2010 Annual Report Burleson Energy Limited

BURLESON
ENERGY LIMITED

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ENERGY LIMITED

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ACN 117770475

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Corporate Directory



Directors

Normal Zillman
Non Executive Chairman

Michael Sandy
Managing Director

Andrew Kugler, Jr
Non Executive Director

John McAlwey
Non Executive Director

Khib Kugler
Non Executive Director

Company Secretary

Kevin Lynn

Registered Office and Pricipal place of business

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Sydney NSW 2000
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Solicitors of the Company

Blakiston & Crabb
1202 Hay Street
West Perth WA 6005

Share Registry

Advanced Share Registry Services Pty Ltd
150 Stirling Hwy
Nedlands WA 6009

Auditors

BDO Kendalls Audit (NSW, Vic PL)
Level 19, 2 Market Street
Sydney NSW 2000

Chairman's Letter

Dear Shareholders,

Burleson Energy has enjoyed a busy and productive year since the board's decision in 2008 to change the company's focus from Austin Chalk wells to lower cost and lower risk, but highly prospective, drilling targets in conventional Texas Gulf Coast reservoirs.

In 2008, Burleson Energy elected to participate in a new 119 square mile 3D seismic data acquisition program in the Texas Gulf Coast area, and this work was completed in March 2009. Early results on preliminary data indicated that Wilcox, Edwards and Sligo prospects offered very significant potential alongside a number of Miocene, Frio and Yegua targets.

Preparations began to commence drilling the first well, Brasher 1, to target Yegua reservoirs in the second half of 2009 as the company focused on a multi-well drilling program that also included four larger Wilcox targets.

Brasher 1 was spudded in February 2010 and was a success, making a gas discovery. Drilling on Wilcox targets followed, with the first of this program, Heintschel 1, spudded in early April 2010 and made a significant gas and condensate discovery. Subsequent drilling saw the Moeller 1 and Joann 1 wells spudded. Joann also made a gas condensate discovery making it three discoveries out of four.

In March 2010, the Burleson Energy board announced it had agreed to the sale of its Austin Chalk wells and acreage for US$1.34million (A$1.5million) to Whittier Energy Company. Burleson Energy retains some royalty interests in two wells on the acreage that other companies drilled since mid-2009.

The growth of any company can only be achieved with the full support of management, staff and professional consultants. In this regard, a key element for Burleson Energy is the involvement of US partner AKG Energy L.P., a private oil and gas company based in Austin, Texas with vast experience in geology, geophysics, legal and land acquisition, drilling and production especially in the Gulf Coast area of the United States. AKG's owners hold a significant shareholding in Burleson Energy and have two board seats on your company (Dr Andrew Kugler Jr and Mr Khib Kugler) and I would personally like to thank all at AKG Energy, including Andy and Khib but also Mr Karras Kugler and Mr Greigh Kugler for their collective commitment and fine contributions during the past year.

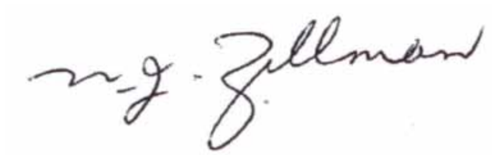
Calculations by AKG regarding the Heintschel field confirmed a potentially sizeable gas condensate accumulation, and for this reason, Burleson Energy's board has decided to focus on the Heintschel field development as its main near term priority – to evaluate the field and to establish a cash flow stream from gas and condensate sales.

In addition to developing the Heintschel field and due to delays in securing fracture stimulation equipment to complete the Heintschel 1 well, Burleson Energy and partners have decided to drill another Wilcox exploration well later in 2010. The board expects to pursue an especially active wildcat drilling program in 2011. The company has a portfolio of more than 20 'top tier' Wilcox and other prospects.

As Chairman, I would also like to publicly acknowledge the commitment, hard work and foresight of our Managing Director Mr Mike Sandy, whose efforts have been responsible in large part for our success during the past year. I would also like to thank our Sydney staff including our Company Secretary/CFO Mr Kevin Lynn and bookkeeper Lyn Kohlenberg for their hard work during the year.

Burleson Energy looks forward to continuing its success in the next financial year.

Norman Zillman



CHAIRMAN

Operations Report

During the past year, Burleson Energy sold its Austin Chalk acreage in Burleson, Brazos, Grimes and Montgomery counties in Texas to enable us to fully focus on our new strategy of targeting conventional Gulf Coast reservoirs. These can be drilled using simple vertical wells at relatively low cost and most wells target condensate (oil) as well as gas.

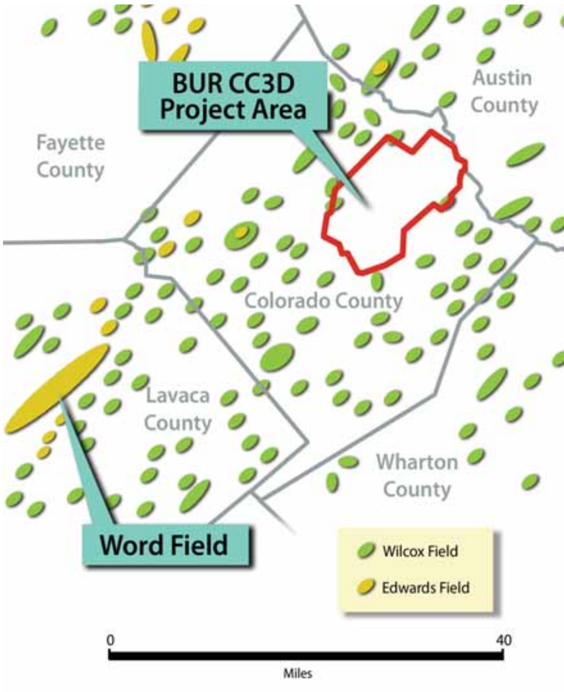
In early 2009 Burleson completed a 119-square mile 3D seismic shoot in Colorado County, the CC3D Project. Operator AKG picked up prospective leases in the CC3D area as well as additional acreage elsewhere in Colorado County and Wharton County, Texas. Some 6,475 hectares (16,000 acres) are currently leased.

As the result of partly funding the Colorado County 3D seismic survey in mid-2009, we secured a 38% interest in licences to 1,000 square miles of 3D data selected from the seismic contractor's extensive US database (1K3D project). This encompasses 3D (and 2D) seismic data with substantial coverage in the Gulf Coast region across Texas and Louisiana.

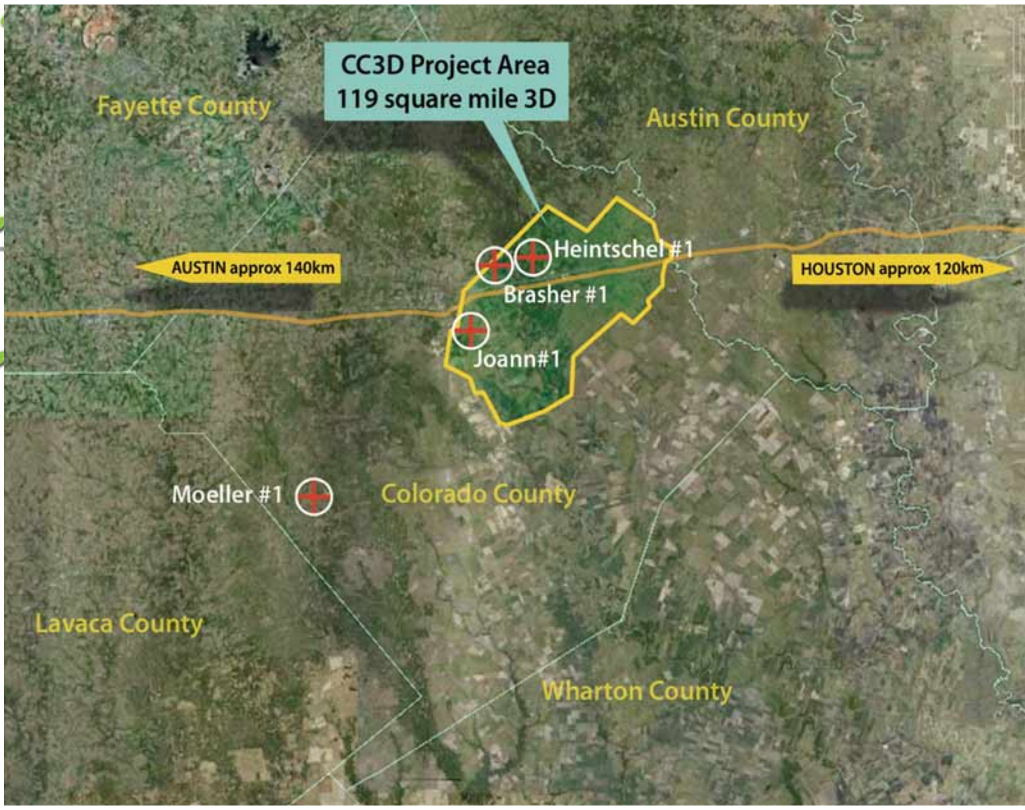
The main reservoir targeted by Burleson and partners are the Wilcox sandstones – and there are numerous producing Wilcox gas and condensate fields in the area. Within the CC3D area, there is a very large Edwards and Sligo carbonate feature – the "Woppa" prospect with potential to hold more than 500 billion cubic feet (Bcf) of gas. It is on trend with (and deeper than) the very large (600 Bcf) producing Word field. A well is planned on Woppa but due to the higher well cost involved in drilling a deep target, a farmout partner is being sought.

The CC3D project area is conveniently located between Houston and Austin and is bisected by a major highway (I10).

- Burleson County
- Brazos County
- Colorado County
- Grimes CountyCounty
- Montgomery County
- Wharton County



BUR CC3D
Project Area
Austin
County
Fayette
County
Colorado County
Lavaca
County
Wharton
County
Word Field
Wilcox Field
Edwards Field
0
40
Miles



CC3D Project Area
119 square mile 3D
Fayette County
Austin County
AUSTIN approx 140km
HOUSTON approx 120km
Heintschel #1
Brasher #1
Joann#1
Moeller #1
Colorado County
Lavaca County
Wharton County

Operations Report

Early in 2010 Burleson and partners embarked on a four-well exploration drilling program. This resulted in three discoveries: one in a Yegua reservoir – Brasher #1 and two Wilcox discoveries with Heintschel #1 and Joann #1.

