



**and Controlled Entities**

**ACN 117 770 475**

**Interim Consolidated Financial Statements**

**for the Half Year Ended**

**31 December 2014**

## **CORPORATE DIRECTORY**

### **DIRECTORS**

Michael Sandy (*Executive Chairman*)

Andrew Kugler Jr (*Non Executive Director*)

Alexander Sundich (*Executive Director and Chief Financial Officer*)

### **CHIEF EXECUTIVE OFFICER**

Andrew Bald

### **COMPANY SECRETARY**

Alexander Sundich

## **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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### **SHARE REGISTRY**

Boardroom Pty Ltd  
Level 7, 207 Kent Street  
SYDNEY NSW 2000

### **AUDITORS**

Rothsay Chartered Accountants  
Level 1, 12 O'Connell Street  
Sydney NSW 2000

### **SOLICITORS**

HWL Ebsworth Lawyers  
Level 14, Australia Square  
264-278 George Street  
Sydney NSW 2000

### **BANKERS**

ANZ Banking Group  
2 Barrack Street  
SYDNEY NSW 2000

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## **DIRECTORS' REPORT**

The Directors of Burleson Energy Limited ("Burleson") present their Report together with the financial statements of the consolidated entity, being Burleson ("the Company") and its consolidated entities ("the Group") for the half-year ended 31 December 2014.

### **Directors**

The following persons were directors of Burleson during the whole of the half year and the period up to the date of this report:

Michael Sandy (*Executive Chairman*)

Andrew Kugler Jr (*Non Executive Director*)

Alexander Sundich (*Executive Director and Chief Financial Officer*)

### **Appointment of Chief Executive Officer**

The Chief Executive Officer of Burleson during the half year and up to the date of this report was Mr Andrew Bald, an experienced corporate advisor with a strong track record in the natural resources sector.

### **Company Secretary**

Mr Alexander Sundich was the Company Secretary of Burleson during the half year and up to the date of this report.

### **Results of Operations**

The net loss of the Group for the six months to 31 December 2014 was \$1,177,804 (half year ended 31 December 2013: loss of \$219,914). The net loss for the half year ended 31 December 2014, was significantly higher than the previous comparable period. This was primarily due to two factors, being a significant increase in exploration and evaluation costs written off and a decrease in operating revenue.

Exploration and evaluation costs written off during the half year ended 31 December 2014 was \$1,146,896 (half year ended 31 December 2013: \$369,067). The increase during the current half reflects Burleson's investment in the Truchard #3 well (T#3). This well was spudded and fracture stimulated during the half year to 31 December 2014 but was not brought onto production until 24 December 2014.

Operating revenue for the half year to 31 December 2014 was \$513,621 (half year ended 31 December 2013: \$715,452). The decrease over the prior year comparable period was primarily due to a decline in production from the T2H well, which was not off-set from production from Burleson's new T#3 well, as this well only commenced production on 24 December 2014. Oil and natural gas prices declined materially towards the end of the current half year period, which also contributed to the decline in operating revenue.

The Group had cash as at 31 December 2014 of \$686,068 (30 June 2014: \$1,700,345) and no debt.

### **Review of Operations**

During the half year to 31 December 2014, the Group produced oil and gas from its six existing wells. The production for the half year from each of the wells in which the Group has an interest is summarised in the following table:

Well / Burleson	Net Gas		Condensate		Production Days in Half	
	Total mcf	Avg mcf p.d	Total bbls	Avg bbls p.d	Lost	Producing
<b>Working Interest</b>						
Joann #1 / 39.4%	14,322	83	675	4	12	172
D Truchard #1 / 38.0%	951	33	7	0	155	29
Heintschel #1 / 38.0%	2,221	14	345	2	26	158
Heintschel #2 / 38.0%	23,601	176	522	4	50	134
Truchard #2H / 50.0%	141,878	855	3,311	20	18	166
Truchard #3 / 50.0%	7,547	943	166	21	0	8
<b>Totals for Half</b>	<b>190,520</b>		<b>5,026</b>			

During the half year to 31 December 2014, the primary focus of Burleson's operations was the T#3 well. The T#3 well spudded and commenced drilling on 23 July 2014. It reached the Total Depth of 11,750 feet (3,581m) on 13 August 2014.

The T#3 well was brought onto production on the 24 December 2014. The well is a vertical development well that successfully targeted an anomaly identified by Burleson's technical team, AKG, within the Heintschel field, being in the lowermost Wilcox Prairie Bell 01 reservoir sand.

