



and Controlled Entities

ACN 117 770 475

Interim Consolidated Financial Statements

for the Half Year Ended

31 December 2015

CORPORATE DIRECTORY

DIRECTORS

Michael Sandy (*Executive Chairman*)
Andrew Bald (*Executive Director and Chief Executive Officer*)
Peter Wall (*Non Executive Director*)

CHIEF EXECUTIVE OFFICER

Andrew Bald

COMPANY SECRETARY

Alexander Sundich

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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ANZ Banking Group
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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 2015.

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 Bald (*Executive Director and Chief Executive Officer*)
Peter Wall (*Non Executive Director*)
Andrew Kugler Jr (*Non Executive Director*)
Alexander Sundich (*Executive Director and Chief Financial Officer*)

Mr Bald and Mr Wall were appointed as directors on 27 October 2015 and continued up to the date of this report. Mr Sundich and Dr Kugler resigned as directors on 27 October 2015.

Company Secretary

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

Principal Activity

The principal activity of the Group during the period with the exploration, development and production of oil and gas in South Texas, USA. On 3 December 2015, Burleson announced it has entered into a binding heads of agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in the nano-satellite technology company Sky and Space Global (UK) Limited (SSG) incorporated in England (incorporation number 9887327) (**Acquisition**).

SSG is a UK incorporated company founded by industry experts from the Israeli Research and Development centre of Aerospace and Satellite Industry. SSG plans to deploy nano-satellite constellations in orbit to provide global communication infrastructure and services to the telecommunications and international transport industries. The core SSG business is to construct a telecommunication infrastructure based on nano-satellite technology and develop the highly complex and sophisticated software systems that will deploy, maintain orbit control and handle communication code between each of the nano-satellites to give a global coverage.

The SSG business strategy is to provide low cost, nano-satellite communication coverage on an anywhere to everywhere basis with relatively low maintenance costs. Due to the experience and expertise of the founders and management of SSG, the business will be able to develop with inherent upgrading capabilities within short intervals, utilising their unique IP-nanosat software protocols.

The proposed Acquisition of SSG will constitute a change in the nature and scale of the Company's activities from exploration and development of petroleum and gas properties in the USA to the business of operating a narrow-band communication network based on nano-satellites.

As part of the Acquisition, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from Burleson's shareholders at a general meeting. The Company will also be required, pursuant to Listing Rule 11.1.3, to re-comply with Chapters 1 and 2 of the Listing Rules.

The Company also intends, should the Acquisition proceed, to dispose of its existing oil and gas assets and change its name to Sky and Space Global Limited.

The General Meeting of Burleson shareholders to approve the Acquisition and all related resolutions is scheduled for 1 April 2016. Further information on SSG, the Acquisition and the upcoming Shareholder Meeting can be found in the Notice of General Meeting which was dispatched to Burleson shareholders and lodged with the ASX on 2 March 2016.

Operating Results

The net loss of the Group for the six months to 31 December 2015 was \$311,032 (half year ended 31 December 2014: loss of \$1,177,804). The net loss for the half-year ended 31 December 2015 was significantly lower than the previous comparable period, primarily due to reduced exploration and evaluation costs, partially off-set by less operating revenue and an acquisition expense of \$138,220 relating to the proposed acquisition of SSG.

Exploration and evaluation costs written off during the half year ended 31 December 2015 was \$190,406 (half year ended 31 December 2014: \$1,146,896). The significant decrease over the prior year comparable period reflects reduced investment activity by the Group.

Operating revenue for the half year to 31 December 2015 was \$307,030 (half year ended 31 December 2014: \$513,621). The decrease over the prior year comparable period was primarily due to materially lower oil and gas prices and the natural decline in production levels from the Group's existing wells.

Financial Position

During the half year to 31 December 2015, Burleson took steps to strengthen its financial position, through the issue of new ordinary shares that raised a total of \$1.36 million. The new capital was raised through the following new issues:

- On 16 September 2015, Burleson completed a Placement to institutional and sophisticated investors, raising \$210,445. A total of 105,222,285 shares were issued at a price of 0.2cents per share;
- On 20 October 2015, Burleson completed a 1:1 pro rata renounceable Rights Issue of 526,111,443 fully paid ordinary shares to raise \$1,052,644. The issue price of the new shares under the Rights Issue was 0.2 cents per share; and
- On 23 October 2015, Burleson completed a further Placement of 47,777,116 shares at an issue price of 0.2 cents per share, raising an additional \$95,554 of funds.