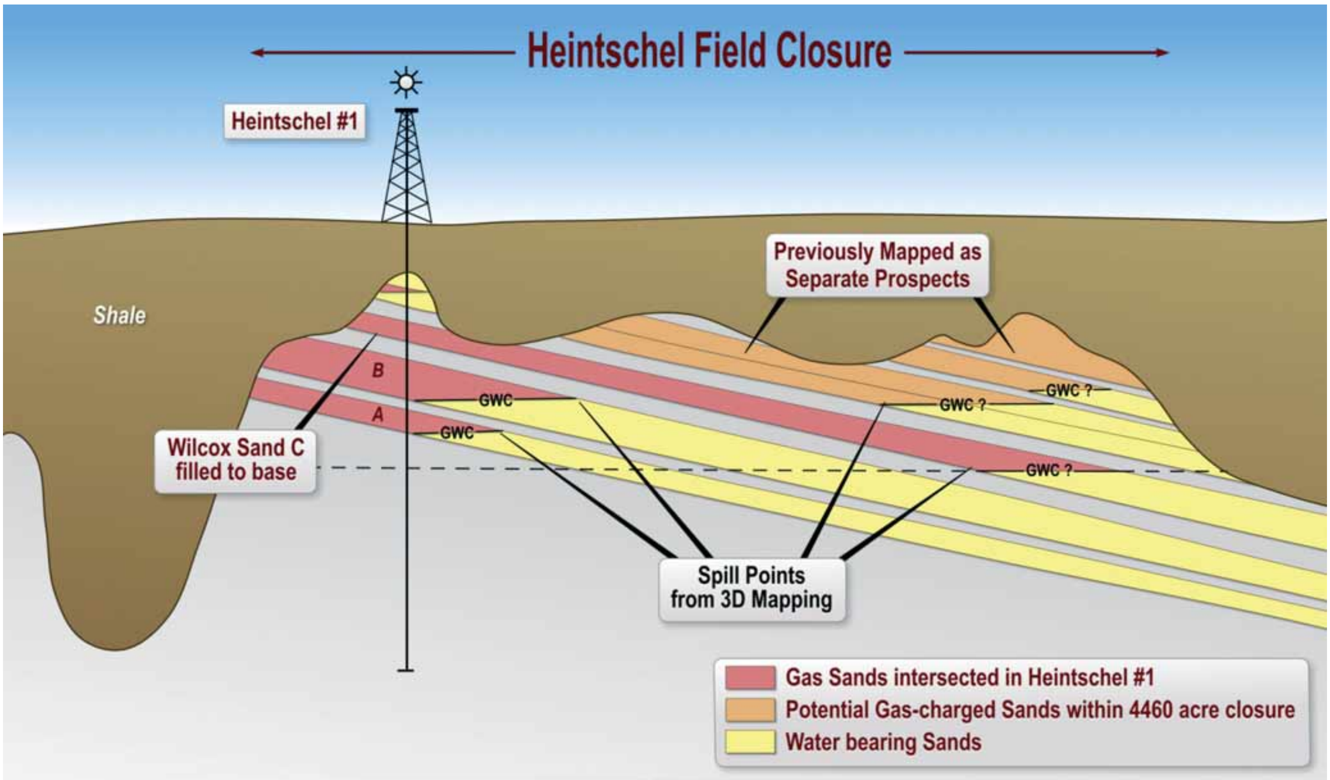
Results of the 2010 Drilling Campaign

Prospect/ field	Status	BUR NRI**	Potential Gas (Bcf)	Potential Cond. (mmb)	Gas flow (mmcfd)	Cond. Flow (bpd)
Brasher	On production	29.77%	0.5	–	0.45	–
Heintschel	Awaits frac, sales	29.77%	26	0.47	1.2 (on test)	12
Low Case	hookup and development	–	–	–	–	–
Moeller "updip"	Requires appraisal well	30.03%	10	0.24	–	–
Joann	Awaits sales hookup	30.73%	To be determined		2.1	38

The Heintschel 1 well was drilled in Wilcox sands in April 2010 and encountered a much thicker gas column (70 metres), covering a much larger area (18sq km), than initially expected.

Heintschel Field Gas & Condensate Volume Estimates

Heintschel	Gas (BCF)	Condensate (mmbc)	Number of wells to develop
Low case	25.6	0.465	4-8
Mid case	58.9	1.07	6-16
High Case	87.7	1.6	12-24



Operator AKG undertook a study to estimate volumes of potential hydrocarbons in the Heintschel field based on three cases. The Heintschel #1 well requires fracture stimulation to maximise flow rates. A shortage of "frac" equipment led to a delay in getting the Heintschel #1 well fracced and on production.

Further wells are required to confirm these numbers and an appraisal drilling program is planned to commence late in 2010.

In addition, the partners plan an active exploration campaign through 2011. The CC3D and 1K3D projects can be expected to provide a large number of Wilcox and shallower targets, in addition to those already identified which include:

- Recently identified Wilcox prospects with potential for ~10 Bcf of gas and 0.3 mmb condensate (BUR WI 36%)
- WH 4 Wilcox prospects in Wharton County, in additional acreage acquired in January 2010 have potential for 41 Bcf gas (BUR WI 36%)
- Moeller prospect is located 53m updip of the Moeller 1 well which encountered good hydrocarbon shows but apparently in a gas water transition zone. The updip location has the potential to contain 10.4 Bcf gas and 0.24 mmb condensate (BUR WI 38%)
- Woppa Edwards and Sligo carbonate prospect with potential for 500 Bcf+ of gas. (this well is subject to farm-out).

Competent Person Statement

The information in this report that relates to oil and gas exploration results and hydrocarbon resources is based on information verified by Mr Michael Sandy (BSc(Hons) Melbourne University), who is a petroleum geologist. Mr Sandy is a Director of, and consultant to, the Company. Mr Sandy has more than thirty years experience in this discipline and he consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Directors present their report on the Group*

Consisting of Burleson Energy Ltd and its controlled entities, for the year end 30 June 2010.

*referred to hereafter as the Group

The directors of the Group at any time during or since the end of the period are:

MR NORMAN ZILLMAN
Non-Executive Chairman

Norman Zillman (aged 66 years) is a professional geologist (B.Sc. Geology and B.Sc.Hons. Botany University of Queensland) with more than 40 years experience in petroleum, coal, coal bed methane, geothermal and mineral exploration and production in Australia and internationally. His initial experience was as a petroleum geologist with international companies Aquitaine Petroleum in Australia and Papua New Guinea and Union Oil Company of California in Australia and Indonesia. Mr Zillman has occupied the positions of Deputy CEO of Crusader Limited, General Manager Exploration and Production with Beach Petroleum N L and Claremont Petroleum Limited and Manager of the Petroleum Branch of the Queensland Department of Mines and Energy and State Mining Engineer for Petroleum.

More recently Norm has been responsible for a number of successful public resource floats on the Australian Securities Exchange (ASX). He was the inaugural Managing Director and a founder of Coal Bed Methane (CBM) company Queensland Gas Company Limited (QGC) being responsible for the initial acquisition of all of its areas, the successful floating on the ASX and the discovery of QGC's first CBM gas field Argyle. He was also the inaugural Chairman and founder of conventional oil and gas company Great Artesian Oil and Gas Limited (GOG) which he also successfully listed on the ASX resulting in numerous oil and gas discoveries.

Norm was also non-executive Chairman and a founder of Blue Energy Limited (BUL), Hot Rock Limited (HRL) and a Director and founder of Planet Gas Limited (PGS). He was a founder and still is a significant shareholder of Bandanna Energy Limited.

Norm is presently non-executive co-Chairman of China Yunnan Copper Australia Limited (CYU), non-executive Chairman of Burleson Energy Limited (BUR) and non-executive Director of Earth Heat Resources Limited (EHR). Norm is a member of Australasian Institute of Mining and Metallurgy (Aust.IMM) and the Petroleum Exploration Society of Australia (PESA).

MR MICHAEL SANDY
Managing Director

Michael Sandy is a geologist with more than 35 years' experience in the resources industry. He holds a Bachelor of Science (Hons) majoring in geology from the University of Melbourne and is a member of the Petroleum Exploration Society of Australia and the Australian Institute of Company Directors.

He is the principal of consultants Michael J Sandy and Associates Pty Ltd, which provides services to energy companies in Australia, USA and internationally. He commenced his career as a minerals geologist with various mining exploration companies as well as the Australian research organisation, CSIRO. In 1982 he moved into petroleum geology, initially with the PNG government and later with Oil Search and as a consultant to various oil and gas exploration companies.

In 1994 Michael helped establish Novus Petroleum Limited and held various senior roles including Executive Committee member, Business Development Manager and President of Novus USA, the latter based in Houston until Novus was taken over in 2004. He is a non-executive director of three ASX-listed energy companies, Caspian Oil & Gas Limited (ASX: CIG), Tap Oil Limited (ASX: TAP) and Hot Rock Limited (ASX:HRL).

DR ANDREW KUGLER JR
Non-Executive Director

Dr Andrew Kugler, Jr is a geologist and geophysicist with more than 40 years of experience in the oil and gas industry. He holds a Bachelor of Science Geology from Yale University (USA), a PhD in Geology from University of Tasmania and is a member of the American Association of Petroleum Geologists, a registered Certified Petroleum Geologist (#4912) and a member of the Society of Independent Professional Earth Scientists.

Andrew is currently the President and CEO of AKG Oil Company, AKG Operating Company and a General Partner of AKG Energy, L.P. who is involved in oil and gas exploration, development and operations in Texas. Although based in Austin, Texas since 1980, his companies have had offices in the USA, Australia, and Papua New Guinea.

Andrew has many years of geological and geophysical experience both internationally and in the USA. He began his career in the petroleum industry with Continental Oil Company in 1965 and joined Gulf Oil Company in 1968, working on international projects with both companies. In 1974 he left Gulf Oil Company to enter the oil and gas industry independently. His companies and partners have drilled, or caused to be drilled, wells both onshore and offshore in Australia and Papua New Guinea, and hundreds of wells in the onshore continental USA. No directorships were held in listed entities for the past three years.

MR JOHN MCALWEY
Non-Executive Director

John McAlwey is a lawyer with more than 40 years' experience in the resources, finance and property sectors. He holds a Bachelor of Law from the University of Western Australia.

John operated his own legal practice J.B.McAlwey & Co and practised as a commercial lawyer for 15 years. He has been involved in the establishment of numerous companies and businesses including the roles of chairman and director of a number of mining and exploration listed companies. No directorships were held in listed entities for the past three years.

MR KHIB KUGLER
Non-Executive Director

Khib Kugler graduated from The University of Texas with degrees in Geology and Business, and a graduate degree in Geophysics. He has more than 25 years of geological and geophysical experience both internationally and in the US, including eight years with Texaco. In 2001, Khib joined AKG as Vice President of Geology and Geophysics. No directorships were held in listed entities for the past three years.

MR KEVIN LYNN
Company Secretary

Kevin is a Chartered Accountant, Fellow of the Institute of Company Directors and Finance Institute of Australia and has more than 20 years' experience in accounting and finance with public companies. Kevin acts for a number of public companies as Director, CFO and/or Company Secretary.

Director's Report

Director's Meetings

The number of directors meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Meetings eligible eligible to attend	Board meetings attended
Mr Norman Zillman	4	4
Mr Michael Sandy	4	4
Mr John McAlwey	4	4
Dr Andrew Kugler Jr	4	4
Mr Khib Kugler	4	4

There have been no non-executive board meetings/committee meetings during the year with all matters being considered by the full Board.

Principal Activties

The principal activities of the consolidated entity during the course of the financial year were the exploration of petroleum and gas properties in the United States of America.

Burleson Energy is an ASX-listed company focussed on projects onshore Texas, targeting conventional oil and gas reservoirs, where high impact prospects can be drilled at moderate cost.

We have aligned with US partner AKG Energy, a company based in Austin, Texas, that boasts a family of established oil patch experts with many years of experience. This alliance is a key asset.