Notwithstanding the fall in oil and gas prices over the half year to 31 December 2014, the well flowed at commercial rates, justifying the decision to drill. Had oil and gas prices remained at the levels they were when the well was spudded, this well would have had payback period of between 6 and 7 months vis-à-vis an estimated payback period of circa 13 months at current prices.

Burleson's working interest in the T#3 well is 50% and it has a 39.19% net revenue interest with a 1.13% overriding royalty interest in the well. The cost of the T#3 well has been written off in accordance with the Group's accounting policies.

Other than the T#3 well, there was no change to Burleson's ownership interests in its production wells during the half year to 31 December 2014.

In light of the fall in energy prices, the Company has reduced its overheads and is seeking to cut costs further as and when it is able. Burleson's US-based technical team, AKG are on a reduced monthly retainer of US\$20,000 per month whilst the Heintschel field and 1K3D projects are in the process of being sold or farmed out and this arrangement is reviewed on a month by month basis.

Whilst global energy prices are low, the Board is of the view that the entry prices for new projects are also suppressed. Accordingly, the Company's strategy is to release value from its existing production assets, most likely via a sale, in order to generate the funding to enable it to secure and develop new exploration assets.

The Group has ceased acquisition of further leases and all further exploration activities in its current area of operations for the time being until another commercially viable opportunity is identified.

#### **Option Issue**

No new options were issued during the half year to 31 December 2014.

#### **Expiry of Listed Options**

No options expired during to half year period to 31 December 2014.

#### **Dividends**

No dividends have been paid during the half year ended 31 December 2014 (half year ended 31 December 2013: nil).

**Events subsequent to Reporting Date**

As at the date of this Report there were no material events subsequent to the reporting date, except as disclosed above.

**Auditors' Independence Declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on the next page.

This report is made in accordance with a resolution of directors.



**Michael Sandy**  
Executive Chairman

Sydney  
13 March 2015



## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Burleson Energy Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Burleson Energy Limited and the entities it controlled during the period.

**Frank Vrachas**  
Partner

**Rothsay Chartered Accountants**

Sydney, 13 March 2014

**Burleson Energy Limited and Controlled Entities**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the Half-Year Ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 Dec 2014 \$</b>	<b>31 Dec 2013 \$</b>
<b>Revenue from continuing operations</b>		
Operating revenue	513,621	715,452
Interest Income	16,673	25,350
	<u>530,294</u>	<u>740,802</u>
<b>Operating costs:</b>		
Employee benefit expenses and consultancy fees	(212,697)	(197,850)
ASX and share registry expenses	(39,940)	(24,383)
Exchange rate gains and losses	358	1,199
Exploration and evaluation costs written off, net of proceeds from farmouts	Note 6 (1,146,896)	(369,067)
US operating costs	(252,664)	(229,502)
Other administration expenses	(56,259)	(141,113)
<b>Total expense</b>	<u>(1,708,098)</u>	<u>(960,716)</u>
<b>Profit/(Loss) before income tax</b>	<b>(1,177,804)</b>	<b>(219,914)</b>
Income tax expense	-	-
<b>Profit/(Loss) after tax from continuing operations</b>	<b>(1,177,804)</b>	<b>(219,914)</b>
<b>Other comprehensive income for the half year</b>		
Foreign currency translation differences in translating US operations net of income tax; nil (2013: nil)	135,833	50,548
<b>Total comprehensive income/(loss) for the half year attributable to owners of Burleson Energy Ltd</b>	<u><b>(1,041,971)</b></u>	<u><b>(169,366)</b></u>
<b>Profit/(Loss) per share on continuing operations attributable to owners of Burleson Energy Ltd</b>		
Basic profit/(loss) per share – cents	Note 11 (0.28)	(0.05)
Diluted profit/(loss) per share – cents	Note 11 (0.28)	(0.05)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes and public announcements made by the Company.



**Burleson Energy Limited and Controlled Entities**

**Consolidated Statement of Financial Position  
As at 31 December 2014**

	<b>Consolidated</b>	
	<b>31 Dec 14</b>	<b>30 June 14</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	<b>686,068</b>	1,700,345
Trade and Other Receivables	<b>166,137</b>	209,612
<b>Total Current Assets</b>	<b>852,205</b>	1,909,957
<b>Total Assets</b>	<b>852,205</b>	1,909,957
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	<b>117,561</b>	133,342
<b>Total Current Liabilities</b>	<b>117,561</b>	133,342
<b>Total Liabilities</b>	<b>117,561</b>	133,342
<b>Net Assets</b>	<b>734,644</b>	1,776,615
<b>Equity</b>		
Contributed Equity	<b>30,245,525</b>	30,245,525
Reserves	<b>3,417,858</b>	3,282,025
Accumulated Losses	<b>(32,928,739)</b>	(31,750,935)
<b>Total Equity</b>	<b>734,644</b>	1,776,615

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and public announcements made by the Company.

