31 August 2007

The Manager, Companies
Australian Stock Exchange Ltd
Electronic Announcement System

Dear Sir,

ANZON AUSTRALIA LIMITED (ASX CODE: AZA)
30 JUNE 2007 HALF YEAR FINANCIAL REPORT

ANZON DOUBLES HALF YEAR PROFIT RESULT
FOURTH CONSECUTIVE PROFIT ANNOUNCEMENT

Anzon Australia Limited (Anzon) is pleased to provide its **30 June 2007 half year Financial Report with a Profit after Tax result of $11.3 million.** This does not take into account the substantial profit which will result from the sale of a 10% of the Basker Manta Gummy (BMG) Joint Venture for $123 million to ITOCHU Corporation of Japan, once government approval is received.

HIGHLIGHTS

Farm-out of 10% Interest in BMG JV

On 10 August 2007, Anzon concluded negotiations with ITOCHU Corporation of Japan for the sale of 10% of the Basker Manta Gummy (BMG) Joint Venture for $123 million. The farm-in agreement provides a gross value of the BMG project of A$1.23 billion. The completion of the farm-out is subject to government approval. Following completion Anzon will realise a substantial profit which will be reflected in the year end financial results.

Oil Production and Revenue

Oil production from the Basker and Manta fields (100%) during the half year amounted to approximately 1.6 million barrels, an average daily production rate of circa 8,700 barrels per day (including downtime). It is noted that peak production rates have averaged in excess of 15,000 bopd.

The Joint Venture sold approximately 1.4 million barrels of crude oil in the first half of 2007, resulting in US$97 million (A$120 million) in gross sales revenue.

Award of Production Licenses

In August 2007, the Basker Manta Gummy (BMG) Joint Venture was awarded Production Licences for Petroleum VIC/L27 and VIC/L28 in respect of the previously held Retention Leases VIC/RL 9 and VIC/RL10. With the addition of these two Production Licences the BMG Joint Venture now holds three production licences in the Gippsland Basin. Oil production commenced from VIC/L26 initially in 2005, with the Full Field Development coming on line in December 2006. The two new licensed areas provide for the development of the known gas resources and exploration of further hydrocarbon potential in the acreage.

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Consecutive Profit Announcement

Anzon is proud to advise that this is the company's fourth consecutive profit announcement since listing on the ASX in December 2004.

Investment in Nexus Energy Limited

The book value of Anzon's interest in 65.69 million Nexus Energy Limited shares amounted to $80m as at 30 June 2007. At the date of this report these shares have an approximate market value in excess of $110 million. The effective cost of these shares was $0.64 per share.

Yours sincerely,

Tony J Strasser
Company Secretary

Anzon Australia LIMITED

ABN 46 107 406 771

FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2007

an independent oil and gas production company

APPENDIX 4D (Rule 4.2A.3)
HALF-YEAR REPORT
For the half-year ended 30 June 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET
(All comparisons to half-year ended 30 June 2006)

	A$'000		% Movement
Revenues from ordinary activities	63,615	Increased	36%
Profit from ordinary activities after tax attributable to members	11,309	Increased	101%
Net profit for the period attributable to members	11,309	Increased	101%
Net tangible assets per security	0.54	Increased	43%

Dividends

There have been no dividends paid or proposed in the half-year ended 30 June 2007 (30 June 2006: Nil).
Record date for determining entitlement to dividends – Not applicable

Additional Appendix 4D disclosure requirements can be found in the notes to the half-year financial report. This report is based on the consolidated half-year report which has been subject to a review.

HIGHLIGHTS

Farm-out of 10% Interest in BMG JV

On 10 August 2007, Anzon concluded negotiations with ITOCHU Corporation of Japan for the sale of 10% of the Basker Manta Gummy (BMG) Joint Venture for $123 million. The farm-in agreement provides a gross value of the BMG project of A$1.23 billion. The completion of the farm-out is subject to government approval. Following completion Anzon will realise a substantial profit which will be reflected in the year end financial results.

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Oil production from the Basker and Manta fields (100%) during the half year amounted to approximately 1.6 million barrels, an average daily production rate of circa 8,700 barrels per day (including downtime). It is noted that peak production rates have averaged in excess of 15,000 bopd.

The Joint Venture sold approximately 1.4 million barrels of crude oil in the first half of 2007, resulting in US$97 million (A$120 million) in gross sales revenue.

