Companies
Australian Stock Exchange Ltd
Electronic Announcement System

Dear Sir,

ANZON AUSTRALIA LIMITED (ASX CODE: AZA)
ANNOUNCEMENT TO THE ASX
QUARTERLY REPORT TO 30 JUNE 2008

Anzon Australia Limited ("Anzon" or "the Company") is pleased to report its development, exploration and corporate activities covering the quarter ended 30 June 2008, together with the ASX Appendix 5B Report covering the Statement of Cashflows for the same period.

Gillian Nairn
Company Secretary

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QUARTERLY REPORT TO 30 JUNE 2008

HIGHLIGHTS

PRODUCTION

- Oil production from the Basker and Manta fields (100%) during the second quarter averaged 7,550 barrels of oil per day, which includes scheduled maintenance downtime and logistical downtime during crude sale offtakes.
- In the second quarter of 2008 the BMG Joint Venture sold approximately 567,000 barrels of crude oil, resulting in US$67 million in gross sales revenue with an average realised price of US$118 per barrel.
- On 30 July 2008, total production from the Basker-Manta fields exceeded 5 million barrels (including EPT production).

DEVELOPMENT PROJECTS

- In July 2008, the Basker Manta Gummy (BMG) Joint Venture (JV) announced its intent to move forward on a major expansion of its Oil & Gas Development in the Gippsland Basin (Vic L26, L27 and L 28).
- In July the BMG JV signed a Letter Of Intent (LOI) with BW Offshore AS (BWO) for the design, conversion, installation and operation of a purpose built Floating Production Storage and Offloading vessel (FPSO) of Suezmax size (850,000 barrels), which will have the capability to handle higher oil, water and gas rates than the present Crystal Ocean and Basker Spirit system.
- The BMG JV entered into a LOI to contract the semi-submersible drilling rig *Songa Venus* for commencement of drilling in Dec this year for between 120 to 150 days.
- As at July 29, the installation of the flowline to connect Basker 6st to the Basker manifold has commenced. Additional production is expected from the end of August.

CORPORATE ACTIVITIES

- Anzon and Nexus terminated the merger implementation deed and agreed not to proceed with the Merger. This decision has been mutually agreed and the termination was implemented at no cost to either party.
- On 16 June 2008, Roc Oil Company Limited (“ROC”) announced a takeover offer for all of the ordinary shares in Anzon Australia Limited. The independent directors of Anzon advised shareholders to take no action until the independent directors have had an opportunity to consider the offer and make a recommendation to shareholders.

A. PRODUCTION & DEVELOPMENT ACTIVITIES

Basker-Manta Oil Development (VIC/L26)

(i) Project Update

Oil production for the quarter amounted to 687,009 bbls, an average daily production rate of 7,550 bopd, which includes scheduled maintenance downtime and logistical downtime during crude sale offtakes.

On 30 July 2008, total production from the Basker-Manta fields exceeded 5 million barrels (including EPT production).

(ii) Oil Marketing

In the second quarter of 2008, the BMG Joint Venture sold approximately 567,000 barrels of crude oil, resulting in approximately US$67 million in gross sales revenue with an average realised price of approximately US$118 per barrel.

In July 2008, the BMG sold a further 597,000 barrels resulting in net sales to Anzon of around A$32.5 million.

At this point in time marketing of the crude has continued on a “spot” basis. Longer term “firm” off take arrangements continue to be reviewed. Crude Oil sales remain at a premium to the APPI Tapis Oil marker, which continues to be at a premium to the WTI marker.

B. DEVELOPMENT PROJECTS

On 7 July 2008, the Basker Manta Gummy (BMG) Joint Venture (JV) announced its intent to move forward on a major expansion of its Oil & Gas Development in the Gippsland Basin (Vic L26, L27 and L 28).

On Friday 4 July the JV signed a Letter Of Intent (LOI) with BW Offshore AS (BWO) for the design, conversion, installation and operation of a purpose built Floating Production Storage and Offloading vessel (FPSO) of Suezmax size (850,000 barrels), which will have the capability to handle higher oil, water and gas rates than the present Crystal Ocean and Basker Spirit system. This new single vessel will replace the combination of the mini FPSO and shuttle tanker that has been the trademark of the innovative Basker Manta development since it started up 2.5 years ago and has now produced nearly 5 million barrels of oil.