Burleson Energy initially targeted Austin Chalk wells but shifted our focus in 2009 to lower-cost, lower-risk oil and gas leases in the Colorado and Wharton counties of Texas.

We now have a working interest in about 16,000 acres of a Colorado County 3D (CC3D) seismic project area and a 1000 square-mile 3D (1K3D) seismic licence.

AKG was on the lookout for Wilcox prospects in the area around the CC3D project as there had been some impressive Wilcox discoveries in the previous months in the region. As a result of AKG's efforts, in late January 2010, two new areas covering large Wilcox prospects was secured, one to the southwest of the CC3D area and the other in Wharton County.

Working with our partners, we began a drilling campaign in February 2010, and since then have drilled four wells and made three discoveries, including one that has company-making potential.

About AKG Energy

AKG Energy, and its associates AKG Oil Company and AKG Operating Company, are independent, family-owned companies involved in oil and gas exploration, development and operations. The principals are Dr. Andrew Kugler, Jr, Khib A. Kugler, Karras J. Kugler and Greigh P. Kugler. AKG companies' principals have a combined 90 years of hands-on experience as explorers, operators and producers.

Heintschel field

The Heintschel field was discovered as part of a drilling program in Colorado County, Texas, that Burleson Energy began with our partners in early 2010. We have a working interest of 38% and a net revenue interest of 29.77% in this prospect.

The Heintschel 1 well was drilled in Wilcox sands in April and encountered a much thicker gas column (70 metres), covering a much larger area (18 sq km), than we initially expected.

The well has flowed naturally at 1.2 million cubic feet (mmcf) of gas and 12 barrels of condensate a day (b/d) but the well has yet to undergo fracture stimulation. These same sands in other fields in the area have required fraccing before they flow, so we believe the Heintschel 1 well will also require such treatment to achieve maximum production.

Operator AKG has estimated that the Heintschel field's recoverable volumes range from 25 to about 90 billion cubic feet of gas (bcf) and 0.5 to 1.6 million barrels of condensate (mmbc), and the number of wells to develop the field is between 4 and 24.

Heintschel 1 was flowed for a period into a sales pipeline currently while we await frac equipment, and is now shut in ahead of the fraccing procedure. Once it is fracced, we will monitor and evaluate the well for about a month while planning an efficient drilling program for the field.

Because of the 'company-making' potential of this field, Burleson Energy and partners plan to focus near term drilling on Heintschel appraisal and development to assess the potential of the field.

We expect that the Heintschel field will generate ample revenue to fund further exploration.

Other Wilcox targets

Moeller 1 was spudded to the south-west of the Colorado County 3D area in May 2010. We have a working interest of 38.5% and a net revenue interest of 30.03% in the Moeller prospect.

There were gas shows while drilling Moeller 1 but it tested water and minor gas from 33m thick, high porosity sand. Further testing has determined that this reservoir will flow gas in commercial quantities if found in an updip location with higher gas saturations. The 3D data defines an updip drilling location 53 metres high to the Moeller 1 location that could result in 10.4bcf gas and 0.24mmb condensate.

Joann 1 was spudded in the Colorado County 3D area in June 2010. Here, we have a working interest of 39.4% and a net revenue interest of 30.73%.

This well resulted in an oil and gas discovery. It flowed 2.1mmcfd of gas and 38b/d condensate during testing. This represents a restricted flow through a small choke. Higher flow rates can be anticipated when this well is opened up to sales. The measured flow is from just one zone, with three more untested gas zones yet to be perforated in this well. AKG is considering various options to complete the well and access a gas sales pipeline to bring on well production.

Yegua target

Brasher 1 is within the Colorado County 3D area and was the first well to be drilled in Burleson Energy's 2010 exploration program. It was spudded in February 2010. We have a 38% working interest and a 29.77% net revenue interest in this prospect.

Brasher 1 is a shallow well (1500 metres) and was relatively inexpensive (US$0.6 million) to drill. The well resulted in a gas discovery. Currently Brasher 1 is flowing at about 0.5mmcf per day and generating ~A$17,000 income per month for Burleson Energy through its sales.

Future focus

Burleson Energy's near-term focus will be to appraise and develop the Heintschel field. We have a number of additional drilling prospects in the Colorado County 3D seismic area, however, including the "updip Moeller" prospect and a large prospect complex in nearby Wharton County, the WH4 Structure, in which Burleson Energy has a 36% working interest.

In the WH4 structure, there are four deep Wilcox satellite structures that have potential to contain a total of 40bcf of recoverable gas, with the largest satellite estimated at 16bcf gas. Several development wells have recently been drilled in the Wilcox field nearest to WH4.

We plan to drill one or two Heintschel development wells before the end of 2010, plus a well on the 600 bcf potential Woppa prospect – subject to securing a farm-in partner.

The Woppa prospect has Edwards and Sligo reefal carbonates build-ups draped over a deep, large, horst structure. It is along trend with and analogous to the Word (Edwards) Field, which will ultimately produce more than 600bcf from Edwards reefal carbonates. The Edwards is overlain by the Eagle Ford Shale, which provides a secondary target. A 6320 metre well will be required to test this structure, with a completed well cost of the order of US$15 million. We intend to farm out a good portion of its cost in order to concentrate on Heintschel development and other Wilcox and shallower targets.

As the result of partly funding the Colorado County 3D seismic survey in mid-2009, Burleson has secured a 38% interest in licences to 1000 square miles of 3D data selected from the seismic contractor's extensive US database (1K3D project). This encompasses 3D (and 2D) seismic data with substantial coverage in the Gulf Coast region across Texas and Louisiana.

We anticipate we will undertake an active wildcat drilling program in 2011. The existing Colorado County 3D seismic data has provided several prospects yet to be drilled (including one analogous in size to the Heintschel discovery), and the 1K3D project, will provide many more attractive prospects for future drilling.

Sale of Austin Chalk

In March 2010, Burleson Energy announced that we agreed to sell our Austin Chalk well and acreage for $1.5 million to Whittier Energy. We retain small royalty interests in two producing wells drilled on the acreage in late 2009 and of certain future wells drilled on the acreage. This move to sell the asset allowed us to fully focus on the Colorado County exploration and development program.

Corporate

During the year Burleson Energy completed:

- A placement in November 2009, raising $875,841 through the issue of 17,516,837 shares at 5 cents per share,
- A placement in February 2010, raising $1.208 million through the issue of 20,144,362 shares at 5 cents per share,
- A Non Renounceable Rights in March 2010 raising $1.28 million through the issue of 21,347,415 ordinary shares at 6 cents per share,
- A Shortfall Placement in April 2010 (as part of the Non Renounceable Rights Issue) raising $1.087 million through the issue of 30,132,623 ordinary shares at 6 cents per share.

The funds raised by these issues were applied towards funding our participation in drilling four onshore gas and oil exploration wells in Colorado County, Texas; debt retirement and working capital.

Operating and Financial Review

Significant changes in the state of affairs, is set out below;

Shareholder returns	Consolidated 2010	Consolidated 2009
Net loss attributable to equity holders of the parent	4,990,454	3,085,940
Basic EPS loss in cents	(3.1 cents)	(2.7 cents)
Dividends paid	Nil	Nil

Net loss amount for 2010 has been calculated in accordance with Australian equivalents to IFRS (AIFRS).

Returns to shareholders increase through capital growth. There have been no dividends.

Director's Report

Investments for future performance

During the year BUR drilled 4 wells, with one on production. It also acquired a 38% interest in licences to 1,000 square miles (2,590 square km) of 3D data to be selected from the seismic contractor's extensive USA database. These are expected to generate exploration opportunities.

Review of financial condition

Note 11 of the accounts, details the capital structure of the listed Company as at 30 June 2010.

Dividends

No dividends were paid or declared or have been paid and declared.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for directors and executives of Burleson Energy Limited.

The information provided in this Remuneration Report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Details of the remuneration of the key management personnel (as defined in AASB 124 Related Party Disclosures) of Burleson Energy are set out on pages 14 and 15.

In addition the company secretary Kevin Lynn is a company and group executive whose remuneration must be disclosed under the Corporations Act 2001, as one of the five highest remunerated executives.

Service agreements (audited)

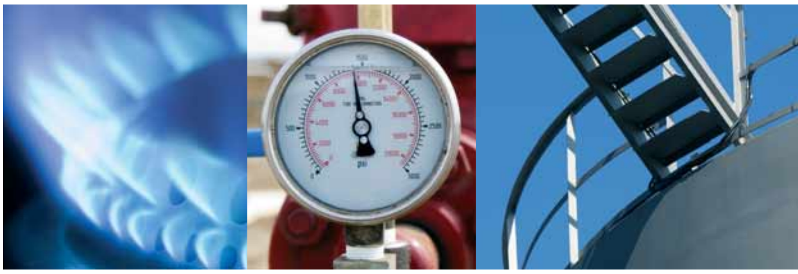
The Executive Director, Mr Michael Sandy is engaged by the Company under a consulting contract. The general terms of the contract are as follows;

- Mr Sandy receives fixed remuneration of $24,000 per month.
- Mr Sandy is entitled to reimbursement of all travel and out of pocket expenses.
- Mr Sandy may resign from his position and thus terminate this contract by giving 1 month's written notice.
- The Company may terminate this consulting agreement by providing 1 month's written notice or providing payment in lieu of the notice period.
- No termination benefits provided for at the date of this Report.

Project management fees of $71,601 (2009: $348,250) have been paid to AKG Energy L.P. which is a personally related entity to Dr A Kugler Jr. and Mr Khib Kugler.

No payments have been made to any persons prior to taking office.

No other Key Management personnel are subject to Service Agreements.



Remuneration to Shareholder Wealth and Performance (audited)

All the current Directors were involved in the creation of the company and therefore hold significant numbers of shares and options, the board does not consider it necessary at the present time to take additional steps to link the remuneration of Directors with the creation of shareholder wealth. Given the current structure, there exists an indirect link between the creation of shareholder wealth performance, and the financial rewards for the Directors.

Key Management Personnel and Executives – Name, Position and Date held

	Position	Date Appointed / Resigned
N Zillman	Non-Executive Chairman	Appointed – 26 March 2008
M Sandy	Managing Director	Appointed – 1 February 2006
J McAlwey	Non-Executive Director	Appointed – 28 February 2006
A Kugler	Non-Executive Director	Appointed – 28 February 2006
K Kugler	Non-Executive Director	Appointed – 28 April 2008
K Lynn	Company Secretary	Appointed – 4 March 2008

Year Ended 30 June 2009

			Short-term Benefits	Post Employment	Share Basesed Payments		
	Salary & Fees $	Cash Bonus $	Non-monetary $	Superannuation $	$	%	Total
Directors							
N Zillman	24,000	–	–	2,160	19,000	42.1%	45,160
M Sandy	146,000	–	–	–	–	–	146,000
J McAlwey	24,000	–	–	2,160	–	–	26,160
A Kugler	24,000	–	–	–	–	–	24,000
K Kugler	24,000	–	–	–	–	–	24,000
Executives							
K Lynn	36,000	–	–	–	–	–	36,000
Total	**278,000**	**–**	**–**	**4,320**	**19,000**	**6.3%**	**301,320**

No options held by key management personnel and executives have been exercised or lapsed during 2009.