Award of Production Licenses

In August 2007, the Basker Manta Gummy (BMG) Joint Venture was awarded Production Licences for Petroleum VIC/L27 and VIC/L28 in respect of the previously held Retention Leases VIC/RL 9 and VIC/RL10. With the addition of these two Production Licences the BMG Joint Venture now holds three production licences in the Gippsland Basin. Oil production commenced from VIC/L26 initially in 2005, with the Full Field Development coming on line in December 2006. The two new licensed areas provide for the development of the known gas resources and exploration of further hydrocarbon potential in the acreage.

Consecutive Profit Announcement

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Anzon Australia Limited
ACN 107 406 771
Half-Year Financial Report
For the half-year ended 30 June 2007

Contents

Directors' Report

Your directors submit their report for the half year ended 30 June 2007.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below.

Steven J Koroknay	(Executive Chairman and Chief Executive Officer)
Michael N Arnett	(Non-Executive Director)
Michael O Clarey	(Non-Executive Director)
Andrew L Denver	(Non-Executive Director)
Robert C A Leon	(Non-Executive Director)
Andrew J Rigg	(Non-Executive Director)
Andrew A Young	(Non-Executive Director)

Significant Events (subsequent to balance date)

(i) ITOCHU Farm-out

On 10 August 2007, it was announced that Anzon will receive A$123 million having concluded negotiations with ITOCHU Corporation of Japan (ITOCHU) for the sale of 10% of the Basker Manta Gummy (BMG) Joint Venture. Anzon and Beach Petroleum Limited (Beach) each divested 10% of their holding to ITOCHU which will use its wholly owned subsidiary CIECO Exploration and Production (Australia) Pty Ltd to become a 20% participant in the JV. The farm-out is effective 1 June 2007.

Conclusion of the farm-out is subject to government approval. Upon completion of the ITOCHU farm-out, the Company will record a substantial profit on the transaction and will be effectively debt free.

The farm-in agreement provides a gross value of the BMG project of A$1.23 billion. The consideration was determined after a competitive tender process including several weeks of intensive due diligence in respect of all aspects of the BMG Project.

ITOCHU is a highly respected international organisation built on strong global investments. The Joint Venture will benefit from the technical competence and financial strength of ITOCHU.

In less than three years since listing on the ASX (December 2004), Anzon is operating a producing offshore venture valued in excess of A$1.23 billion. The Company is proud to advise it has recorded an operating profit each year since listing in December 2004.

Anzon has enjoyed a rapid growth in its short history, achieving many milestones through innovative development and production techniques. Anzon is only the second Operator to have produced oil in Bass Strait.

(ii) Approaches from 3rd Parties

Anzon announced that it had received a number of approaches from parties. Anzon has advised shareholders that each of the approaches are conditional and there is no certainty that any will lead to an offer or proposal being put to shareholders.

(iii) Single Point Mooring Failure

On July 5, the *Basker Spirit* shuttle tanker parted from its Single Point Mooring (SPM), resulting in the need to shut-in production.

The reason for the incident was the loss of a shackle pin that is used to secure the upper section of mooring chain to the mooring system. A number of explanations for the loss of the pin are possible, however, the mooring system is considered to be appropriate. Minor changes can be made to the shackle pin locking system design to avoid future failures.

Re-instatement of the mooring system requires a specialised construction vessel to be mobilised to the field. A construction vessel has been secured and is expected to be in the field early in October, allowing the SPM system to be re-instated by the end of October, allowing production to return to full field capability. The construction vessel timing is dependent on completion of its current assignment and therefore the reinstatement may slip into November.

In the period before the SPM can be re-instated, Anzon is implementing a shuttle operation using the *Crystal Ocean* as both an FPSO and a shuttle tanker. It is taking 32,000 bbl loads and discharging the crude to the *Basker Spirit*, which is located in sheltered waters, currently Westernport Bay. The return time for this operation has been refined to 7 days, allowing production to continue at an average rate in excess of 4,000 bopd. Operating costs are covered by less than 3,000 bopd at current oil prices.

AZA has insurance cover for both the SPM re-instatement work and for loss of Profit.

In respect of the overall operation, since Full Field Development commenced the marine facilities have demonstrated excellent performance, particularly considering the exceptionally adverse weather and sea conditions.