Since the original development was conceived (Crystal Ocean/Basker Spirit) in 2005 the BMG oil reserves have increased plus a substantial gas resource has been delineated. This has enabled the JV to justify a larger facility, capable of processing gas and providing a more optimal, unconstrained development including:

1. a forecast doubling of current oil rate to around 20,000 bopd
2. the offshore processing of gas (capacity 120 MMscfd) to sales quality for transport by high pressure pipeline 90 km to the onshore Eastern Gas Pipeline (EGP) or reinjection into the reservoir for later production
3. the offshore ship to ship transfer of liquids, eliminating logistical downtime
4. an environmentally responsible development with zero flare discharge and nearly zero onshore “footprint”

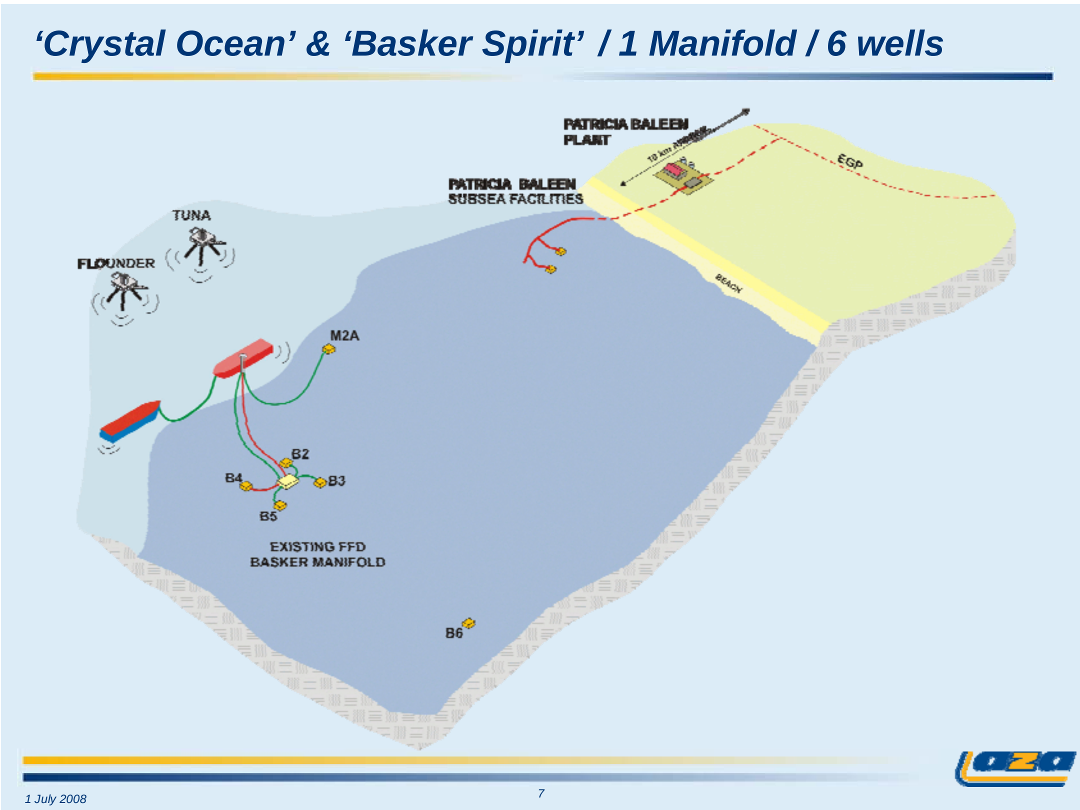
5. improved reliability including redundant equipment

The operating Lease Contract for the FPSO is expected to be finalized before the end of September 2008, and commissioning in Bass Strait is expected 2nd quarter 2010.