The Group had cash as at 31 December 2015 of \$1,276,736 (30 June 2015: \$412,247).

Review of Operations

During the half year to 31 December 2015, the Group produced oil and gas from its six existing wells. However, as a result of the significant decline in global oil and gas prices, the Group's operating revenue from this production declined. The Group suspended all new exploration activities and no new wells were spudded or planned during the period.

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 Working Interest	Net Gas		Condensate		Production Days in Half	
	Total mcf	Avg mcf p.d	Total bbls	Avg bbls p.d	Lost	Producing
Joann #1 / 39.4%	47,439	259	1,665	9	1	183
D Truchard #1 / 38.0%	0	0	0	0	184	0
Heintschel #1 / 38.0%	0	0	0	0	184	0
Heintschel #2 / 38.0%	15,626	226	281	4	115	69
Truchard #2H / 50.0%	94,277	512	1,972	11	0	184
Truchard #3 / 50.0%	49,111	282	794	5	10	174
Totals for Half	206,453	1,279	4,712	29		

Option Issue

No new options were issued during the half year to 31 December 2015.

Expiry of Options

On 5 December 2015, 18,500,000 unlisted options over ordinary shares expired unexercised. These options had been issued to directors and officers of the Group. No other options expired during the half year period to 31 December 2015.

Dividends

No dividends have been paid during the half year ended 31 December 2015 (half year ended 31 December 2014: 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
15 March 2016

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

As lead auditor Burleson Energy Limited for the half-year ended 31 December 2015, 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 audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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



Frank Vrachas
Partner

Rothsay Chartered Accountants

Sydney, 15 March 2016

Burleson Energy Limited and Controlled Entities

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year Ended 31 December 2015**

	Consolidated	Consolidated
	31 Dec 2015	31 Dec 2014
	\$	\$
Revenue from continuing operations		
Operating revenue	307,030	513,621
Interest Income	3,312	16,673
	<u>310,342</u>	<u>530,294</u>
Operating costs:		
Employee benefit expenses and consultancy fees	(103,200)	(212,697)
ASX and share registry expenses	(31,685)	(39,940)
Exchange rate gains and losses	-	358
Exploration and evaluation costs written off, net of proceeds from farmouts	Note 6 (190,406)	(1,146,896)
US operating costs	(21,403)	(252,664)
Acquisition expense	Note 7 (138,220)	
Other administration expenses	(136,460)	(56,259)
Total expense	<u>(621,374)</u>	<u>(1,708,098)</u>
Profit/(Loss) before income tax	(311,032)	(1,177,804)
Income tax expense	-	-
Profit/(Loss) after tax from continuing operations	(311,032)	(1,177,804)
Other comprehensive income for the half year		
Foreign currency translation differences in translating US operations net of income tax; nil (2014: nil)	13,825	135,833
Total comprehensive income/(loss) for the half year attributable to owners of Burleson Energy Ltd	<u>(297,207)</u>	<u>(1,041,971)</u>
Profit/(Loss) per share on continuing operations attributable to owners of Burleson Energy Ltd		
Basic profit/(loss) per share – cents	Note 12 (0.04)	(0.28)
Diluted profit/(loss) per share – cents	Note 12 (0.04)	(0.28)

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

Burleson Energy Limited and Controlled Entities

**Consolidated Statement of Financial Position
As at 31 December 2015**

	Consolidated	
	31 Dec 15	30 June 15
	\$	\$
ASSETS		
Current Assets		
Cash and Cash Equivalents	1,276,736	412,247
Trade and Other Receivables	156,021	131,058
Total Current Assets	1,432,757	543,305
Total Assets	1,432,757	543,305
LIABILITIES		
Current Liabilities		
Trade and Other Payables	62,381	81,542
Financial Liabilities	1,980	-
Total Current Liabilities	64,361	81,542
Total Liabilities	64,361	81,542
Net Assets	1,368,396	461,763
Equity		
Contributed Equity	Note 11 31,449,365	30,245,525
Reserves	3,473,207	3,459,382
Accumulated Losses	(33,554,176)	(33,243,144)
Total Equity	1,368,396	461,763