Year Ended 30 June 2010

				Post Employment	Share Basesed Payments		
	Salary & Fees $	Cash Bonus $	Non-monetary $	Superannuation $	$	%	Total
Directors							
N Zillman	24,000	–	–	180	–	–	24,180
M Sandy	144,000	–	–	–	–	–	144,000
J McAlwey	24,000	–	–	2,160	–	–	26,160
A Kugler	24,000	–	–	–	–	–	24,000
K Kugler	24,000	–	–	–	–	–	24,000
Executives							
K Lynn	36,000	20,000	–	–	–	–	56,000
Total	**276,000**	**20,000**	**–**	**2,340**	**–**	**–**	**298,340**

No options held by key management personnel and Executives have been exercised or lapsed during the year.

A cash bonus was paid to K Lynn to reward increased work load and performance over the year. The bonus was approved by the Board in February 2010.

Director's Report

Policy for determining remuneration

The board is responsible for determining the remuneration policy for all directors and company executives based upon the Company's nature, scale and scope of operating requirements and any other factors which the board determines to be appropriate in determining said remuneration policy.

Short Term Cash Incentives

Key Management personnel are paid a fixed, cash amount plus any additional statutory superannuation requirements. The board has determined the current key management personnel remuneration as detailed in the above table. No short term cash incentives have been granted to executives.

Other Payments

No other payments are due to key management personnel.

Long Term Benefits

Key management personnel currently have no right to termination or long term leave payments

Equity Based Benefits

The Company does not currently have any equity based remuneration arrangements for any personnel.

Post Employment Benefits

Key management personnel or other personnel do not receive retirement benefits in any form upon termination of their employment or service.

Performance Related Benefits

The Company does not provide either incentive or performance based payments/benefits related to the Company's performance to key management personnel. The current remuneration received by key management personnel is fixed and is in no way related to the Company's performance.

Financial Performance of the Company

There is no relationship between the Company's current remuneration policy for key management personnel and the Company's performance.

End of Audited Remuneration Report.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Likely Developments

Likely developments are included within the Chairman's letter. Disclosure of any further information has not been included in this Directors' Report because, in the opinion of the Directors, to do so would be speculative and not in the best interests of the Company.

Environmental Regulation

The group is subject to state and federal environmental regulation in respect of its exploration and production of petroleum and gas properties in Texas, USA. Any exploration or operation activity that may have an impact on the environment has to be approved before drilling operations commence. The Company is not aware of any environmental issues that have arisen from current activities.

Director's Interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares	Listed Options	Unlisted Options	Total Options
Mr N Zillman	[1]1,688,967	–	2,500,000	2,500,000
Mr M Sandy	[2]2,866,667	625,000	900,000	1,525,000
Mr J McAlwey	[2]1,000,001	300,000	100,000	400,000
Dr A Kugler Jr	[2]4,223,333	540,000	1,620,000	2,160,000
Mr K Kugler	[2]4,143,333	540,000	1,620,000	2,160,000

(1) During the year Mr Zillman purchased 22,300 shares on market.

(2) On the 18 March 2010, purchased a combined total of 13,900,001 shares at $0.06 as part of a Rights Issue.

Share Options

During the year and up to the date of this report, there were no options granted to directors or officers as part of their remuneration.

No options were exercised during the year and up to the date of this report.

Unissued ordinary shares under option

Details of listed and unlisted options for ordinary shares on issue at the date of this report are included in note 11 to the financial statements.

Indemnification and Insurance of Officers

Indemnification

The Company has agreed to indemnify at a cost of $24,975 (2009: $23,765), the following current directors and officers of the Company, Mr N Zillman, Mr J McAlwey, Mr M Sandy, Mr A Kugler Jr, Mr K Kugler, and Mr K Lynn and the following former directors and officers, Mr G MacMillan, Mr A Barton, Mr S Shah and Mr M Smartt against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and it's controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

During the period the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including senior executives of the Company and directors, senior executives of and secretaries of its controlled entities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

BDO Audit (NSW-VIC) Pty Limited did not provide any non-audit services to Burleson Energy Limited during the year.

Auditor's Independence Declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 17 and forms part of the directors' report for period ended 30 June 2010.

This report is made with a resolution of the Directors 29 September 2010:

Michael Sandy

MANAGING DIRECTOR

Dated at Sydney 29 September 2010

Declaration of Independence

Declaration of Independence by Wayne Basford to the Directors of Burleson Energy Limited

As lead auditor of Burleson Energy Limited for the year ended 30 June 2010, 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
- 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.

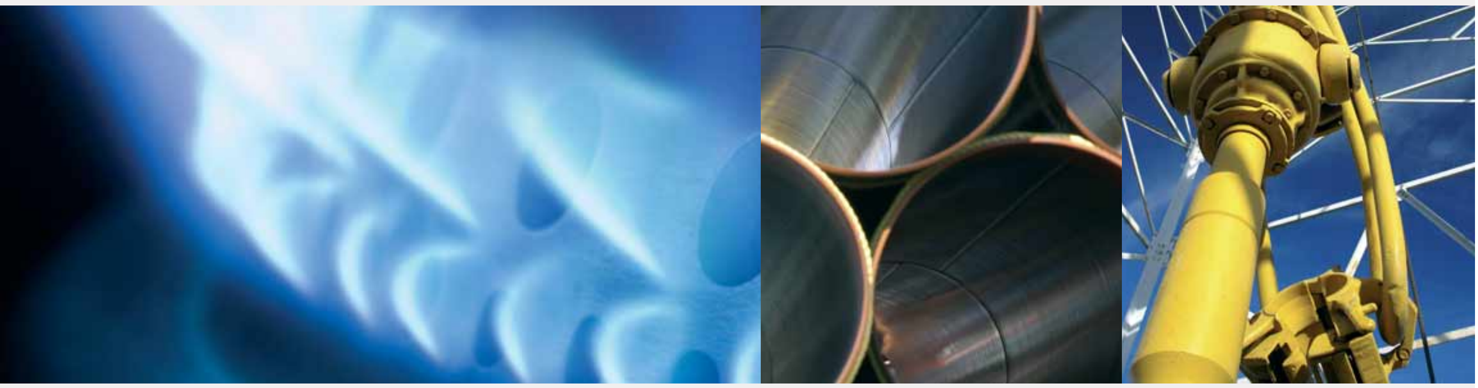
Wayne Basford

DIRECTOR

BDO Audit (NSW-VIC) Pty Ltd

Signed in Sydney on 29th September 2010

Financial Statements



Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Revenue	2a	336,040	2,138,314
Other Income	2a	352,703	3,299,720
Legal and professional fees		(57,522)	(6,135)
Employee and consultant expenses		(305,840)	(261,605)
Finance costs – interest		(176,714)	(160,934)
ASX fees and share registry expenses		(58,448)	(23,769)
Exchange rate gains/(losses) (unrealised)		(240,982)	367,501
Insurance		(26,025)	(23,765)
Exploration Evaluation costs written off		(4,105,857)	(7,465,709)
Amortisation of development costs		(70,717)	(354,338)
US Operating costs		(445,794)	(418,381)
Share based payments expense		–	(19,000)
Administration expenses		(191,299)	(157,839)
Loss before income tax	2b	(4,990,454)	(3,085,940)
Income tax expense	3	–	–
Loss for the year		**(4,990,454)**	**(3,085,940)**
Other Comprehensive Income			
Total Comprehensive Income for the year		**(4,990,454)**	**(3,085,940)**
Loss per share for loss attributable to owners of the Company:			
Basic (loss) per share (cents)	4	(3.1)	(2.7)
Diluted (loss) per share (cents)		n/a	n/a

This Consolidated Statement of Comprehensive Income are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current Assets			
Cash and cash equivalents	5	2,709,281	1,333,573
Trade and other receivables	6	63,471	320,615
Total current assets		**2,772,752**	**1,654,188**
Non-Current Assets			
Development Costs	7	–	1,456,639
Total non-current assets		**–**	**1,456,639**
Total assets		**2,772,752**	**3,110,827**
Current Liabilities			
Trade and other payables	8	205,127	210,591
Interest Bearing Liabilities	9	1,450,000	1,970,273
Total current liabilities		**1,655,127**	**2,180,864**
Total liabilities		**1,655,127**	**2,180,864**
Net assets		**1,117,625**	**929,963**
Equity			
Contributed Equity	11	21,471,870	16,549,277
Reserves	12	1,353,917	1,098,394
Accumulated losses	10	(21,708,162)	(16,717,708)
Total equity		**1,117,625**	**929,963**

This Consolidated Statement of Financial Position are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Contributed Equity $	Accumulated Losses $	Share Based Payment Expense $	Foreign Currency Translation Reserve $	Total $
As at 1 July 2008	**16,549,277**	**(13,631,768)**	**207,625**	**–**	**3,125,134**
Total comprehensive income for the year					
Loss for the year	–	(3,085,940)	–	–	(3,085,940)
Foreign currency translation reserve differences	–	–	–	871,769	871,769
Total comprehensive income / (loss) for the year		**(3,085,940)**	**–**	**871,769**	**(2,214,171)**
Transaction with owners in their capacity as owners					
Share based payments expense		–	19,000	–	19,000
		–	19,000	–	19,000
At the end of year	**16,549,277**	**(16,717,708)**	**226,625**	**871,769**	**929,963**

	Contributed Equity $	Accumulated Losses $	Share Based Payment Expense $	Foreign Currency Translation Reserve $	Total $
Group	$	$	$	$	$
As at 1 July 2009	**16,549,277**	**(16,717,708)**	**226,625**	**871,769**	**929,963**
Total comprehensive income for the year					
Loss for the year	–	(4,990,454)	–	–	(4,990,454)
Foreign currency translation reserve differences	–	–	–	255,523	255,523
Total comprehensive income / (loss) for the year		**(4,990,454)**	**–**	**255,523**	**(4,734,931)**
Transaction with owners in their capacity as owners					
Contributed equity	5,174,556	–	–	–	5,174,556
Transaction costs	(251,963)	–	–	–	(251,963)
	4,922,593	**–**	**–**	**–**	**4,922,593**
At the end of year	**21,471,870**	**(21,708,162)**	**226,625**	**1,127,292**	**1,117,625**

This Consolidated Statement of Changes in Equity are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Cash received from Customers		615,072	6,922,889
Cash paid to suppliers and employees		(1,112,280)	(2,037,640)
Interest received		27,311	18,796
Interest paid		(176,714)	(160,934)
Net cash outflow (used in) / from operating activities	**18**	**(646,611)**	**4,743,111**
Cash flows from investing activities			
Proceeds from Sale of Chalk Assets		1,585,726	–
Exploration costs		(3,980,269)	(7,771,485)
Net cash outflow used in investing activities		**(2,394,543)**	**(7,771,485)**
Cash flows from financing activities			
Proceeds from issue of share capital		4,922,592	–
Receipt / Repayment of loan		(520,273)	520,273
Net cash inflow from financing activities		**4,402,319**	**520,273**
Effect of exchange rates in cash holdings in foreign currencies		14,543	175,797
Net increase / (decrease) in cash and cash equivalents		1,375,708	(2,332,304)
Cash and cash equivalents at beginning of year		1,333,573	3,665,877
Cash and cash equivalents at end of year	**5**	**2,709,281**	**1,333,573**

This Statement of Consolidated Cash Flows are to be read in conjunction with the notes to the financial statements.