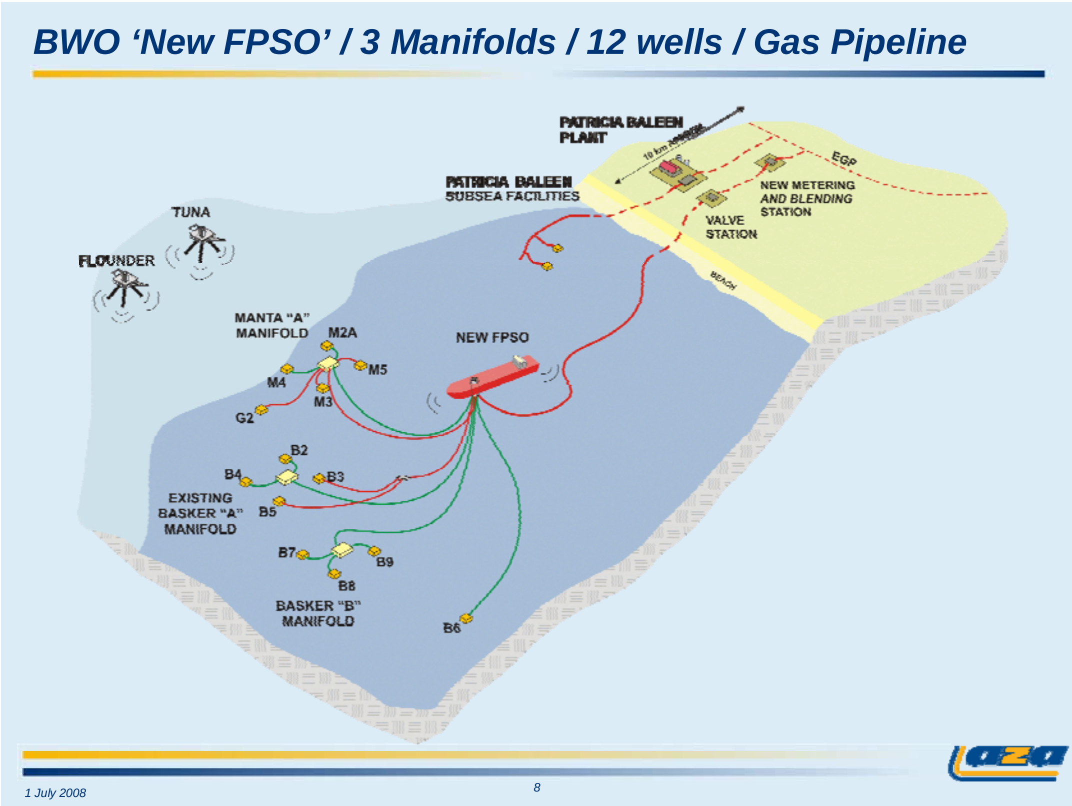
In addition, the BMG JV has entered into a LOI to contract the semi-submersible drilling rig *Songa Venus* for commencement of drilling in Dec this year for between 120 to 150 days. This rig will supplement the Maersk *Kan Tan IV* which will commence in May 2009, a 135 day drilling program. In total, between the two rigs, some 4 development wells (Basker, Manta and Gummy) targeting both Intra-Latrobe and Golden Beach sands, and possibly 1 or 2 appraisal/exploration wells, will be drilled. These wells are planned to be connected via manifolds and risers to the FPSO via a newly installed disconnectable Submerged Turret Production (STP) buoy and mooring attached to the New FPSO.

The following schematics illustrate the planned expansion:

BEFORE EXPANSION



AFTER EXPANSION



In aggregate the Joint Venture is planning to spend up to A$1230 million dollars on drilling, completing and subsea connections including manifolds and pipeline, while the new FPSO, in which BWO is investing approximately US$400m inclusive of its gas processing facilities, will be leased for an initial period of 5 years plus options to extend the contract for up to a total period of 15 years. BWO will effectively provide all services; including the vessel, operations and maintenance.

The BMG Project is a Joint Venture between:

Anzon Australia Limited	40% (Operator)
Beach Petroleum Limited	30%
CIECO Exploration and Production (Australia) Pty Limited	20%
Sojitz Energy Australia Pty Limited	10%

C. EXPLORATION ACTIVITIES

(i) PEP 38259

The company advised the ASX in November 2006 that drilling of the Cutter-1 exploration well was completed on 9 November 2006. The well was drilled to a total depth of 2,930 meters before being plugged and abandoned. Further feasibility studies are continuing in this exploration acreage.

Joint Venture interests in PEP 38259 are:

AWE New Zealand Pty Ltd (Operator)*	25%
Tap (New Zealand) Pty Ltd	40%
Beach Petroleum (NZ) Pty Limited	20%
Anzon New Zealand Limited	15%

*Upon Tap resigning as Operator, AWE was appointed effective December 31st 2007.

(ii) VIC/P56, VIC/P49

Anzon farmed in to these Nexus operated exploration project areas, which are adjacent to the Basker-Manta fields. Further studies are continuing within the VIC/P49 exploration acreage.

During the quarter Anzon relinquished its interest in VIC/P56.

Joint Venture interests in these Permits are as follows:
- VIC/P49: Nexus Energy Limited 80% / Anzon 20%

(iii) VIC/L26, VIC/L27, VIC/L28

The BMG Joint Venture holds three production licences in the Gippsland Basin. Oil production commenced from VIC/L26 in 2005, with the Full Field Development coming on line in December 2006. VIC/L27 and VIC/L28 provide for the development of the known gas resources and exploration of further hydrocarbon potential in the acreage.

Potential exists for additional hydrocarbon accumulations in the intra-latrobe and Golden Beach formations within the company's production licences. Geophysical and geological studies by Anzon have identified at least 4 leads which are presently being matured for potential drilling in 2009 or later. Reprocessing of the 1996 Basker-Manta 3D seismic survey has been completed and is being used to mature the leads previously identified.