**Burleson Energy Limited and Controlled Entities**

**Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2014**

	Contributed Equity	Accumulated Losses	Option/Share Based Payment Reserve	Foreign Currency Translation Reserve	General Reserve	Total
Group	\$	\$	\$	\$	\$	\$
As at 1 July 2013	30,245,525	(30,679,952)	2,062,430	960,061	216,500	2,804,564
<b>Total comprehensive income for the half year</b>						
Loss for the half year	-	(219,914)	-	-	-	(219,914)
Foreign currency translation differences	-	-	-	50,548	-	50,548
<b>Total comprehensive income / (loss) for the half year</b>	-	(219,914)	-	50,548	-	(169,366)
<b>Transaction with owners in their capacity as owners</b>						
Issue of unlisted options	-	-	4,000	-	-	4,000
Expiry of listed options	-	-	(2,031,587)	-	2,031,587	-
	-	-	(2,027,587)	-	2,031,587	4,000
<b>As at 31 Dec 2013</b>	<b>30,245,525</b>	<b>(30,899,866)</b>	<b>34,843</b>	<b>1,010,609</b>	<b>2,248,087</b>	<b>2,639,198</b>
<b>Group</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 January 2014	30,245,525	(30,899,866)	34,843	1,010,609	2,248,087	2,639,198
<b>Total comprehensive income for the half year</b>						
Profit for the half year	-	(851,069)	-	-	-	(851,069)
Foreign currency translation differences	-	-	-	(11,514)	-	(11,514)
<b>Total comprehensive income / (loss) for the half year</b>	-	(851,069)	-	(11,514)	-	(862,583)
<b>As at 30 June 2014</b>	<b>30,245,525</b>	<b>(31,750,935)</b>	<b>34,843</b>	<b>999,095</b>	<b>2,248,087</b>	<b>1,776,615</b>
<b>Group</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at 1 July 2014	30,245,525	(31,750,935)	34,843	999,095	2,248,087	1,776,615
<b>Total comprehensive income for the half year</b>						
(Loss) for the half year	-	(1,177,804)	-	-	-	(1,177,804)
Foreign currency translation differences	-	-	-	135,833	-	135,833
<b>Total comprehensive income / (loss) for the half year</b>	-	(1,177,804)	-	135,833	-	(1,041,971)
<b>Transaction with owners in their capacity as owners</b>						
	-	-	-	-	-	-
<b>As at 31 December 2014</b>	<b>30,245,525</b>	<b>(32,928,739)</b>	<b>34,843</b>	<b>1,134,928</b>	<b>2,248,087</b>	<b>734,644</b>

This Consolidated Statement of Changes in Equity are to be read in conjunction with the notes to the financial statements and public announcements made by the Company.

**Burleson Energy Limited and Controlled Entities**

**Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>557,077</b>	861,473
Payments to suppliers and employees	<b>(494,708)</b>	(570,378)
Payments for exploration and evaluation expenditure	<b>(1,146,896)</b>	(369,067)
Interest received	<b>16,673</b>	25,350
<b>Net cash flows (used in) /provided by operating activities</b>	<b>(1,067,854)</b>	(52,622)
<b>Net (decrease) /increase in cash and cash equivalents</b>	<b>(1,067,854)</b>	(52,622)
<b>Cash and cash equivalents at beginning of the half-year</b>	<b>1,700,345</b>	2,624,051
Effects of exchange rate changes in the balances of cash held in foreign currency at the beginning of the period	<b>53,577</b>	51,747
<b>Cash and cash equivalents at end of the half-year</b>	<b>686,068</b>	2,623,176

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes and public announcements made by the Company.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Nature of Operations**

The principal activities of Burleson Energy Limited ("the Company") and its controlled entities ("the Group") include exploration, evaluation and development of oil and gas assets in Texas, USA.

### **2. Basis of Preparation of Interim Consolidated Financial Statements**

The interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2014. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2014 and any public announcement made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors of the Company on 13 March 2015.