(iv) Award of Production Licenses

In August 2007, the Basker Manta Gummy (BMG) Joint Venture was awarded Production Licences for Petroleum VIC/L27 and VIC/L28 in respect of the previously held Retention Leases VIC/RL 9 and VIC/RL10. With the addition of these two Production Licences the BMG Joint Venture now holds three production licences in the Gippsland Basin. Oil production commenced from VIC/L26 initially in 2005, with the Full Field Development coming on line in December 2006. The two new licensed areas provide for the development of the known gas resources and exploration of further hydrocarbon potential in the acreage. Several mature prospects, ready for drilling, have been identified.

Review of Operations

Basker-Manta Oil Development (VIC/L26)

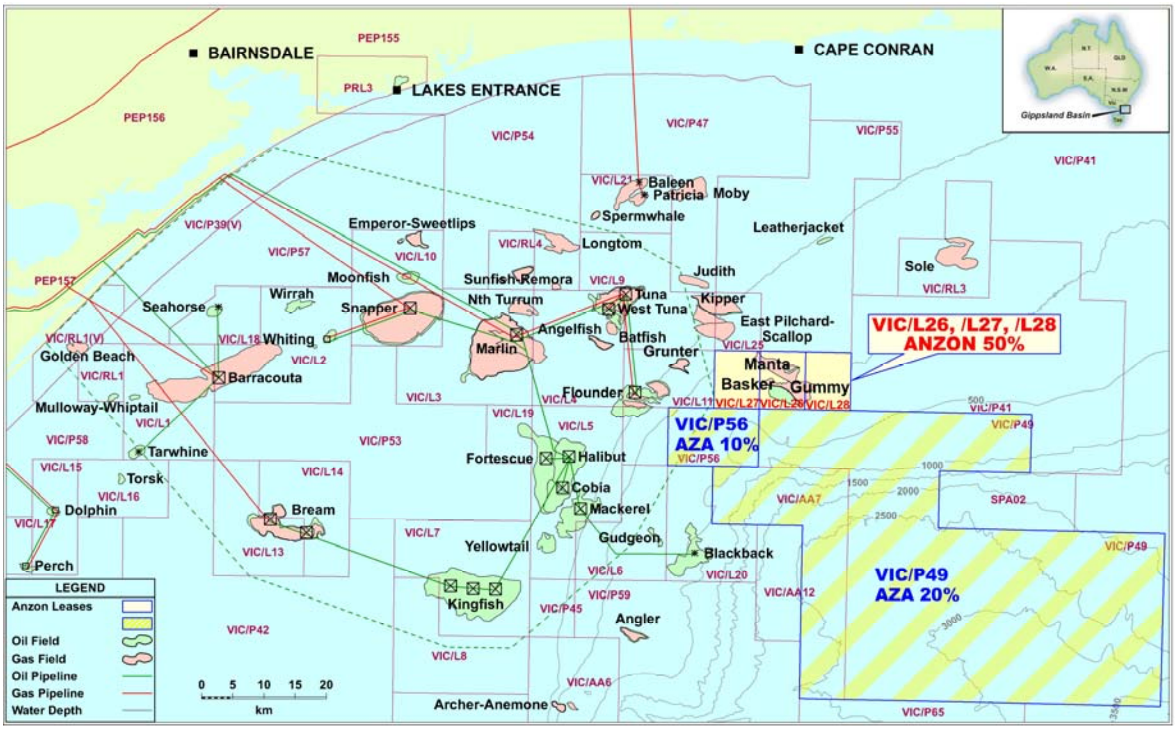
(i) Producing Operations

Anzon has a 50% interest in the Basker-Manta-Gummy oil and gas fields, offshore Victoria and is the Operator of the BMG Joint Venture. This interest will be reduced to 40% as a result of the 10% farm-out to ITOCHU, subject to government approval being achieved.

Anzon is proud to note that it is only the second Operator to produce oil in the prolific Gippsland Basin next to the oil & gas major ExxonMobil.

The development approach of the Basker-Manta oil fields utilising the purpose built FPSO vessel, the *Crystal Ocean*, is the first FPSO development in Bass Strait.

Set out below is a location map of the fields in the prolific oil producing region in Bass Strait.



Production from the Full Field Development (FFD) facilities commenced in December 2006, with oil production from Manta-2A, Basker-2, Basker-3 and Basker-5 and gas injection into Basker-4. The bulk of the commissioning activities were completed in the first quarter 2007.

