

19th August 2008

The Manager, Companies
Australian Stock Exchange Ltd
Electronic Announcement System

Dear Sir,

**ANZON AUSTRALIA LIMITED (ASX CODE: AZA)
ANNOUNCEMENT TO THE ASX**

BMG RESERVES UPDATE

Please refer attached ASX Release.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Gillian Nairn'.

Gillian Nairn
Company Secretary

ASX RELEASE

19th August 2008

ANZON AUSTRALIA LIMITED (ASX CODE: AZA)

BMG 2P RESERVES INCREASED TO 74.2 MMBOE

The Basker-Manta-Gummy (BMG) Joint Venture has completed a review of the hydrocarbon volumes in the Basker, Manta and Gummy fields located in VIC/L26, VIC/L27 and VIC/L28 in the offshore Gippsland Basin, Victoria. This review updates the certified reserves and resources estimate released in August 2006 and follows a period of successful production (5 million barrels liquids), further appraisal including the drilling of the Basker-6 and Basker-6ST1 wells, revised seismic interpretation and mapping using the results of recently reprocessed 3D seismic data across the fields and entire license areas.

The reserves methodology has been independently reviewed by Resource Investment Strategy Consultants (RISC) and the estimates for the Proved plus Probable (2P) reserves have been audited and supported as being reasonable.

The BMG estimated ultimate recoverable volumes and reserves as at 30th June 2008 are summarized in the attached table at the Proved (1P), Proved plus Probable (2P) and Proved plus Probable plus Possible (3P) levels of confidence.

The 2P remaining reserves for the BMG fields are a total of 74.2 MMboe¹, after allowing for cumulative production to 30th June 2008 of 7.7 MMboe (5 MMbbls liquids plus 2.7 MMboe gas flared or injected). The corresponding 1P and 3P remaining reserve numbers support a solid minimum (42.9 MMboe), and substantial upside potential (167.1 MMboe) for the project. All of these numbers are substantial increases on previously stated reserves². The reclassification of the gas and associated liquids to reserves is the major reason for the increase.

Taking into consideration cumulative production, the original 2P reserves in the BMG fields are now estimated to be 81.9 MMboe compared to the previously stated 104 MMboe (assuming gas best estimate contingent resources are aggregated as 2P reserves), an approximate 20% reduction after the drilling of Basker 6 and Basker 6ST1 appraisal wells in the second quarter of this year.

The results of the newly reprocessed 3D seismic have, in addition, upgraded the exploration prospectivity of the area, including the particularly promising East Chimaera structure just north of Manta. This has potential to add new reserves when drilled as early as late next year.

The existing development, comprising the use of the *Crystal Ocean* mini - Floating Production Storage and Offloading (FPSO) and *Basker Spirit* shuttle tanker (see Figure 1), was originally based on 2P reserves of 25.4 MMstb with only minor volumes of gas and associated liquids (total of 45.1 MMboe) in late 2004, when the project commenced. The higher than originally expected reserves (increase of 82% over 3.5 years) and the delineation of a significant gas resource have enabled the Joint Venture to justify a larger facility and more optimal development including:

¹ MMboe = million barrels of oil equivalent (adding oil, condensate and gas together)

² In accordance with the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (PRMS)

- a forecast doubling of current oil rate to around 20,000 bopd (commencing 2Q 2010)
- the offshore processing of gas (capacity 120 MMscfd) to sales quality for transport by high pressure pipeline 95 km to the onshore Eastern Gas Pipeline (EGP) or reinjection into the reservoir for later production
- the offshore ship to ship transfer of liquids, eliminating logistical downtime
- an environmentally responsible development with zero flare discharge and zero onshore "footprint"
- improved reliability including redundant equipment

As previously announced the Joint Venture is currently finalising contract negotiations with BW Offshore AS (BWO) for the design, conversion, installation and operation of a purpose built FPSO vessel 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 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.

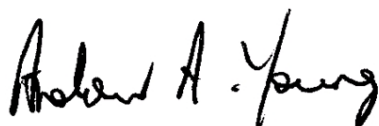
Planning continues for a major drilling campaign expected to commence end of this year. Using two rigs, it is planned to drill 4 development wells in the Basker and Manta fields targeting both Intra-Latrobe and Golden Beach sands, and possibly 1 or 2 appraisal/exploration wells plus some production well workovers. The development wells are planned to be connected by manifolds and risers to the FPSO via a newly installed disconnectable Submerged Turret Production (STP) buoy and mooring.