Notes to and forming part of the Consolidated Financial Statements

1. Significant Accounting Policies

Burleson Energy Limited (the 'Company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange Limited. The consolidated financial statement of the Group for the year ended 30 June 2010 comprise the Company and its subsidiaries as required by the Corporations Act 2001 (together referred to as the 'consolidated entity or Group') and the Group's interest in associates and jointly controlled entities.

Separate financial statements for Burleson Energy Limited as an individual entity are no longer required as a consequence of a change in the Corporations Act 2001. However, limited financial information for Burleson Energy Limited as an individual entity is included in Note 23.

The financial statements were authorised for issue by the directors on 29 September 2010.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

(1) Compliance with IFRS

The consolidated financial statements and notes of Burleson Energy Ltd also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(2) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(3) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. Refer to Note 14 for assumptions used in the calculation of the share based payments.

There are no other material critical accounting estimates used in the preparation of these accounts.

It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Deferred tax assets arising from tax losses are not recognised as their recovery is dependent upon the generation of sufficient future taxable profits. The group is currently incurring losses. Refer to accounting policy at note 1 (p).

In accordance with accounting policy (c)(1), management considers the functional currency of the group to US$ because the currency that mainly influences sales prices for goods and services and the costs of providing goods and services is US$.

(b) Basis of consolidation

(1) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(2) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. There are no jointly controlled entities as at 30 June 2010.

(3) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Burleson Energy Limited's presentation currency. The functional currency of the group is US dollars.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in other comprehensive income.

(3) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate at the end of the reporting period.

(d) Revenue Recognition

(1) Sales

Sales are recognised in the financial period during which hydrocarbons are produced, provided that prior to the end of the reporting period they are either sold or delivered in the normal course of business in accordance with agreements with purchasers. Sales revenue represents amounts invoiced, excluding goods and services tax or value added taxes, in respect of sales to purchasers.

(2) Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets

(3) Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(e) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Tenement acquisition costs

Tenement acquisition costs incurred are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where the activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to the abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(f) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure are expensed in the period that they are incurred.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Notes to and forming part of the Consolidated Financial Statements

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and call deposits.

(i) Impairment

An impairment loss is recognised whenever the carrying amount of an assets or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(1) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(2) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) De-recognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party, or;
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

(k) Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

(l) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. Other borrowing transaction costs are expensed.

The fair value of the convertible note liability is determined using a market rate of interest for an equivalent convertible note. This is recorded as a liability on the amortised cost basis until extinguished upon conversion or maturity. The remainder of the proceeds is allocated to the conversion option if applicable.

(m) Employee benefits

Accruals made for employee benefits accumulated as a result of employees rendering services up to the end of the reporting period. These benefits include wages and salaries and annual leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the end of the reporting period. In determining the present value of future cash outflows, the market yield as at the end of the reporting period on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes option valuation model.

(n) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

(p) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is debited or profit or loss except where it relates to items that may be debited or credited directly to other comprehensive income or equity, in which case the deferred tax is adjusted directly against other comprehensive income or equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. For the current financial year, no deferred taxes have been recognised as it is not probable that future tax profits will be available. Refer to Note 3.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(q) Earnings per share (EPS)

Basic earnings per share Basic EPS is calculated as the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(s) Segment reporting

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.

Notes to and forming part of the Consolidated Financial Statements

The executive management team has determined that there are no 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.

This is different to the segments reported in the Group's last annual financial statements as the segments of the group were previously based on geographic locations. Geographic location results are not currently reviewed by the members of the board.

(t) Going concern

The Group has convertible notes of $1.45 million due in December 2010. Given the Company's cash position and projected operating cash flows, without further funding, or the sale of production assets, the Group will have insufficient funds to continue further exploration or development activity, after repaying those notes.

The directors have prepared a forecast for the foreseeable future. The achievement of the forecast is largely dependent upon the ability of the Group being able to farm out its drilling prospects and/or to raise additional funding through a capital raising or sale of reserves/acreage. It also plans to farmout the more expensive wells in its exploration programme to limit or eliminate the company's financial exposure.

2. Revenue and Other Income

	Consolidated 2010 $	Consolidated 2009 $
a. Revenue		
Oil, Gas and Condensate Sales	283,489	2,138,314
Royalties	52,551	–
Revenue from continuing operations	**336,040**	**2,138,314**
Other Income		
Sale of Chalk Assets	325,392	–
Sale of 3D interests	–	3,280,924
Interest received	27,311	18,796
Other Income	**352,703**	**3,299,720**
Total	**688,743**	**5,438,034**

All revenue is generated through exploration of petroleum and gas properties in Texas counties in the United States.

	Consolidated 2010 $	Consolidated 2009 $
b. Loss before income tax		
Expenses from continuing operations		
Defined contributions superannuation expense	(2,340)	(4,320)

3. Income tax expense

	Consolidated 2010 $	Consolidated 2009 $
a. The components of tax expense comprise:		
Current tax	–	–
Deferred tax	–	–
Recoupment of prior year tax losses	–	–
Under provision in respect of prior years	–	–
Total	**–**	**–**
b. Accounting loss before income tax is reconciled to the income tax as follows:	**(4,990,454)**	(3,085,940)
Prima facie tax payable on loss before income tax	–	–
At the Group's statutory income tax rate of 30%	(1,497,136)	(925,782)
	(1,497,136)	(925,782)

	Consolidated 2010 $	Consolidated 2009 $
Non deductible expenses	35,615	6,073
Difference in overseas tax rate	(188,811)	(123,438)
Sub total	**(1,650,332)**	**(1,043,147)**
Tax losses and timing differences not recognised	**1,650,332**	**1,043,147**
Income tax expense	**–**	**–**
Deferred Income Tax		
Deferred Income tax at 30 June 2010 relates to:		
Deferred tax assets		
Exchange losses	72,294	–
Accruals	23,631	16,874
Capital raising costs	116,035	65,863
Losses carried forward:	–	–
Australia	826,765	451,552
US	4,752,600	3,231,095
Total Deferred Tax Assets not recognised	**5,791,325**	**3,765,384**
Deferred tax liability		
Exchange gains	–	(110,250)
Development costs	–	(6,676)
Total Deferred tax liability not recognised	**–**	**(116,926)**
Net deferred tax asset not recognised	**5,791,325**	**3,648,458**

Burleson Energy Ltd has not entered into any tax consolidated group.

The Company has unrecognised deferred tax assets in the form of carried forward tax losses. The aggregate amount of these losses is currently being calculated but is not yet finalised. As such a final estimate of the total amount of unrecognised tax assets cannot be made at this time.

4. Loss per share

Basic loss per share

The calculation of basic loss per share at 30 June 2010 was based on the loss attributable to owners of $4,990,454 (2009: $3,085,940) and weighted average number of ordinary shares outstanding during the period ended 30 June 2010 of 147,768,486 (2009: 116,084,035) calculated as follows:

Loss attributable to ordinary shareholders

	Consolidated 2010 $	Consolidated 2009 $
Loss for the year	(4,990,454)	(3,085,940)
Loss attributable to owners	**(4,990,454)**	**(3,085,940)**

Weighted average number of ordinary shares

	Consolidated 2010 $	Consolidated 2009 $
Weighted average number of ordinary shares	147,768,486	116,084,035

Diluted earnings per share

There is no dilution of shares due to options issued as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share. Diluted earning per share is not shown as it does not increase the loss per share.

Notes to and forming part of the Consolidated Financial Statements

Loss per share for continuing operations

Basic loss per share

	Consolidated 2010 $	Consolidated 2009 $
Cents per share	(3.1)	(2.7)

Information concerning the classification of securities

Convertible notes

The convertible notes have not been included in the determination of basic earnings per share. Details regarding the notes are set out in note 10.

5. Cash and cash equivalents

	Consolidated 2010 $	Consolidated 2009 $
Cash at bank	2,709,079	1,333,371
Cash on hand	202	202
Cash and cash equivalents in the statement of cash flows	**2,709,281**	**1,333,573**

Interest Rates

The Group is exposed to changes in interest rates as referred to in Note 15.

6. Trade and other receivables

	Consolidated 2010 $	Consolidated 2009 $
Current		
Trade Debtors	27,452	187,667
Taxes withheld	–	118,818
Inter company loans	–	–
GST receivable	36,019	14,130
Total	**63,471**	**320,615**

GST receivable was incurred in the normal course of business and no allowance has been made for non-recovery.

Past due but not impaired

As of 30 June 2010, trade receivables of $27,452 (2009: $187,667) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated 2010 $	Consolidated 2009 $
Trade Debtors		
Up to 3 months	27,452	187,667
3 to 6 months	–	–
Total	**27,452**	**187,667**

	Consolidated 2010 $	Consolidated 2009 $
Taxes withheld		
Up to 3 months	–	–
3 to 6 months	–	118,818
Total	**–**	**118,818**

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables. Normal trading terms are 60 days.

7. Development Costs

	Consolidated 2010 $	Consolidated 2009 $
Balance at the beginning of the year	1,456,639	1,476,275
Acquisitions	–	334,702
Transferred from Exploration Expenditure	–	–
Sale of Development Assets	(1,385,922)	–
Amortisation	(70,717)	(354,338)
Balance at the end of the year	**–**	**1,456,639**

8. Trade and other payables

	Consolidated 2010 $	Consolidated 2009 $
Trade creditors	42,556	152,452
Accruals	162,571	58,139
Total	**205,127**	**210,591**

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

9. Borrowings

	Consolidated 2010 $	Consolidated 2009 $
Convertible Notes	1,450,000	1,450,000
Loans	–	520,273
Balance at 30 June 2010	**1,450,000**	**1,970,273**

Risk exposures

Details of the Group's exposure to risks arising from borrowings are set out in Note 15.

Convertible Notes

	Consolidated 2010 $	Consolidated 2009 $
Opening Balance	1,450,000	1,450,000
Issued	–	–
Converted	–	–
Balance at 30 June 2010	**1,450,000**	**1,450,000**

The Convertible Notes were issued at $1 each and have a coupon rate of 10%. They can be converted at any time into ordinary shares at the volume weighted average share price on the ASX for the preceding 30 trading days. The Convertible Notes are unsecured and mature 31 December 2010.

	Consolidated 2010 $	Consolidated 2009 $
Opening Balance	**520,273**	–
Borrowed during the period	–	520,273
Repaid during the period	(520,273)	–
Balance at 30 June 2010	**–**	**520,273**

Borrowings

On 15 March 2009 the Company entered into a loan agreement with AKG Energy L.P., Principal - $US418,562 ($AUD 520,273), with interest at 8% p.a.

Notes to and forming part of the Consolidated Financial Statements

10. Accumulated losses

	Consolidated 2010 $	Consolidated 2009 $
Opening balance	(16,717,708)	(13,631,768)
Net Loss for the year	(4,990,454)	(3,085,940)
Closing balance	**(21,708,162)**	**(16,717,708)**

11. Issued Capital

Reconciliation of movement in issued capital attributable to equity holders of the parent.