Oil production for the half year amounted to approximately 1.6 million bbls, at an average daily production rate of 8,700 bopd (including down-time). It is noted that peak production rates have averaged in excess of 15,000 bopd.

Production performance during the half year was constrained due to a number of reasons, including:

- The amount of gas produced with the oil was higher than expected, reducing the amount of oil that could be produced because of gas compression limitation on the *Crystal Ocean* FPSO;
- A range of equipment problems during commissioning of the *Crystal Ocean* FPSO which varied from gas compressor failure, swivel problems, to a range of small equipment and instrumentation problems; and
- Severe weather in June resulted in the need to temporarily remove both the *Crystal Ocean* and the *Basker Spirit* from the field, in accordance with predicted modus operandi in such sea states.

A program is underway to improve the reliability of the facilities and to maximise near term production, while the mooring system repair is being planned and implemented.

(ii) Oil Marketing

In the first half 2007 BMG Joint Venture sold approximately 1.4 million barrels of crude oil to a Melbourne refinery, resulting in US$97 million (A$120 million) in gross sales revenue (rounded).

An additional cargo of approximately 230,000 barrels was delivered in early August 2007.

Marketing of the crude has continued on a "spot" basis. Longer term "firm" off take arrangements continue to be reviewed and will be addressed when stable production rates are achieved. All crude oil sales to date have received a premium to the referenced Tapis Oil marker, which has maintained a strong premium to the WTI marker during the past two years.

(iii) Development Projects

Anzon signed a conditional Gas Sales Agreement with Alinta Limited (GSA) on 16 March 2007 with the expectation that the Basker-Manta-Gummy (BMG) Joint Venture would make a Final Investment Decision (FID) before the end of June 2007 to further develop the BMG fields with a project titled the "Integrated Field Development Project "(IFDP).

At the end of June the BMG JV decided not to approve the IFDP at this stage. On balance the BMG JV felt that it was more economically viable to concentrate on oil potential first and to further refine gas resources and optimise the overall development before making a gas sales commitment.

As a consequence of the decision not to approve the IFDP, the Alinta GSA lapsed at the end of June 2007.

The BMG JV is now pursuing an active development program in 2007 and 2008 that will concentrate primarily on oil but will also better define gas development alternatives, with the aim of committing to new facilities and gas sales in the second half of 2008, and effective deferral of just one year from the previous plan. Resultant gas sales are now anticipated in year 2010, the timing of which is consistent with the existing facilities (the *Crystal Ocean* lease agreement is available till 2012, and the ability to apply a larger replacement FPSO to produce the gas).