A schematic of the planned full field development is shown in Figure 2.

The recent confirmation of reserves and the planned expanded development is a continuation of the success of this innovative oil and gas development which has been the foundation for Anzon Australia's growth from IPO in December 2004 to one of Australia's most successful mid tier production and exploration companies.

The participants in the BMG Joint Venture are:

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



Andrew A. Young
Managing Director
Sydney, Australia

BASKER / MANTA / GUMMY
ESTIMATED ULTIMATE RECOVERY AND RESERVES
AS AT JUNE 30TH 2008

	Proved	Proved + Probable	Proved + Probable + Possible
ESTIMATED ULTIMATE RECOVERY			
OIL (MMstb)			
Basker	17.7	24.6	39.0
Manta	2.0	5.3	16.3
Total	19.7	30.0	55.3
GAS (PJ)			
Basker	93.9	118.0	162.8
Manta	52.0	134.7	423.4
Gummy	11.5	13.5	26.0
Total	157.4	266.2	612.1
CONDENSATE (MMstb)			
Basker	2.2	2.7	3.5
Manta	1.4	3.2	10.3
Gummy	0.3	0.3	0.6
Total	3.8	6.2	14.4
TOTAL LIQUIDS (MMstb)			
Total	23.6	36.2	69.7
TOTAL OIL EQUIVALENT (MMboe)			
Total	50.6	81.9	174.9
RESERVES			
OIL (MMstb)			
Basker	14.8	21.7	36.0
Manta	0.6	3.9	14.9
Total	15.3	25.6	50.9
GAS (PJ)			
Basker	79.0	103.1	147.9
Manta	49.9	132.5	421.3
Gummy	11.5	13.5	26.0
Total	140.4	249.2	595.1
CONDENSATE (MMstb)			
Basker	1.8	2.3	3.1
Manta	1.3	3.2	10.3
Gummy	0.3	0.3	0.6
Total	3.4	5.7	13.9
TOTAL LIQUIDS (MMstb)			
Total	18.7	31.3	64.8
TOTAL OIL EQUIVALENT (MMboe)			
Total	42.9	74.2	167.1
Notes: <ol style="list-style-type: none"> Volumes are stated on a gross 100% interest basis. Differences in total may be due to rounding. Gas volumes are presented on a sales gas energy value (PJ) basis. These include provision for sales gas conditioning (removal of liquids and CO₂) and fuel and flare. Production from the Basker field through June 30th 2008, including the Extended Production Test, has been 2.9 MMstb oil, 0.4 MMstb condensate and 14.9 PJ gas. Production from the Manta field through June 30th 2008, has been 1.5 MMstb oil, 0.1 MMstb condensate and 2.1 PJ gas. 			