(iv) Summary of Permit Interests

A summary of Anzon's interests in its respective permit/lease areas as at 30 June 2008 are set out below:

Permit	Interest	Operator	Location
VIC/L26, L27 & L28	40%	Anzon Australia	Bass Strait
VIC/P49	20%	Nexus Energy Ltd	Bass Strait
PEP 38255	15%	AWE New Zealand Pty Ltd*	Canterbury Basin (NZ)

Operatorship was passed from Tap Oil Ltd to AWE New Zealand Pty Ltd in the period

D. CORPORATE MATTERS

(i) Merger with Nexus Energy Limited

On 23 January 2008 Anzon and Nexus Energy Limited ("Nexus") announced their intention to merge by way of Scheme of Arrangement ("Merger"). As previously announced, the scheme meeting to vote on the Merger was adjourned from its original date of 18 April 2008 to allow Anzon Australia and Nexus to assess the results of the Basker 6 and Basker 6 ST1 drilling program.

Anzon and Nexus were unable to agree on the impact the Basker 6 and Basker 6 ST1 drilling programs had on Anzon's Basker oil field and therefore were not able to agree on appropriate terms to allow the Merger to proceed. As such, Anzon and Nexus terminated the merger implementation deed and agreed not to proceed with the Merger. This decision has been mutually agreed and has been effected at no cost to either party.

(ii) Takeover offer from Roc Oil Company Limited

On 16 June 2008, Roc Oil Company Limited's ("ROC") announcement of a takeover offer for all of the ordinary shares in Anzon Australia Limited. The independent directors of Anzon advised shareholders to take no action until the independent directors have had an opportunity to consider the offer and make a recommendation to shareholders.

(iii) Investment in Nexus Energy Limited

Anzon holds 65.7 million shares in Nexus representing approximately a 10% interest in its share capital.

(iv) Woodside Claim

During the reporting period no further formal communication has occurred in relation to this matter.

(v) Project Finance Facilities

The total project finance balance as at 30 June 2008 was US$26.58 million. Subsequent to the reporting period this balance has been fully repaid and Anzon is now debt free.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Anzon Australia Limited

ABN		Quarter ended ("current quarter")
46 107 406 771		30 June 2008

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	32,589	68,750
1.2	Payments for (a) exploration and evaluation	(1,099)	(1,348)
	(b) development	(26,433)	(34,166)
	(c) direct operating & production	(12,494)	(25,092)
	(d) Repairs (SPM) [1]	(788)	17,203
	(e) administration[2]	(2,548)	(10,273)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	210	602
1.5	Interest and other costs of finance paid	(876)	(885)
1.6	Income taxes paid	-	-
1.7	Professional fees	(590)	(1,340)
	Net Operating Cash Flows	(12,029)	13,451
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(98)	(339)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)intangible assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other development expenditure	-	-
	Net investing cash flows	(98)	(339)
1.13	Total operating and investing cash flows (carried forward)	(12,127)	13,112

[1] *The mooring reinstatement costs for the quarter are stated net of insurance receipts amounting to $21.3 million.*
[2] *Administration costs include office overheads, consulting fees, and other corporate and associated costs.*
[3] *The $4 million break fee paid to Arc Energy Limited is included in Administration costs.*

1.13	Total operating and investing cash flows (brought forward)	(12,127)	13,112
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	225	225
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (net of fees)	-	-
1.17	Repayment of borrowings	-	(16,234)
1.18	Dividends paid	-	-
1.19	Other financing expenses	-	-
	Net financing cash flows	225	(16,009)
	Net increase (decrease) in cash held	(11,902)	(2,897)
1.20	Cash at beginning of quarter/year to date	66,074	59,065
1.21	Exchange rate adjustments to item 1.20	(2,239)	(4,235)
1.22	**Cash at end of quarter**	51,933	51,933

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	261
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors consist of aggregate amounts paid to directors including salaries and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $US'000	Amount used $US'000
3.1	Loan facilities	26,577	26,577*
3.2	Credit standby arrangements		

* The debt facility was repaid in early July 2008

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	27,400
	Total	**27,400**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	43,343	56,625
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Deposits held by JV's	8,590	9,449
	Total: cash at end of quarter (item 1.22)	51,933	66,074

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	371,046,820	371,046,820		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options**			*Exercise price*	*Expiry date*
	(description and conversion factor)	7,900,000	-	$0.45	13 December 2011
		1,750,000	-	$0.45	13 December 2010
		4,200,000	-	$0.8632	20 October 2009
		3,000,000	-	$0.66	1 March 2012
		150,000	-	$1.36	1 July 2013
		750,000	-	$1.47	1 February 2014
		500,000	-	$1.19	1 March 2014
7.8	Issued during quarter				
7.9	Exercised during quarter	500,000	-	$0.45	13 December 2011
7.10	Expired during quarter (Cancelled)				

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*
7.12	**Unsecured notes** *(totals only)*

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 31 July 2008
Company Secretary

Print name: Gillian Nairn

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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