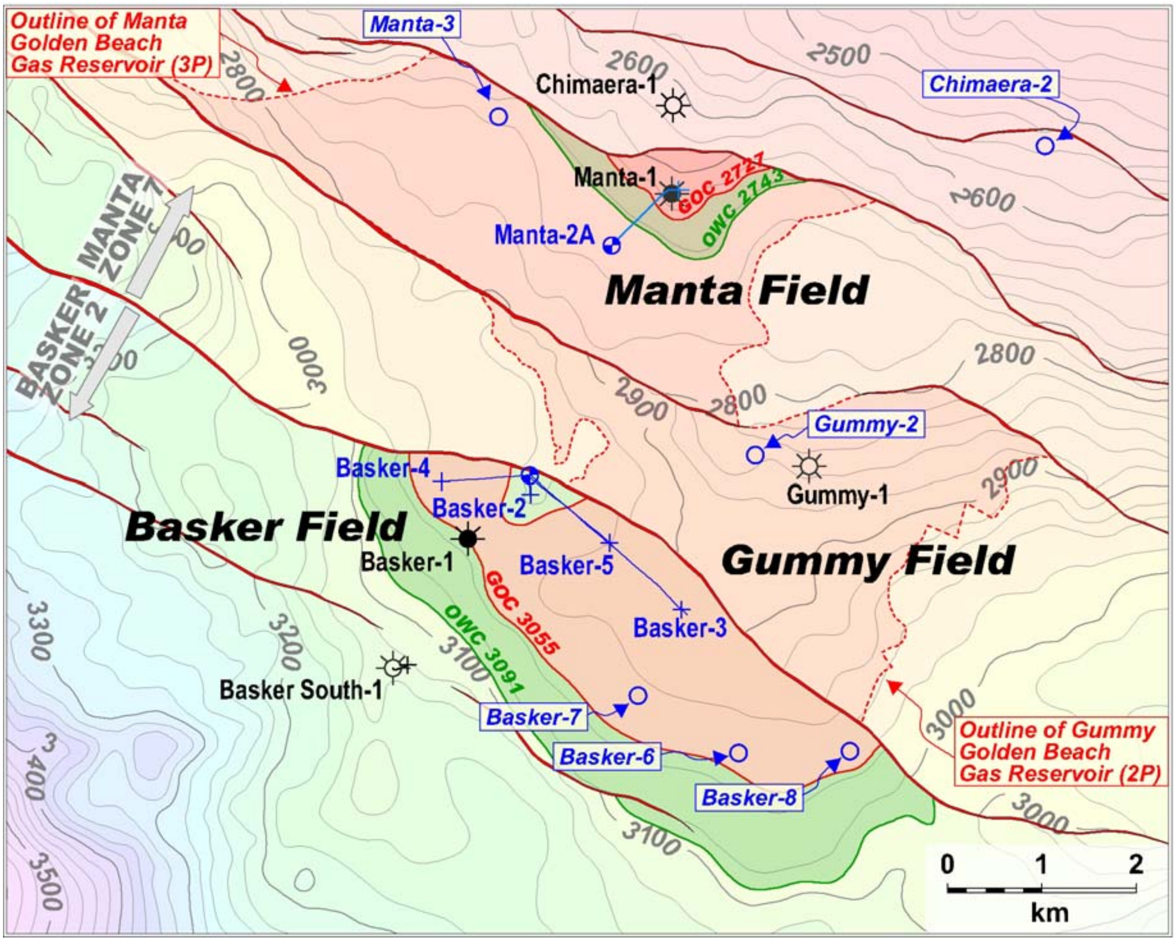
The BMG JV plans to drill the Basker-6 well with the Ocean Patriot drilling rig in the 1Q 2008. It has also secured 135 days with a different drilling rig, the *Kan Tan IV*, and expects to start drilling in the second quarter of 2008. At this stage the drilling program is expected to include two more Basker oil wells, Manta and Gummy gas and oil appraisal wells and potentially some Basker workovers. The BMG JV may also contract additional rig time to drill the Chimaera-2 prospect.

Access to the *Kan Tan IV* is via a consortium agreement with other oil companies operating in Australasia and is expected to provide the opportunity for additional drilling in 2009.

As part of the overall expanded development, the BMG Joint Venture is considering the potential to commit to a larger FPSO (to replace the existing FPSO and shuttle tanker) to accommodate an optimal oil development ahead of a revised gas development plan.

Directors' Report

The following figure shows the location of existing wells and of the different appraisal and development wells that are being considered for 2008 and 2009.



Permit Interests

A summary of Anzon's interests in its respective permit/lease areas is set out below:

Permit	Interest	Operator	Location
VIC/L26	50%	Anzon	Bass Strait
VIC/L27, L28	50%	Anzon	Bass Strait
VIC/P49	20%	Nexus Energy Ltd	Bass Strait
VIC/P56	10%	Nexus Energy Ltd	Bass Strait
PEP 38255	15%	Tap Oil Ltd	Canterbury Basin (NZ)

Following the farm-out to ITOCHU, the Basker-Manta-Gummy (BMG) Project Joint Venture interests will be as follows:

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

Investment in Nexus Energy Limited

At 30 June 2007 the Company has an equity interest of 65.69 million shares in Nexus Energy Limited. The effective cost price of these shares is $0.64.

Directors' Report

Rounding of Amounts

The amounts contained in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Auditor's Independence Declaration

In accordance with the Audit Independence requirements of the *Corporations Act 2001*, the Directors have received and are satisfied with the "Audit Independence Declaration" provided by the Company's external auditors PKF. The Audit Independence Declaration has been attached at the back of this financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

For and on behalf of the Directors

Steven J Koroknay
Executive Chairman

31 August 2007

PKF
Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION – HALF YEAR FINANCIAL REPORT

Auditor's Independence Declaration

As lead auditor for the review of Anzon Australia Limited for the half-year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Anzon Australia Limited and the entities it controlled during the year.