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Burleson Energy Limited and Controlled Entities

**Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015**

	Contributed Equity	Accumulated Losses	Option/Share Based Payment Reserve	Foreign Currency Translation Reserve	General Reserve	Total
Group	\$	\$	\$	\$	\$	\$
As at 1 July 2014	30,245,525	(31,750,935)	34,843	999,095	2,248,087	1,776,615
Total comprehensive income for the half year						
Profit/(Loss) for the half year	-	(1,177,804)	-	-	-	(1,177,804)
Foreign currency translation differences	-	-	-	135,833	-	135,833
Total comprehensive income / (loss) for the half year	-	(1,177,804)	-	135,833	-	(1,041,971)
As at 31 Dec 2014	30,245,525	(32,928,739)	34,843	1,134,928	2,248,087	734,644
Group	\$	\$	\$	\$	\$	\$
As at 1 January 2015	30,245,525	(32,928,739)	34,843	1,134,928	2,248,087	734,644
Total comprehensive income for the half year						
Profit/(Loss) for the half year	-	(314,405)	-	-	-	(314,405)
Foreign currency translation differences	-	-	-	41,524	-	41,524
Total comprehensive income / (loss) for the half year	-	(314,405)	-	41,524	-	(272,881)
As at 30 June 2015	30,245,525	(33,243,144)	34,843	1,176,452	2,248,087	461,763
Group	\$	\$	\$	\$	\$	\$
As at 1 July 2015	30,245,525	(33,243,144)	34,843	1,176,452	2,248,087	461,763
Total comprehensive income for the half year						
Profit/(Loss) for the half year	-	(311,032)	-	-	-	(311,032)
Foreign currency translation differences	-	-	-	13,825	-	13,825
Total comprehensive income / (loss) for the half year	-	(311,032)	-	13,825	-	(297,207)
Transaction with owners in their capacity as owners						
Issue of ordinary shares	1,203,840	-	-	-	-	1,203,840
Expiry of unlisted options	-	-	(30,843)	-	30,843	-
As at 31 December 2015	31,449,365	(33,554,176)	4,000	1,190,277	2,278,930	1,368,396

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Burleson Energy Limited and Controlled Entities

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

		Consolidated	
		31 Dec	31 Dec
		2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		282,069	557,077
Payments to suppliers and employees		(309,931)	(494,708)
Payments for exploration and evaluation expenditure	Note 6	(190,406)	(1,146,896)
Interest received		3,312	16,673
Net cash flows (used in) /provided by operating activities		(214,956)	(1,067,854)
Cash flows from investing activities			
Acquisition expense	Note 7	(138,220)	-
Net cash flows (used in) /provided by investing activities		(138,220)	-
Cash flows from financing activities			
Proceeds of issue of ordinary shares		1,358,643	-
Share issue costs		(154,803)	-
Net cash flows (used in) /provided by financing activities		1,203,840	-
Net (decrease) /increase in cash and cash equivalents		850,664	(1,067,854)
Cash and cash equivalents at beginning of the half-year		412,247	1,700,345
Effects of exchange rate changes in the balances of cash held in foreign currency at the beginning of the period		13,825	53,577
Cash and cash equivalents at end of the half-year		1,276,736	686,068

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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") during the half year to 31 December 2015 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 2015. 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 2015 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 15 March 2016.

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 2015, 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

Burleson Energy Limited does not generally adopt any standards early. An exception is improvements to accounting standards where these are only clarifying existing practice but do not introduce any major changes (e.g. the amendments made by AASB 2015 1 as a result of the Annual Improvements to IFRSs 2012 2014 Cycle and by AASB 2015 2 to AASB 101 in relation to the Disclosure Initiative).