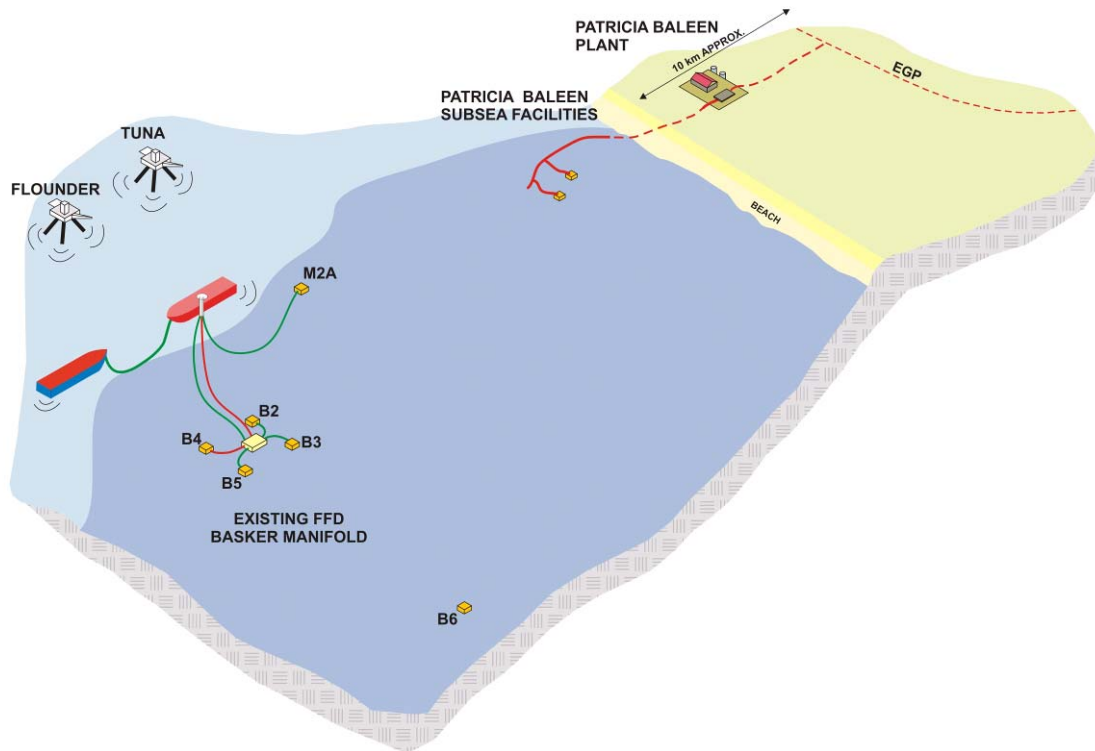


Figure 1. Existing Field Development

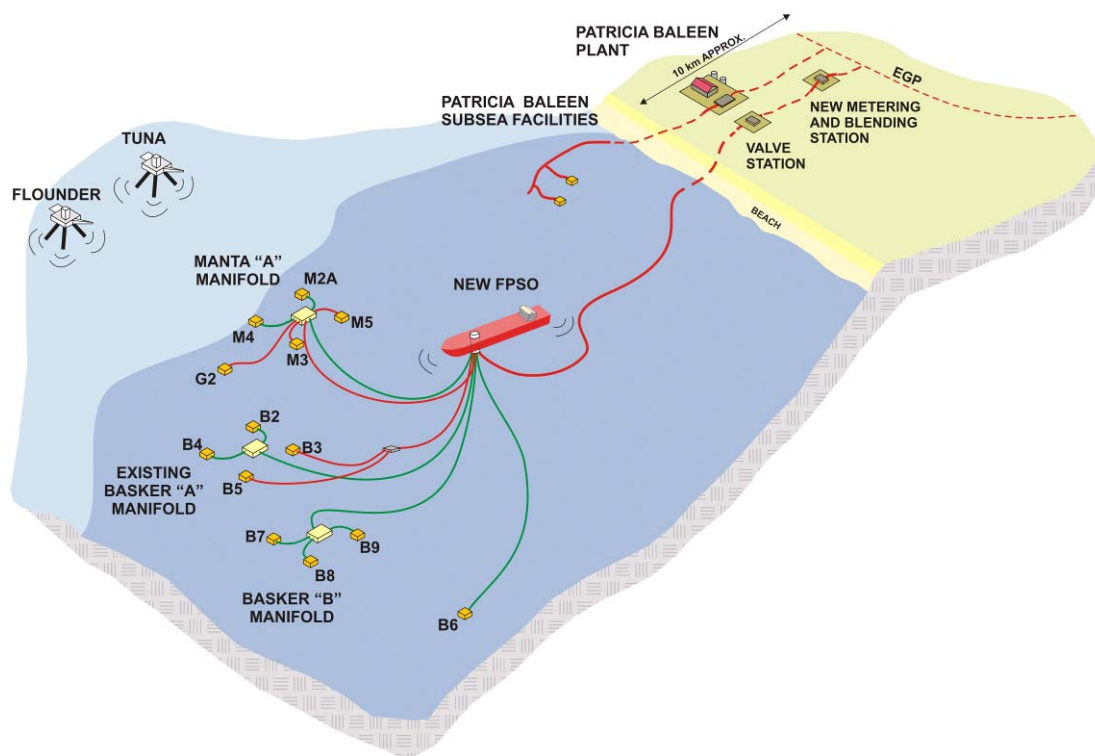


Figure 2. Planned Full Field Development