PKF

Bruce Gordon
Partner

31 August 2007
Sydney

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Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
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Condensed Balance Sheet

As at 30 June 2007

	Consolidated	
	Jun 2007	**Dec 2006**
	$'000	**$'000**
ASSETS		
Current Assets		
Cash and cash equivalents	34,534	8,688
Trade and other receivables	3,569	4,389
Inventories	3,312	1,964
Other financial assets	-	2,004
Total Current Assets	41,415	17,045
Non-current Assets		
Plant and equipment	488	386
Intangible assets	25,417	26,269
Investments	80,476	90,659
Oil and gas assets	257,259	254,535
Capitalised borrowing costs	3,187	4,378
Deferred tax assets	15,022	14,076
Total Non-current Assets	381,849	390,303
TOTAL ASSETS	423,264	407,348
LIABILITIES		
Current Liabilities		
Trade and other payables	19,721	26,629
Provisions	277	386
Interest bearing loans and borrowings	90,630	80,000
Other financial liabilities	9,822	1,128
Total Current Liabilities	120,450	108,143
Non-current Liabilities		
Interest bearing loans and borrowings	30,628	27,080
Restoration provision	23,649	23,070
Deferred tax liabilities	47,708	53,421
Total Non-current Liabilities	101,985	103,571
TOTAL LIABILITIES	222,435	211,714
NET ASSETS	200,829	195,634
EQUITY		
Contributed equity	112,473	112,473
Retained earnings	60,103	48,794
Reserves	28,253	34,367
TOTAL EQUITY	200,829	195,634

Condensed Income Statement

For the half-year ended 30 June 2007

	Note	Consolidated Jun 2007 $'000	Consolidated Jun 2006 $'000
Continuing operations			
Revenue	2	63,615	46,605
Cost of sales		(34,555)	(23,805)
Gross profit		29,060	22,800
Other income	2	8,082	2,085
Expenses, excluding finance costs	3	(25,415)	(13,015)
Finance costs	3a	(3,158)	(1,917)
Profit from continuing operations before tax		8,569	9,953
Income tax benefit/(expense)		2,740	(4,323)
Profit from continuing operations after tax		11,309	5,630
Earnings per share			
Basic earnings per share (cents per share)		3.05	3.55
Diluted earnings per share (cents per share)		2.91	3.36

The accompanying notes form part of these Financial Statements.

Condensed Statement of Changes in Equity

For the half-year ended 30 June 2007

Consolidated	Ordinary Shares $'000	Asset Revaluation Reserve $'000	Options Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2006	49,651	-	231	37,506	87,388
Net gains on available for sale investments	-	90	-	-	90
Transaction costs on share issues	-	-	-	-	-
Total income and expense for the period recognised directly in equity	-	90	-	-	90
Profit for the period	-	-	-	5,630	5,630
Total income for the period	-	90	-	5,630	5,720
Equity transactions:					
Issue of share capital	40,881	-	-	-	40,881
Exercise of options	45	-	-	-	45
Cost of share based payments	-	-	83	-	83
Balance at 30 June 2006	90,577	90	314	43,136	134,117
Balance at 1 January 2007	112,473	33,806	561	48,794	195,634
Net losses on available for sale investments	-	(8,956)			(8,956)
Transaction costs on share issues	-	-	-	-	-
Income tax on items taken directly to equity	-	2,687	-	-	2,687
Total income and expense for the period recognised directly in equity	-	(6,269)	-	-	(6,269)
Profit for the period	-	-	-	11,309	11,309
Total income for the period	-	(6,269)	0	11,309	5,040
Equity transactions:					
Issue of share capital	-	-	-	-	-
Exercise of options	-	-	-	-	-
Cost of share based payments	-	-	155	-	155
Balance at 30 June 2007	112,473	27,537	716	60,103	200,829

The accompanying notes form part of these Financial Statements.

Condensed Cash Flow Statement

For the half-year ended 30 June 2007

	Consolidated	
	Jun 2007 $'000	**Jun 2006 $'000**
Cash flows from operating activities		
Receipts from oil and gas production	64,141	46,134
Payments to suppliers and employees	(26,793)	(21,836)
Borrowing costs	(3,156)	(2,290)
Interest received	431	981
Net cash flows provided by operating activities	34,623	22,989
Cash flows from investing activities		
Purchase of plant and equipment	(150)	(235)
Payments for exploration expenditure	-	(2,399)
Payments for available-for-sale financial assets	(5)	-
Purchase of exploration licences	-	-
Sale of retention leases	-	50,000
Payments for development expenditure	(19,978)	(68,570)
Net cash flows (used in) investing activities	(20,133)	(21,204)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	45
Proceeds from borrowings (net of costs)	21,981	-
Payment for financial instruments	(9,345)	-
Net cash flows provided by financing activities	12,636	45
Cash and cash equivalents at beginning of period	8,688	37,003
Net increase in cash and cash equivalents	27,126	1,830
Effects of exchange rate changes on cash	(1,280)	232
Cash and cash equivalents at end of period	34,534	39,065