Ordinary shares fully paid

	2010 # of Shares	2010 Issue Price $	2010 $	2009 # of Shares	2009 Issue Price $	2009 $
Opening balance	116,778,915	–	16,549,277	116,028,915	–	16,549,277
3 June 2009	–	–	–	(1) 750,000	–	–
24 November 2009	17,516,837	$0.05	875,842	–	–	–
15 February 2010	20,144,362	$0 06	1,208,662	–	–	–
18 March 2010	21,347,415	$0.06	1,280,845	–	–	–
7 April 2010	30,132,623	$0.06	1,807,957	–	–	–
8 April 2010	5,000	$0.25	1,250	–	–	–
Transaction costs	–	–	(251,963)	–	–	–
Closing balance	**205,925,152**	–	**21,471,870**	**116,778,915**	–	**16,549,277**

(1) On 3 June 2009, 750,000 shares were issued on the conversion of five (5) C Class shares.

All shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

Details of the Consolidated Entities exposure to risks arising from Capital Risk Management are set out in Note 15.

C Class shares

	2010 # of shares	2010 $	2009 # of shares	2009 $
Opening balance	45	45	50	50
Shares Cancelled	(45)	(45)	–	–
Converted to Ordinary shares	–	–	(5)	(5)
Closing balance	**–**	**–**	**45**	**45**

C Class share were linked to the Chalk Assets and were cancelled on 7 April 2010 with the completion of the Chalk Asset sale.

Unlisted Options

	2010 # of shares	2010 $	2009 # of shares	2009 $
Opening balance (1 July) (1)	**16,100,000**	**19,000**	4,600,000	–
Options issued (17 September 2008) (1)	–	–	9,000,000	–
Options issued (18 October 2008) (2)	–	–	2,500,000	19,000
Closing balance (30 June)	**16,100,000**	**19,000**	**16,100,000**	**19,000**

(1) Each Option entitles the holder to subscribe for one ordinary share at an issue price of $0.25 on or before 31 October 2010.

(2) During the year prior 2,500,000 unlisted director options expiring 30 June 2012 were granted as remuneration to the Chairman, Mr Norman Zillman during the year.

- 600,000 options at an exercise price 15 cents per share,
- 900,000 options at an exercise price 20 cents per share,
- 1,000,000 options at an exercise price 25 cents per share.

Listed Options

	2010 # of shares	2010 $	2009 # of shares	2009 $
Opening balance	41,500,001	207,500	41,500,001	207,500
Options issued	–	–	–	–
Closing balance	**41,500,001**	**207,500**	**41,500,001**	**207,500**

Each Option entitles the holder to subscribe for one ordinary share at an issue price of $0.25 on or before 31 August 2010. No options expired unexercised during the year ending 30 June 2010.

12. Reserves

Option Reserve

	Consolidated 2010 $	Consolidated 2009 $
Opening Balance	226,625	207,625
Premium paid on options issued	–	19,000
Closing Balance	**226,625**	**226,625**

This reserve represents the fair value of options issued.

Foreign Exchange Reserve

	Consolidated 2010 $	Consolidated 2009 $
Opening Balance	871,769	–
Foreign exchange gain	255,523	871,769
Closing Balance	**1,127,292**	**871,769**
Total Reserves	**1,353,917**	**1,098,394**

13. Related party information

(a) Parent entity

The parent entity within the Group is Burleson Energy Ltd. Burleson Energy Ltd is a publicly listed company and there is no ultimate parent entity.

(b) Ownership interests in related parties

Interest held in subsidiaries is set out in Note 17 to the financial statements.

(c) Transactions with related parties

All transactions with related parties are made on normal commercial terms and conditions.

The Group entered into a participation agreement for the acquisition of a 36% interest in various oil and gas leases in the Colorado and Wharton Counties, Texas USA. The participation agreement was entered into with a related party AKG Energy L.P. Directors, Dr A Kugler Jr and K Kugler are principals of AKG Energy L.P.

During the year the following payments were made to directors or their associated entities: Management fees of $71,601 (2009:$ 348,250) was paid to AKG Energy L.P. a company associated with Dr A Kugler Jr. and Mr K Kugler directors of the Company. With the sale of the Chalk Assets these managements fees no longer continue.

On 15 March 2009 the Company entered into a loan agreement with AKG Energy L.P., Principal - $US418,562 ($AUD 520,273), with interest at 8% p.a., maturing 15 September 2010. The loan was repaid during the financial year.

14. Share based payments

All but the Chairman of current Directors were involved in the creation of the company and therefore hold significant numbers of shares and options, the board does not consider it necessary at the present time to take additional steps to link the remuneration of Directors with the creation of shareholder wealth. Given the current structure, there exists a direct link between the creation of shareholder wealth performance, and the financial rewards for the Directors.

Notes to and forming part of the Consolidated Financial Statements

On 18 October 2008, 2,500,000 unlisted director options expiring 30 June 2012 were granted as remuneration to the Chairman, Mr Norman Zillman to the following terms: 600,000 options at an exercise price 15 cents per share (fair value at grant date: $0.01), 900,000 options at an exercise price 20 cents per share (fair value at grant date: $0.008), and 1,000,000 options at an exercise price 25 cents per share (fair value at grant date: $0.005).

No proportion of remuneration is linked to performance. The options have been granted over unissued ordinary shares. Options are fully vested upon issue. No money was exchanged for these options.

Using the Black-Scholes option valuation model, inputs to the model include:

- Company's shares on the ASX: 6 cents,
- 7.5% risk free rate,
- 50% volatility
- 0% expected dividend yield

The options were valued at $19,000.

No proportion of remuneration is linked to performance. The options were issued as an incentive for Mr Norman Zillman to join the board of directors and to enable commitment to the company. The options have been granted over unissued ordinary shares. Options are fully vested upon issue. No money was exchanged for these options.

15. Financial Instruments

Financial Risk Management

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The Group's exploration & development activities are predominantly funded by equity and do not expose the Group to significant financial risks. There are no speculative or financial derivative instruments. Funds are invested for various short term periods to match forecast cash flow requirements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group has adopted a policy of only dealing with creditworthy customers and counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations will be performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Credit risk in relation to trade receivables is controlled through the entering of letter of credit terms for all gas and condensate receipts whilst the credit worthiness of gas customers is checked prior to entering gas contracts.

The Group may at times have a high credit risk exposure to a single customer in relation to gas and condensate sales. The above-mentioned credit risk management procedures are followed in these instances. There is no such concentration of debtors as at 30 June 2010 (2009: Nil).

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Trade and other receivables

As the Group operates in the oil & gas sector, and has trade receivables and therefore is exposed to credit risk in relation to those trade receivables.

The Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities exclusively in United States. At the end of the reporting period there were no significant concentrations of credit risk.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated 2010 $	Consolidated 2009 $
AUD		
Cash and cash equivalents	**2,709,281**	1,333,573
Trade and other receivables	**27,452**	320,615

Impairment losses

There were no impairment losses for the year.

The allowance accounts in respect of other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2010 the Group does not have any collective impairment on its other receivables (2009: nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The Group anticipates that the Company will need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Ultimate responsibility for liquidity risk management rests with the board of directors, who built an appropriate framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Consolidated 30 June 2010

	Carrying amount $	Contractual cash flows $	6 months or less	6-12 months	1-2 years $	2-5 years $	More than 5 years $
Convertible Notes	1,450,000	1,522,500	1,522,500	–	–	–	–
Trade and other payables	203,903	203,903	203,903	–	–	–	–
	1,653,903	**1,726,403**	**1,726,403**	**–**	**–**	**–**	**–**

Consolidated 30 June 2009

	Carrying amount $	Contractual cash flows $	6 months or less	6-12 months	1-2 years $	2-5 years $	More than 5 years $
Convertible Notes	1,450,000	1,667,500	72,500	145,000	1,450,000	–	–
Borrowings	520,273	627,301	22,811	34,217	570,273	–	–
Trade and other payables	210,591	210,591	210,591	–	–		
	2,180,864	**2,505,392**	**305,902**	**179,217**	**2,020,273**	**–**	**–**

Convertible Notes

The Convertible Notes were issued at $1 each and have a coupon rate of 10%. They can be converted at any time into ordinary shares at the volume weighted average share price on the ASX for the preceding 30 trading days. The Convertible Notes are unsecured and mature 31 December 2010.

Notes to and forming part of the Consolidated Financial Statements

Borrowings

On 15 March 2009 the Company entered into a loan agreement with AKG Energy L.P., Principal - $US418,562 ($AUD 520,273), with interest at 8% p.a. The debt has been repaid, in the current financial year.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure to the Australian dollar as its functional currency is the US dollar. Exposure is limited to maintaining sufficient funds to meet expenditure commitments. Management does not actively manage foreign exchange risk.

None of the foreign denominated balances are accounted for as hedges in accordance with AASB 139 therefore all foreign exchange movements would be recognised within in the current year statement of comprehensive income and within retained earnings.

Gas & Condensate price risk management

The Group's gas and condensate production is sold on spot markets and hence has exposure to gas and condensate price fluctuations. In 2010 no forward gas and condensate price contracts were entered into (2009: Nil).

Gas & Condensate price sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in the oil price. This 10% is the sensitivity rate used when reporting oil price risk internally and represents management's assessment of the possible change in oil prices. The sensitivity analysis includes current year sales levels varied by a 10% movement in oil price. A positive number indicates an increase in profit or loss where the oil price increases/decreases.

	Consolidated 2010 $	Consolidated 2009 $
Profit or Loss	33,604	213,831

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Currency risk

The Group is exposed to currency risk on investments, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Group, primarily the United States dollar (USD). The currencies in which transactions are entered into are primarily denominated in AUD and USD.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Exposure to currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the Australian dollar (USD being its functional currency).

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. If financial derivatives were to be entered into, these would be governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives.

The Group's operations expose it primarily to the financial risks of changes in crude oil prices and foreign currency exchange rates. The Group does not enter into derivative financial instruments to manage its exposure to gas or condensate price and foreign currency risk.

The Group's exposure to foreign currency balances is contained in the table below:

	Consolidated 2010 $	Consolidated 2009 $
Australian Dollars	1,141,936	170,897

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Consolidated 30 Junme 2010			Consolidated June 30 2009		
	$ AUD	$ USD	Total $	$ AUD	$ USD	Total $
Trade and other receivables	–	27,452	27,452	44,212	276,403	320,615
Trade payables	(120,101)	(83,802)	(203,903)	(164,717)	(45,874)	(210,591)
Borrowings	(1,450,000)	–	(1,450,000)	(1,450,000)	(520,273)	(1,970,273)
Gross statement of financial position exposure	**(1,570,101)**	**(56,350)**	**(1,626,451)**	**(1,570,505)**	**(289,744)**	**(1,860,249)**

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's businesses.

Sensitivity analysis

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June 2010 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

AUD

	Consolidated Equity $	Consolidated Profit or loss $
30 June 2010		
USD	–	**(35,634)**
30 June 2009		
USD	–	**(139,671)**

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk.

Profile

The Group has exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and the financial liabilities.