### **3. Significant Accounting Policies**

The significant accounting policies that have been used in preparation of these consolidated interim financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014, except in relation to matters discussed below. The relevant amendments and their effects on the current period or prior periods are described below.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### **Adoption of new and revised accounting standards**

During the current half year to 31 December 2014, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 128 Investments in Associates and Joint Ventures
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118,

121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 Consolidated Financial Statements is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation - Special Purpose Entities and resulted in consequential amendments to a number of other standards.

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 Joint Arrangements replaces AASB 131 Interests in Joint Ventures and Interpretation 112 Jointly-Controlled Entities - Non-monetary Contributions by Venturers as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 12 Disclosure of Interests in Other Entities includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 Fair Value Measurement does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 Employee benefits changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated, where applicable.

#### **4. Going Concern**

During the period ended 31 December 2014, the group incurred a loss after tax of \$1,177,804 (31 December 2013: loss of \$219,914), and net operating cash outflows of \$1,067,854 (31 December 2013: outflows of \$52,622).

These matters give rise to a material uncertainty that may cast significant doubt whether the Group can continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial statements.

Based on the level of current operations and recurring expenditure, the directors have determined that it is foreseeable that the Group will continue to operate as a going concern and that it is appropriate that the financial statements be prepared on this basis. The directors have considered the following factors in making this assessment:

- The Group has reported cash and cash equivalent assets of \$686,068 at 31 December 2014. The Group is not committed to further exploration or capital expenditure and has 6 wells on production. The directors acknowledge that to accelerate its exploration programs it may necessitate asset sales, further capital raisings and/or formation of joint ventures over these oil and gas exploration and production properties. At the date of this report, there are no immediate transactions in relation to any such asset sales, capital raisings or joint ventures;
- During the past 5 years the Company has successfully completed multiple capital raisings and the directors believe the Group could raise further capital if required to continue to fund accelerated exploration programs, if such programs were to proceed; and
- The Board is considering the acquisition of other commercially viable assets. Any such acquisition would be predicated on selling the existing assets of the Group and/or raising sufficient funding to ensure the expanded and restructured Group is a going concern.

The Financial Report has therefore been prepared on the basis of a going concern. This basis presumes that operations and funds, including sources of funding will be managed per the above factors to facilitate future operations and to repay liabilities and that the realisation of assets and settlement of liabilities will occur in the normal course of business.

However, the directors note that if the above is not achieved, the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report.

#### **5. Segment Information**

The group has adopted AASB 8 *Operating Segments* from 1 July 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the executive management team that makes strategic decisions.

The executive management team comprises of the executive and non-executive members of the board. The executive management team has determined that there are no multiple operating segments because no discrete information is provided to them and no segment information has therefore been disclosed. The executive management team only receive consolidated financial information for the group. In accordance with the Group's accounting policy, there is therefore only one operating segment. Accordingly, the Group only has one reportable segment.

During the half year period to 31 December 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

## 6. Significant Events and Transactions

### Exploration and Evaluation Costs Written Off and Proceeds from Farmouts

During the half year to 31 December 2014, Exploration of evaluation costs written off was \$1,146,896 (half year to 31 December 2013: \$369,037). The increase during the current half primarily reflects Burleson's investment in the Truchard #3 well. This well was spudded and fracture stimulated during the half year to 31 December 2014 but was not brought onto production until 24 December 2014.

Despite the write-off of exploration and evaluation costs, an independent reserves audit in 2011 by Degolyer and MacNaughton ("D&M") assigned Proved and Probable ("2P") reserves to the Heintschel field of 2.5 mmb of hydrocarbon liquids (condensate + NGL) and 30 Bcf of dry gas. This equates to 2.9 mmboe net to BUR's working interest of 38%. The area covered by the D&M 2P reserves is approximately 20% of the total area of the field mapped by 3D seismic. D&M estimated the oil and gas in place for the whole field at 9 mmb of hydrocarbon liquids and 111 Bcf of dry gas.

## 7. Contingent Liabilities and Commitments

There are no current commitments approved by the Board. There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2014.

## 8. Events occurring after reporting date

There were no significant events after the reporting date, other than as noted in this report.

## 9. Dividends

No dividends have been paid during the half year ended 31 December 2014 (half year ended 31 December 2013: nil).