Notes to the Financial Statements
For the half-year ended 30 June 2007

1. REPORTING ENTITY

Anzon Australia is a public company, listed on the Australian Stock Exchange, incorporated and domiciled in Australia. Anzon Australia's operations comprise oil and gas production, development, exploration and investment in the resources industry. The ultimate parent of Anzon Australia Limited is Anzon Energy Limited which owns 53.11% of the ordinary share capital.

This financial report covers both the financial statements of Anzon Australia Limited (the Company) and the consolidated entity for the half year ended 30 June 2007.

(a) Basis of preparation

This general purpose condensed financial report for the half year ended 30 June 2007 has been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2006 and considered together with any public announcements made by Anzon Australia Limited during the half year ended 30 June 2007 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

(b) Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated condensed financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 December 2006.

(c) Adoption of new and revised Accounting Standards

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2007, namely:

- AASB 7 'Financial Instruments: Disclosure'
- AASB 101 'Presentation of Financial Statements' – revised standard
- Interpretation 8 'Scope of AASB 2 Share Based Payment'
- Interpretation 10 'Interim Financial Reporting and Impairment'.

The adoption of these Standards and Interpretations has not resulted in any changes to the Group's accounting policies, and did not have any effect on the financial position and performance of the Group, but will impact the disclosure requirements at the financial year end.

	Consolidated	
	Jun 2007 $'000	Jun 2006 $'000
2. REVENUE AND OTHER INCOME		
(a) Revenue		
Oil and gas revenue	59,872	42,275
Interest income	431	981
Other revenue	3,312	3,349
	63,615	46,605
(b) Other Income		
Cost reimbursement	1,362	500
Fair value gains on financial instruments	-	1,585
Net gain on foreign exchange	6,720	-
	8,082	2,085
3. EXPENSES		
a) Finance costs		
Establishment fees	150	187
Interest expense	3,002	1,728
Bank charges	6	2
Total finance costs	3,158	1,917
b) Depreciation and amortisation expense		
Depreciation of non-current assets	87	33
Amortisation of intangible assets	878	502
Amortisation of capitalised borrowing costs	1,191	1,007
Total depreciation and amortisation	2,156	1,542
c) Employee benefits expense		
Wages and salaries	1,060	875
Superannuation expense	105	110
Share-based payment expense	155	83
	1,320	1,068
d) Other expenses		
Net loss on foreign exchange	-	664
Fair value loss on financial instruments	20,003	5,425

Notes to the Financial Statements
For the half-year ended 30 June 2007

4. SEGMENTAL REPORTING

(a) Business Segments

The consolidated entity operates in one business segment, namely exploration, development and production of oil and gas.

(b) Geographical Segments

The following table presents revenue and profit information for geographical segments for the half-years ended 30 June 2007 and 30 June 2006.

	Australia		New Zealand		Consolidated	
	2007	2006	2007	2006	2007	2006
	$000	$000	$000	$000	$000	$000
External Revenue	63,615	46,605	-	-	63,615	46,605
Segment result/(loss)	8,617	9,953	(48)	-	8,569	9,953
Income tax (expense)	2,740	(4,323)	-	-	2,740	(4,323)
Net profit after tax	11,357	5,630	(48)	-	11,309	5,630

5. COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

	Consolidated	
	Jun 2007	Jun 2006
	$'000	$'000
Within one year	124	138
1-5 years	145	390
> 5 years	-	-
	269	528

(b) Capital expenditure commitments

The Company and consolidated entity are required to meet minimum work requirements of various government regulatory bodies and jointly controlled operators. As at 30 June 2007, there are no specific capital expenditure contracts which the company or consolidated entity is required to fulfil (31 December 2006: nil). The obligations under joint ventures may be subject to renegotiation, may be farmed out or may be relinquished and no amounts, other than already included in the financial statements have been provided.