New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6 / 2013-9 / 2014-7 / 2014-8	31 July 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

New Accounting Standards and Interpretations (continued)

AASB2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	31 July 2016	AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose	There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.
AASB 15 Revenue from Contracts with Customers	31 July 2016	This standard will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.	The impact of AASB 15 has not yet been determined as the entire standard has not been released.

4. Going Concern

During the half year period ended 31 December 2015, the Group incurred a loss after tax of \$311,032 (31 December 2014: loss of \$1,177,804), and net operating cash outflows of \$216,936 (31 December 2014: net outflows of \$1,067,854).

On 3 December 2015, Burleson announced it has entered into a binding heads of agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in the nano-satellite technology company Sky and Space Global (UK) Limited (SSG) incorporated in England.

As part of the Acquisition, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from Burleson's shareholders at a general meeting. The Company will also be required, pursuant to Listing Rule 11.1.3, to re-comply with Chapters 1 and 2 of the Listing Rules.

The General Meeting of Burleson shareholders to approve the Acquisition and all related resolutions is scheduled for 1 April 2016. Further information on SSG, the Acquisition and the upcoming Shareholder Meeting can be found in the Notice of General Meeting which was dispatched to Burleson shareholders and lodged with the ASX on 2 March 2016.

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.

In making this assessment, the Directors have considered the following scenarios and related factors given the future of the Group, its activities and extent of its future liabilities and funding requirements are dependent on the outcome of the upcoming Shareholder's Meeting to approve the acquisition of SSG:

Scenario 1: Approval is received at the Shareholders Meeting and the Group acquires SSG

The proposed acquisition of SSG will constitute a change in the nature and scale of the Company's activities from exploration and development of petroleum and gas properties in the USA to the business of operating a narrow-band communication network based on nano-satellites.

The Directors have had regard for the following factors should approval be granted at the upcoming Shareholder Meeting:

- The Group has reported cash and cash equivalent assets of \$1,276,736 at 31 December 2015;
- The Group is not committed to further exploration or capital expenditure and also intends, should the Acquisition proceed, to dispose of its existing oil and gas assets;
- The cash flow forecasts under this scenario taking into consideration the conditions precedent for the settlement of the acquisition which include the indicative minimum funds to be raised from the re-

compliance capital raising and the forecast cash outflows for the restructured Group support the going concern basis.

Scenario 2: Approval is not received at the Shareholders Meeting and the Group does not acquire SSG

Should the acquisition of SSG not be approved at the upcoming Shareholder's Meeting, the Group the Directors have had regard of the following factors:

- The Group has reported cash and cash equivalent assets of \$1,276,736 at 31 December 2015;
- The Group is not committed to further exploration or capital expenditure and will consider the future of its oil and gas business activities and may consider alternative opportunities;
- The level of costs to maintain the minimal operations of the Group and cash flow forecasts under this scenario support the Group being able to fund operations and discharge its liabilities in the normal course of business.

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 in accordance with 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.

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 2015, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

6. Exploration and Evaluation Costs Written Off

During the half year to 31 December 2015, Exploration of evaluation costs written off was \$190,406 (half year to 31 December 2014: \$1,146,896). The decrease during the current half primarily reflects reduced investment activity by the Group.

7. Acquisition

On 3 December 2015 Burleson announced it has entered into a binding heads of agreement pursuant to which it has agreed, subject to the satisfaction of certain conditions precedent, to acquire 100% of the shares in the nano-satellite technology company Sky and Space Global (UK) Limited (SSG) incorporated in England (incorporation number 9887327).

Under the terms of the binding heads of agreement, Burleson paid the vendors of SSG US\$100,000 (A\$138,220). This has been treated as an expense in the current period on the basis that the Acquisition remains subject to numerous conditions precedent, including the approval of Burleson shareholders at a General Meeting, scheduled to be held on 1 April 2016. The initial payment is not refundable in the event that the Acquisition does not proceed for any reason.

Further information on SSG, the Acquisition and the upcoming Shareholder Meeting can be found in the Notice of General Meeting, which was dispatched to Burleson shareholders and lodged with the ASX on 2 March 2016.