The Group policy is to ensure that the best interest rate is received for the short-term deposits. The Group uses a number of banking institutions, with a mixture of fixed and variable interest rates. Interest rates are reviewed prior to deposits maturing and re-invested at the best rate.

Interest rate risk management

The Group is subject to interest rate risk exposure through its cash and cash equivalents and borrowing by way of Convertible Notes.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit after tax would increase / decrease by $5,710 (June 2009 $939).

Effective interest rates and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the end of the reporting period and the periods in which they re-price.

Notes to and forming part of the Consolidated Financial Statements

	Effective interest rate 2010	Total 2010	Non interest bearing 2010	< 6 months 2010	> 6 months 2010	Effective interest rate 2009	Total 2009	Non interest bearing 2009	< 6 months 2009	> 6 months 2009
Cash and cash equivalents	4.18%	1,141,936	202	1,141,734	–	6.0%	170,897	202	170,695	–
Trade and other payables	–	(203,903)	(203,903)	–	–	–	(210,590)	(210,590)	–	–
US$ Account	0%	1,565,945	1,565,945	–	–	0%	1,162,676	1,162,676	–	–
Trade and other receivables	–	27,452	27,452	–	–	–	320,615	320,615	–	–
Borrowings	10%	(1,450,000)	–	(1,450,000)	–	9%	(1,970,273)	–		(1,970,273)

	Consolidated 2010 $	Consolidated 2009 $
Fixed rate instruments		
Financial assets	–	–
Financial liabilities	1,450,000	1,970,273
Variable rate instruments		
Financial liabilities	–	–

These assets/liabilities bear interest at a fixed rate. Details on convertible notes which are considered interest bearing financial liabilities is included at Note 9.

Fair values

Fair values versus carrying amounts

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The basis for determining fair values is also disclosed in Note 1. The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Consolidated 30 June 2010		Consolidated 30 June 2009	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Loans and receivables	27,452	27,452	320,615	320,615
Cash and cash equivalents	2,709,281	2,709,281	1,333,573	1,333,573
Convertible notes – liability component	(1,450,000)	(1,450,000)	(1,450,000)	(1,450,000)
Borrowings – liability component	–	–	(520,273)	(520,273)
Trade and other payables	(203,903)	(203,903)	(210,591)	(210,591)
	1,082,830	**1,082,830**	**(526,676)**	**(526,676)**

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	Consolidated 2010 $	Consolidated 2009 $
Loans and borrowings		
Convertible Notes	10%	10%
AKG Loan	–	8%

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Company and Group consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

The Group Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. The Company and Group will balance its overall capital structure through the new share issues and share buy-backs as well as the issue of debt.

The Group's overall strategy remains unchanged from June 2009.

The Company as and when required borrows from subsidiaries.

	Consolidated 2010 $	Consolidated 2009 $
Equity attributable to shareholders of the Company	$21,471,870	$16,549,277
Total assets	$2,772,752	$3,110,827
Equity ratio in %	13%	19%
Average Equity	$19,265,776	$16,549,277
Net Loss	$(4,990,454)	$(3,085,940)
Return on Equity in %	(26%)	(19%)

16. Capital and other commitments

2010	0-1 Years $	2-5 Years $	5 + Years $
Capital expenditure commitments			
Exploration expenditure	–	–	–
Project Management	–	–	–
Total	**–**	**–**	**–**

2009	0-1 Years $	2-5 Years $	5 + Years $
Capital expenditure commitments			
Exploration expenditure	–	–	–
Project Management	89,723	–	–
Total	**89,723**	**–**	**–**

Notes to and forming part of the Consolidated Financial Statements

17. Subsidiaries

	Country of Incorporation	Ownership interest 2010	Ownership interest 2009
Parent entity			
Burleson Energy Limited	AUS	–	–
Subsidiaries			
Burleson Energy Holding Inc	USA	100%	100%
Burleson Energy Inc	USA	100%	100%
Burleson Energy General LLC	USA	100%	100%
Burleson Energy Limited LLC	USA	100%	100%
Burleson Energy Limited Partnership	USA	100%	100%

18. Reconciliation of cash flows from operating activities

	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities		
Loss for the year	(4,990,454)	(3,085,940)
Adjustments for:		
Profit on sale of tenements	(325,392)	–
Share based payment expense	–	19,000
Exchange differences	240,981	695,973
Amortisation / write downs	4,176,575	7,820,047
Changes in assets and liabilities		
Decrease in trade and other receivables	257,141	1,503,650
(Decrease) in trade and other payables	(5,464)	(2,209,619)
Net cash inflow from operating activities	**646,611**	**4,743,111**

19. Remuneration of Auditors

	Consolidated 2010 $	Consolidated 2009 $
Amounts paid or due and payable to BDO for:		
(a) an audit or review of the financial statements of the entity and any other entity in the consolidated group	43,500	39,950

20. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated 2010 $	Consolidated 2009 $
Short Term Employee Benefits	240,000	242,000
Post Employment Benefits	2,340	4,320
Long-term benefits	–	–
Share based payments	–	19,000
Total	**242,340**	**265,320**

21. Key Management Personnel Disclosures

(b) Equity instrument disclosure relating to key management personnel

Ordinary Shares issued by Burleson Energy Limited – Directors

Name	2010 Balance at the start of the year No.	2010 Acquired during the year No.	2010 Net other changes No.	2010 Balance at end of the year No.
N Zillman	450,000	1,238,967	–	1,688,967
M. Sandy	1,850,000	1,016,667	–	2,866,667
J McAlwey	750,000	250,001	–	1,000,001
A Kugler	3,890,000	333,333	–	4,223,333
K Kugler	3,810,000	333,333	–	4,143,333
Total	**10,750,000**	**3,172,301**	**–**	**13,922,301**

Name	2009 Balance at the start of the year No.	2009 Acquired during the year No.	2009 Exercise of C Class Shares No.	2009 Net other changes No.	2009 Balance at end of the year No.
N Zillman	450,000	–	–	–	450,000
M. Sandy	1,850,000	–	–	–	1,850,000
J McAlwey	750,000	–	–	–	750,000
A Kugler	3,740,000	–	150,000	–	3,890,000
K Kugler	3,660,000	–	150,000	–	3,810,000
Total	**10,450,000**	**–**	**300,000**	**–**	**10,750,000**

Options issued by Burleson Energy Limited

Name	2010 Balance at the start of the year No.	2010 Granted during the year No.	2010 Exercised No.	2010 Net other changes No.	2010 Balance at end of the year No.
Directors					
N Zillman	2,500,000	–	–	–	2,500,000
M. Sandy	1,525,000	–	–	–	1,525,000
J McAlwey	400,000	–	–	–	400,000
A Kugler	2,160,000	–	–	–	2,160,000
K Kugler	2,160,000	–	–	–	2,160,000
Total	**8,745,000**	**–**	**–**	**–**	**8,745,000**

(b) Equity instrument disclosure relating to key management personnel (continued)

Options issued by Burleson Energy Limited

Name	2009 Balance at the start of the year No.	2009 Granted during the year No.	2009 Exercised No.	2009 Net other changes No.	2009 Balance at end of the year No.
Directors					
N Zillman	–	2,500,000	–	–	2,500,000
M. Sandy	1,525,000	–	–	–	1,525,000
J McAlwey	400,000	–	–	–	400,000
A Kugler	2,160,000	–	–	–	2,160,000
K Kugler	2,160,000	–	–	–	2,160,000
Total	**6,245,000**	**2,500,000**	**–**	**–**	**8,745,000**

All options are fully vested on issue and convert to ordinary fully paid shares

Notes to and forming part of the Consolidated Financial Statements

C Class Shares issued by Burleson Energy Limited

Name	2010 Balance at the start of the year No.	2010 Acquired during the year No.	2010 Shares cancelled No.	2010 Net other changes No.	2010 Balance at end of the year No.
Directors					
N Zillman	–	–	–	–	–
M. Sandy	–	–	–	–	–
J McAlwey	–	–	–	–	–
A Kugler	9	–	(9)	–	–
K Kugler	9	–	(9)	–	–
Total	**18**	**–**	**(18)**	**–**	**–**

Each C Class Share entitles the holder to convert into 150,000 Shares on or before 31 December 2010 when total production from any one well drilled under a Participation Agreement reaches 1.3 billion cubic feet of gas equivalent.

In April 2010, the 45 remaining C Class shares (18 to key management personnel) were cancelled under the terms of these shares due to the sale of the Chalk Assets.

Name	2009 Balance at the start of the year No.	2009 Acquired during the year No.	2009 Received on excercise of options No.	2009 Net other changes No.	2009 Balance at end of the year No.
Directors					
N Zillman	–	–	–	–	–
M. Sandy	–	–	–	–	–
J McAlwey	–	–	–	–	–
A Kugler	10	–	(1)	–	9
K Kugler	10	–	(1)	–	9
Total	**20**	**–**	**(2)**	**–**	**18**

In June 2009, Marlin #1 Champions Area passed 1.3 billion cubic feet of gas equivalent and the Company converted 5 C Class shares to fully paid ordinary shares under the terms of the Participation Agreement, 2 of these to key management personnel.

(c) Loans to key management personnel

There are no loans made to any key management personnel or any other personnel of the Group, including their personally related parties.

(d) Other transactions with key management personnel

There were no other transactions, other than those disclosed in note 20 (b), made with any key management personnel or any other personnel of the Group, including their personally related parties.

21. Subsequent events

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

22. Segment reporting

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 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.

This is different to the segments reported in the Group’s last annual financial statements as the segments of the group were previously based on geographic locations. Geographic location results are not currently reviewed by the members of the board.

23. Parent Entity Information

The following details information related to the parent entity, Burleson Energy Limited, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2010 $	2009 $
Current assets	1,179,355	203,878
Non-current assets	1,509,595	3,513,510
Total assets	**2,688,950**	**3,717,388**
Current liabilities	121,325	164,717
Non-current liabilities	1,450,000	1,450,000
Total Liabilities	**1,571,325**	**1,614,717**
Net Assets	**1,117,625**	**2,102,671**
Contributed equity	21,471,870	16,549,277
Retained earnings / (accumulated losses)	(21,040,881)	(14,375,879)
Option reserve	226,625	226,625
Foreign exchange reserve	460,011	(297,352)
Total equity	**1,117,625**	**2,102,671**
Profit / (loss) for the year	(6,665,002)	(246,933)
Other Comprehensive income / (loss) for the year	–	–
Total comprehensive income / (loss) for the year	**(6,665,002)**	**(246,933)**

24. Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Burleson Energy Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed.

Below is an overview of the key changes and the impact on the Company's financial statements.

Measurement impact AASB 8 requires the "management approach" to the identification measurement and disclosure of operating segments. The "management approach" requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. This has resulted in changes to the presentation of segment information.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes that impacted on the Group's financial statements.

Disclosure impact

Terminology changes – the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements. Statement of comprehensive income – the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

Notes to and forming part of the Consolidated Financial Statements

The Group's financial statements now contain a single statement of comprehensive income.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Company follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; an
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  a. the objective of the entity's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No other changes are expected to materially affect the Group.