(c) Operating expenditure Commitments

The Company and consolidated entity's share of jointly controlled operations' other expenditure commitments

Within one year	24,584	25,827
1-5 years	17,958	21,935
> 5 years	-	-
	42,542	47,762

6. CONTINGENCIES

There have been no movements in contingencies since 31 December 2006.

7. SUBSEQUENT EVENTS

On 10 August 2007, it was announced that Anzon will receive A$123 million having concluded negotiations with ITOCHU Corporation of Japan (ITOCHU) for the sale of 10% of the Basker Manta Gummy (BMG) Joint Venture. Anzon and Beach Petroleum Limited (Beach) each divested 10% of their holding to ITOCHU which will use its wholly owned subsidiary CIECO Exploration and Production (Australia) Pty Ltd to become a 20% participant in the JV. The farm-out is effective 1 June 2007.

Conclusion of the farm-out is subject to government approval. Upon completion of the ITOCHU farm-out, the Company will record a substantial profit on the transaction and will be effectively debt free.

The farm-in agreement provides a gross value of the BMG project of A$1.23 billion. The consideration was determined after a competitive tender process including several weeks of intensive due diligence in respect of all aspects of the BMG Project.

ITOCHU is a highly respected international organisation built on strong global investments. The Joint Venture will benefit from the technical competence and financial strength of ITOCHU.

In less than three years since listing on the ASX (December 2004), Anzon is operating a producing offshore venture valued in excess of A$1.23 billion. The Company is proud to advise it has recorded an operating profit each year since listing in December 2004.

Anzon has enjoyed a rapid growth in its short history, achieving many milestones through innovative development and production techniques, including being awarded one of the top 5 offshore projects in the world in 2005 by the independent "Offshore Oil" magazine. Anzon is only the second Operator to have produced oil in Bass Strait.

In August 2007, the Basker Manta Gummy (BMG) Joint Venture was awarded Production Licences for Petroleum VIC/L27 and VIC/L28 in respect of the previously held Retention Leases VIC/RL 9 and VIC/RL10. With the addition of these two Production Licences the BMG Joint Venture now holds three production licences in the Gippsland Basin. Oil production commenced from VIC/L26 initially in 2005, with the Full Field Development coming on line in December 2006. The two new licensed areas provide for the development of the known gas resources and exploration for further hydrocarbons in the acreage.

On July 5, the *Basker Spirit* shuttle tanker parted from its Single Point Mooring (SPM), resulting in the need to shut-in production.

The reason for the incident was the loss of a shackle pin that is used to secure the upper section of mooring chain to the mooring system. A number of explanations for the loss of the pin are possible, however, the mooring system is considered to be appropriate. Minor changes can be made to the shackle pin locking system design to avoid future failures.

Re-instatement of the mooring system requires a specialised construction vessel to be mobilised to the field. A construction vessel has been secured and is expected to be in the field early in October, allowing the SPM system to be re-instated by the end of October, allowing production to return to full field capability. The construction vessel timing is dependent on completion of its current assignment and therefore the reinstatement may slip into November.

In the period before the SPM can be re-instated, Anzon is implementing a shuttle operation using the *Crystal Ocean* as both an FPSO and a shuttle tanker. It is taking 32,000 bbl loads and discharging the crude to the *Basker Spirit*, which is located in sheltered waters, currently Westernport Bay. The return time for this operation has been refined to 7 days, allowing production to continue at an average rate in excess of 4,000 bopd. Operating costs are covered by less than 3,000 bopd at current oil prices.

AZA has insurance cover for both the SPM re-instatement work and for loss of Profit.

In respect of the overall operation, since Full Field Development commenced the marine facilities have demonstrated excellent performance, particularly considering the exceptionally adverse weather and sea conditions.

Directors’ Declaration
For the half-year ended 30 June 2007

In accordance with a resolution of the Directors of Anzon Australia Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company’s and consolidated entity’s financial position as at 30 June 2007 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with sections 259A of the Corporations Act 2001 for the financial period ending 30 June 2007.

On behalf of the Board

Steven J Koroknay

Steven J Koroknay

Sydney

31 August 2007

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Anzon Australia Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Anzon Australia Limited, which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration of the consolidated entity comprising Anzon Australia Limited and the entities it controlled at 30 June 2007 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Anzon Australia Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Anzon Australia Limited's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Anzon Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Anzon Australia Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

Bruce Gordon
Partner

Sydney
31 August 2007