8. Contingent Liabilities and Commitments

As part of the terms of the binding heads of agreement to acquire Sky and Space Global (UK) Limited (SSG), the Company and SSG have also entered a loan agreement whereby Burleson has agreed to advance loan funds of up to US\$500,000, interest free, to SSG strictly to be used towards the operating budget to advance the commercial rollout of the SSG business (refer to Notes 4 and 7).

Should the acquisition of SSG be approved at the upcoming Shareholders Meeting, it will mean the Group will also have commitments which SSG has currently entered into under procurement contracts for the advancement of its business. These commitments will be funded by the proposed re-compliance capital raising.

Other than the above, there are no current commitments approved by the Board, contingent liabilities or contingent assets since the end of the previous annual reporting period, 30 June 2015.

9. Events occurring after reporting date

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

10. Dividends

No dividends have been paid during the half year ended 31 December 2015 (half year ended 31 December 2014: nil).

11. Equity Securities Issued

a. Ordinary Shares:

	Dec 2015	Half Year to Dec 2015	Dec 2015	Dec 2014	Half Year to Dec 2014	Dec 2014
	Number of shares	Issue Price \$	\$	Number of shares	Issue Price \$	\$
Opening balance	420,889,156	-	30,245,525	420,889,156	-	30,245,525
Placement (16 Sept 2015)	105,222,285	\$0.002	210,445	-	-	-
Rights Issue (20 Oct 2015)	526,111,443	\$0.002	1,052,644	-	-	-
Placement (23 Oct 2015)	47,777,116	\$0.002	95,554	-	-	-
Cost of Issues	-	-	(\$154,803)	-	-	-
Closing balance	1,100,000,000	-	31,449,365	420,889,156	-	30,245,525

11. Equity Securities Issued (continued)

b. Unlisted Options:

	Dec 2015	Half Year to Dec 2014	Dec 2015	Dec 2014	Half Year to Dec 2014	Dec 2014
	Number of options	Issue Price \$	\$	Number of options	Issue Price \$	\$
Opening balance	22,500,000	-	34,834	22,500,000	-	34,834
Expiry of Options During the Half Year	(18,500,000)	-	(30,834)	-	-	-
Closing balance	4,000,000	-	4,000	22,500,000	-	34,834

On 5 December 2015, 18,500,000 unlisted options over ordinary shares expired unexercised. The options had been issued to directors and officers of the Group.

12. Earnings per Share

Basic Earnings per Share

The calculation of basic earnings per share for the half year period ended 31 December 2015 is based on the loss attributable to owners of \$311,032 (half year ended 31 December 2014: loss of \$1,177,804) and weighted average number of ordinary shares outstanding during the half year ended 31 December 2015 of 822,523,809 (half year ended 31 December 2014: 420,889,156) calculated as follows:

Loss attributable to ordinary shareholders

	Consolidated Half year to 31 Dec. 2015 \$	Consolidated Half year to 31 Dec. 2014 \$
Profit/(loss) for the half year	(311,032)	(1,177,804)
Profit/(loss) attributable to owners	(311,032)	(1,177,804)

Weighted average number of ordinary shares

	Consolidated Half year to 31 Dec. 2015 \$	Consolidated Half year to 31 Dec. 2014 \$
Weighted average number of ordinary shares	822,523,809	420,889,156
Weighted average number of dilutive options outstanding	Nil	Nil
Weighted average number of ordinary shares outstanding during the year used in dilutive EPS calculation	822,523,809	420,889,156
Anti-dilutive options on issue not used in dilutive EPS calculation	4,000,000	22,500,000

Profit/(loss) per share from continuing operations

Basic profit/(loss) per share

	Consolidated Half year to 31 Dec. 2015	Consolidated Half year to 31 Dec. 2014
Cents per share	(0.04)	(0.28)
Diluted profit/(loss) per share (cents)	(0.04)	(0.28)

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 2015 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
Executive Chairman

Dated at Sydney this 15th day of March 2016

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 2015, 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 a summary 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 Regulations 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 Burleson Energy Limited, ASRE 2410 requires that we comply with 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 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 2015 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*.

Rothsay Chartered Accountants

Frank Vrachas

Partner

Sydney, 15 March 2016