The impact of adopting AASB 2009-5 would be cash flows from investing activities will increase by $3,980,269 for 2010 and cash flows from operating activities will decrease by the same amount.

AASB 2009–8: Amendments to Australian Accounting Standards — Company Cash settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.

These amendments are not expected to impact the Company.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amendsAASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010). This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Directors' Declaration

The directors of the company declare that:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flow, Statement of Changes In Equity, accompanying notes, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Group.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included on pages 13 to 15 of the directors' report (as part of audited Remuneration Report), for the year ended 30 June 2010, comply with section 300A of the Corporations Act 2001.
5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Michael Sandy

EXECUTIVE DIRECTOR

Dated 29 September 2010

Independent Auditor's Report

To the members of Burleson Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Burleson Energy Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

(a) the financial report of Burleson Energy Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(t) to the financial statements. The consolidated entity's $1.45m convertible note is due for repayment in December 2010 and although sufficient funds are currently in place to repay the convertible note when it falls due, this will leave insufficient funds for the consolidated entity to continue to operate in the normal course of business. The consolidated entity anticipates that additional funding will be forthcoming, however, as at the date of the audit report, the availability of this funding has not been confirmed. Should appropriate funding not be raised, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts shown in the financial report.

BDO Audit (NSW-VIC) Pty Ltd

Wayne Basford

DIRECTOR

Dated in Sydney, this 29th day of September 2010

Corporate Governance

Statement

Burleson Energy Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" reporting regime.

Disclosure of Corporate Governance Practices

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓	–	Recommendation 4.3	✓	–
Recommendation 1.2	✓	–	Recommendation 4.4[3]	n/a	n/a
Recommendation 1.3[3]	n/a	n/a	Recommendation 5.1	✓	–
Recommendation 2.1	c	✓	Recommendation 5.2[3]	n/a	n/a
Recommendation 2.2	✓	–	Recommendation 6.1	✓	–
Recommendation 2.3	✓	–	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.4	–	✓	Recommendation 7.1	✓	–
Recommendation 2.5	✓	–	Recommendation 7.2	✓	–
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.3	✓	–
Recommendation 3.1	✓	–	Recommendation 7.4[3]	n/a	n/a
Recommendation 3.2	✓	–	Recommendation 8.1	–	✓
Recommendation 3.3[3]	n/a	n/a	Recommendation 8.2	✓	–
Recommendation 4.1	–	✓	Recommendation 8.3[3]	n/a	n/a
Recommendation 4.2	–	✓			

1 Indicates where the Company has followed the Principles & Recommendations.

2 Indicates where the Company has provided "if not, why not" disclosure.

3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.burlesonenergyltd.com, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
Policies and Procedures	–
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Policy for Trading in Company Securities (summary)	3.2, 3.3
Code of Conduct (summary)	3.1, 3.3
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2009/2010 financial year ("Reporting Period").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director is responsible for evaluating the performance of senior executives. The evaluations are performed by conducting interviews with the senior executives, as required.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period evaluation of senior executives took place in February and July 2010.

Please refer to the section above marked Website Disclosure.

Principle 2 – Structure the board to add value

Recommendation 2.1:
A majority of the Board should be independent directors.

Notification of Departure:
The Board does not have a majority of independent directors.

The independent directors of the Board are Norman Zillman and John McAlwey. The non-independent directors of the Board are Michael Sandy, Khib Kugler and Andrew Kugler.

Explanation for Departure:
The Board considers that the current size and composition of the Board is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Company. The Board periodically monitors the need to appoint additional independent directors.

Recommendation 2.2:
The Chair should be an independent director.

Disclosure:
The independent Chair of the Board is Norman Zillman

Recommendation 2.3:
The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

Disclosure:
The Managing Director is Michael Sandy who is not Chair of the Board.

Recommendation 2.4:
The Board should establish a Nomination Committee.

Notification of Departure:
The Company has not established a separate Nomination Committee.

Explanation for Departure:
Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by conducting separate Nomination Committee meetings. Accordingly, the Board performs the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:
Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:
The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Board, in its capacity as the Nomination Committee, is responsible for evaluating the Managing Director.

These evaluations are performed on an ongoing informal basis.

Recommendation 2.6:
Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:
Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors
The independent directors of the Company are Norman Zillman and John McAwley. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period; however nomination-related discussions occurred from time to time during the Reporting Period as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter. The Nomination Committee Charter is available on the Company's website. Please refer to the section above marked Website Disclosure.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re)Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it evaluates the range of skills, experience and expertise of the existing Board; considers the balance of independent directors on the Board as well as the particular skills and qualifications of potential candidates that will best increase the Board's effectiveness. A potential candidate is considered with reference to their skills and expertise in relation to other Board members. If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next annual general meeting. The Board's Policy and Procedure for Selection and (Re)Appointment of Directors is available on the Company's website. Please refer to the section above marked Website Disclosure.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

Principle 3 – Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. A summary of the Company's Code of Conduct is available on the Company's website. Please refer to the section above marked Website Disclosure.

Recommendation 3.2:

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Disclosure:

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees. A summary of the Company's Policy for Trading in Company Securities is available on the Company's website. Please refer to the section above marked Website Disclosure.

Recommendation 3.3:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 – Safeguard integrity in financial reporting

Recommendations 4.1 and 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

Notification of Departure:

The Company has not established a separate Audit Committee and therefore it is not structured in accordance with Recommendation 4.2.

Explanation for Departure:

Given the current size and operations of the Company, the Board believes that there would be no efficiencies gained by conducting separate Audit Committee meetings. Accordingly, the Board performs the role of Audit Committee. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Audit Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The full Board, in its capacity as the Audit Committee, held two meetings during the Reporting Period. All directors were in attendance at both meetings. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter. The Audit Committee Charter is available on the Company's website. Please refer to the section marked Website Disclosure.

The explanation for departure set out under Recommendations 4.1 and 4.2 above explains how the functions of the Audit Committee are performed.

Details of each of the director's qualifications are set out in the Directors' Report. All members of the Board consider themselves to be financially literate and have industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board. A copy of the Company's Procedure for Selection, Appointment and Rotation of External Auditor is available on the Company's website. Please refer to the section above marked Website Disclosure.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. A summary of the Company's Policy on Continuous Disclosure is available on the Company's website. Please refer to the section above marked Website Disclosure.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. A copy of the Company's Policy on Shareholder Communication is available on the Company's website. Please refer to the section above marked Website Disclosure.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. A summary of the Company's Risk Management Policy is available on the Company's website. Please refer to the section above marked Website Disclosure. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. As part of the Company's risk management system, the Managing Director is required to report to on the process of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks at least annually.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

During the Reporting Period, the Company has formalised its systems for managing its material business risks. The Company has established a risk report which identifies the Company's material business risks and risk management strategies for these risks. The Managing Director reviews the risk report annually or as required and presents the risk report and any updates to the Board at each Board meeting.

Determined areas of risk which are regularly considered include the following:

Protection of Assets

1 Theft of cash
2 Theft of oil & gas
3 Theft of assets/ primarily computer and hard ware
4 Loss of business data
5 Loss of key staff / relationship with AKG

Finacial Reporting

6 Material misstatement in Financial Statements
7 Reporting of Financial Information
8 Application of Accounting Standards
9 Financial Management
10 Internal control systems
11 Business policies and practices
12 Compliance with government laws and regulations
13 Continuous Disclosure Obligations

Operational Risks

14 Commodity Prices
15 Fluctuations in Exchange Rates
16 Depletion of Reserves
17 Fluctuations in demand volumes
18 Political stability/ sovereign risk in some operating environments
19 The occurrence of force majeure events by significant suppliers
20 Increased cost of operations, including labour costs
21 Changed operating market conditions or regulatory environments as a result of climate change
22 Material misstatement in geological data
23 Performance and funding of exploration activities
24 Budget control and asset protection
25 Status of Oil and Gas Exploration Leases and land holding.
26 Land access and native title considerations
27 Occupational health, safety and environment

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from the Managing Director as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

The Board has received the report from the Managing Director under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer under Recommendation 7.3.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Notification of Departure:

The Company has not established a separate Remuneration Committee.

Explanation for Departure:

Given the current size and operations of the Company, the Board believes that there would be no efficiencies gained by conducting separate Remuneration Committee meetings. Accordingly, the Board performs the role of Remuneration Committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated in the Company's Remuneration Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 8.2:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review.

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. All directors were in attendance at the meeting. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter. The Remuneration Committee Charter is available on the Company's website. Please refer to the section above marked Website Disclosure.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

ASX Additional Information

Additional information is required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 4 October 2010.

Quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Shares	205,920,133	–
Convertible notes	–	1,450,000

Holders of unquoted equity securities holding 20% or more

Name		Number
Convertible notes		
Macquarie Bank Limited	–	1,350,000

Substantial shareholders

There were no substantial shareholders at the date of this report.

Unmarketable parcels

There are 123 holders of shares holding less than a marketable parcel.

Distribution of equity security holders (number of holders)

Category	Shares	Number	%
1-1,000	7,832	35	0.00%
1,001-5,000	206,930	57	0.10%
5,001-10,000	1,440,080	160	0.70%
10,000-100,000	29,607,063	614	14.38%
100,000 and over	174,663,247	320	84.82%
Total	**205,925,152**	**1,186**	**100.00**

Twenty largest holders of quoted shares

Rank	Shareholder Name	Number of Shares	Percentage of shares
1	HSBC Custody Nominees (Australia) Limited	7,000,000	3.40
2	Macquarie Bank	6,500,000	3.16
3	Harrison Jedel	5,080,000	2.47
4	Andrew Kugler Jr	4,223,333	2.05
5	Khib Andrew Kugler	4,143,333	2.01
6	Karras John Kugler	4,143,333	2.01
7	Greigh Phillip Kugler	4,143,333	2.01
8	UBS Wealth Management Australia Nominees PtyLtd	4,028,517	1.96
9	Paleryder Pty Ltd	3,610,400	1.75
10	L & E Fisher Nominees Pty Ltd	3,500,000	1.70
11	D H Teagus Investments Pty Ltd	3,500,000	1.70
12	RBC Dexia Investor Services Australia Nominees Pty Limited	3,133,058	1.52
13	Mainview Holdings Pty Ltd	3,000,000	1.46
14	HSBC Custody Nominees (Australia) Limited	2,685,746	1.30
15	Custodial Services Limited	2,386,500	1.16
16	Mr Robert John Thomas	2,033,334	0.99
17	Mr Craig Stephen Marshall	2,000,000	0.97
18	Monslit Pty Ltd	1,925,000	0.93
19	Mr David Alan Dyer + Mrs Angela Mary Dyer	1,750,000	0.85
20	Selwyn Bruce Hatrick	1,723,334	0.84
	Total top 20 shareholders	**70,509,221**	**34.20**
	Total shares	**205,925,152**	**100.00**

Voting rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options or convertible notes in the Company.

Business objectives

This is the third annual report of the Company and pursuant to the ASX listing rules the Company confirms that it has used its cash and assets that it had at the time of its admission consistent with its business objectives.

Stock Exchange

The Company is listed in the Australian Stock Exchange. The “Home Exchange” is Perth.

Other information

Burleson Energy Limited, is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

On-market buy-back

There is no current on-market buy-back.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