## 10. Equity Securities Issued

### a. Ordinary Shares:

	Dec 2014	Half Year to Dec 2014	Dec 2014	Dec 2013	Half Year to Dec 2013	Dec 2013
	Number of shares	Issue Price \$	\$	Number of shares	Issue Price \$	\$
Opening balance	420,889,156	-	30,245,525	420,889,133	-	30,245,525
Closing balance	<b>420,889,156</b>	<b>-</b>	<b>30,245,525</b>	<b>420,889,133</b>	<b>-</b>	<b>30,245,525</b>

## 10. Equity Securities Issued (Continued)

### b. Unlisted Options:

	Dec 2014	Half Year to Dec 2014	Dec 2014	Dec 2013	Half Year to Dec 2013	Dec 2013
	Number of options	Issue Price \$	\$	Number of options	Issue Price \$	\$
Opening balance	22,500,000	-	34,834	18,500,000	-	30,834
Issues of Options During the Half-Year	-	-	-	4,000,000	\$0.001	4,000
Cost of Issue	-	-	-	-	-	-
<b>Closing balance</b>	<b>22,500,000</b>	<b>-</b>	<b>34,834</b>	<b>22,500,000</b>	<b>-</b>	<b>34,834</b>

### c. Listed Options:

	Dec 2014	Half Year to Dec 2013	Dec 2014	Dec 2013	Half Year to Dec 2012	Dec 2013
	Number of options	Issue Price \$	\$	Number of options	Issue Price \$	\$
Opening balance	-	-	-	138,790,178	-	2,021,462
Options lapsed	-	-	-	(138,790,178)	-	(2,021,462)
Options issued	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 11. Earnings per Share

### Basic Earnings per Share

The calculation of basic earnings per share for the half year period ended 31 December 2014 is based on the loss attributable to owners of \$1,177,804 (half year ended 31 December 2013: loss of \$219,914) and weighted average number of ordinary shares outstanding during the half year ended 31 December 2014 of 420,889,156 (half year ended 31 December 2013: 420,889,133) calculated as follows:



## 11. Earnings per Share (Continued)

### Loss attributable to ordinary shareholders

	Consolidated Half year to 31 Dec. 2014 \$	Consolidated Half year to 31 Dec. 2013 \$
Profit/(loss) for the half year	(1,177,804)	(219,914)
Profit/(loss) attributable to owners	(1,177,804)	(219,914)

### Weighted average number of ordinary shares

	Consolidated Half year to 31 Dec. 2014 \$	Consolidated Half year to 31 Dec. 2013 \$
Weighted average number of ordinary shares	420,889,156	420,889,133
Weighted average number of dilutive options outstanding	Nil	Nil
Weighted average number of ordinary shares outstanding during the year used in dilutive EPS calculation	420,889,156	420,889,133
Anti-dilutive options on issue not used in dilutive EPS calculation	22,500,000	22,500,000

### Profit/(loss) per share from continuing operations

#### Basic profit/(loss) per share

	Consolidated Half year to 31 Dec. 2014	Consolidated Half year to 31 Dec. 2013
Cents per share	(0.28)	(0.05)
Diluted profit/(loss) per share (cents)	(0.28)	(0.05)

### Information concerning the classification of securities

#### Options

There is no dilution of shares due to options issued by the Company as the potential ordinary shares are anti dilutive in accordance with AASB 133 *Earnings per Share* and are therefore not included in the calculation of diluted earnings per share.

## Directors' Declaration

In the opinion of the directors of Burleson Energy Limited:

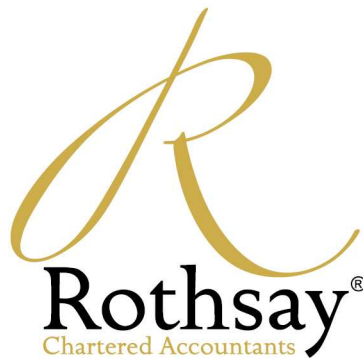
- a. the consolidated financial statements and notes of Burleson Energy Limited are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its financial performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* 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.

Signed in accordance with a resolution of the directors:



.....  
Michael Sandy  
Managing Director

Dated at Sydney this 13th day of March 2015



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Burleson Energy Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year consolidated financial report of Burleson Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Burleson Energy Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 the Burleson Energy 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Burleson Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## 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 Burleson Energy 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 31 December 2014 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*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 4 in the financial report, which sets out the basis on which the Directors have determined that the consolidated entity is a going concern.

During the half year ended 31 December 2014, the consolidated entity incurred a net loss after tax of \$1,177,804 (31 December 2013: loss of \$219,914), and net operating cash outflows of \$1,067,854 (31 December 2013: outflows of \$52,622).

These conditions, along with other matters as set forth in Note 4, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

## Rothsay Chartered Accountants



**Frank Vrachas**

Partner

Sydney, 13 March 2015