



BURLESON
ENERGY LIMITED

ACN 117 770 475

Half Year Financial Report

31 December 2006

CORPORATE DIRECTORY

DIRECTORS

John McAlwey
Non Executive Chairman

Andrew Kugler, Jr
Non Executive Director

Michael Sandy
Executive Director

COMPANY SECRETARY

Malcolm Smartt

REGISTERED OFFICE

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SOLICITORS TO THE COMPANY

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

SHARE REGISTRY

Advanced Share Registry Services Pty Ltd
110 Stirling Hwy
NEDLANDS WA 6009

AUDITORS

BDO Chartered Accountants
Level 8, 256 St Georges Tce
PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2006 and the audit review report thereon.

Directors

The names and details of the Directors of Burlison Energy Limited at the date of this report are:

MR JOHN MCALWEY

Non-Executive Chairman – Appointed 28 February 2006

John McAlwey is a lawyer with over 40 years experience in the resources, finance and property sectors. He holds a Bachelor of Law from the University of Western Australia. John McAlwey operated his own legal practice J.B. McAlwey & Co and practised as a commercial lawyer for over 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.

MR MICHAEL SANDY

Executive Director – Appointed 1 February 2006

Michael Sandy is a geologist with over 30 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 currently the principal of petroleum geologist consultants Michael J Sandy and Associates Pty Ltd, which provides services to oil and gas 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 organization, 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 he helped establish Novus Petroleum Limited and held various senior roles as a member of the executive committee, including 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 two ASX listed oil and gas companies, Caspian Oil & Gas Limited and Tap Oil Limited.

DR ANDREW KUGLER JR

Non-Executive Director – Appointed 28 February 2006

Dr Andrew Kugler, Jr is a geologist and geophysicist with over 40 years 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.

He is currently the President and CEO of AKG Oil Company, AKG Operating Company and a General Partner of AKG Energy, L.P. who are 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.

He has over 40 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 as an independent. 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.

DIRECTORS' REPORT - CONTINUED

Results of Operations

The net loss of the consolidated entity for the six months to 31 December 2006, amounted to \$246,024 (Half year ended 31 December 2005: Not incorporated).

Review of Operations

On 16 October 2006 the Company announced that it had been offered 17.5% working interests in additional onshore Austin Chalk gas field development wells and leases, located in Grimes, Montgomery and Brazos Counties, Texas. The drilling phase of these new wells will be operated by AKG Energy*, using the Aquila Rig 12 which under contract for up to 2 years.

Marathon Oil, a major US energy group has accumulated and developed acreage within the Grimes and Montgomery Counties, in an area (known as the Champions) which has produced 86Bcf since 1997.

AKG were offered equity in the Champions leases and they, in turn, offered BUR the chance to participate. Marathon retains 50% equity in the Champions leases, and operations will revert to them once wells are placed into production within its leases.

Some additional leases in the area, held by AKG, have been included in the transaction. AKG will operate all phases in those areas.

The targeted reservoir is the Austin Chalk Formation and drilling will require single lateral wells up to 5,200 feet long.

At a single Brazos County location three 5,000 foot laterals will be drilled, one each in the Austin Chalk, Buda and Georgetown Formations.

With the 2 wells previously committed in Burleson County leases (BUR working interest 40%) the total number of firm wells in the company's drilling programme is now 9. This provides the company with at least 18 months of continuous drilling – and there are numerous other prospects in the various leases which could extend the programme to several years. BUR now has interests in some 22,000 acres of Austin Chalk leases in 4 counties in Texas.

Infrastructure is in place with extensive pipeline development around the locations, and the joint venture has contractual access to the Aquila Rig 12 drilling rig for up to 2 years.

The current plan is to drill a dual-lateral Burleson County well, the Yegua Properties #1, which is expected to spud before end February, then move the rig to the Champions area to drill a series of deeper, single lateral wells in that region. The Aquila 12 rig may return at a later time to drill further Burleson County wells and the Brazos County well or another, smaller capacity, rig secured to drill those wells. Thus there may be two rigs operating at the one time on BUR leases.

AKG Energy L.P. is Burleson Energy's US partner and operator of its leases. It is an Austin (Texas) based private company with considerable local experience and its principals are significant shareholders in BUR. Dr Andrew Kugler President of AKG Oil Company, which is the General Partner of AKG Energy L.P., and is a BUR board member

Activities Post 31st December 2006

On 8 January 2007, shareholders approved the issue of shares and convertible notes through which the company raised \$12.3m to fund the drilling within the new project areas.

DIRECTORS' REPORT - CONTINUED

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 15.

Dated at Perth this 7th day of March 2007

Signed in accordance with a resolution of the Directors.



.....
John McAlwey
Chairman

**Condensed Income Statement
For the period ended 31 December 2006**

		Consolidated	
		31 Dec 06 \$000	31 Dec 05 \$000
Revenue	Note		
Interest income	3	<u>100</u>	<u>-</u>
Operating costs:			
Depreciation		-	-
Consulting Fees		95	-
ASX and share registry expenses		22	-
Administration		122	-
Legal and professional Expenses		42	-
Directors Fees		24	-
Exchange Rate Losses		41	-
Total Expenses		<u>346</u>	<u>-</u>
Loss before income tax	3	<u>246</u>	<u>-</u>
Income tax expense		-	-
Loss after income tax		<u>246</u>	<u>-</u>
Basic loss per share – cents		<u>.006</u>	<u>-</u>

Diluted EPS has not been shown as it would not result in an inferior position

The condensed income statement should be read in conjunction with the accompanying notes.

Condensed Balance Sheet
For the period ended 31 December 2006

		Consolidated	
	Note	31 Dec 06 \$000	30 Jun 06 \$000
CURRENT ASSETS			
Cash and cash equivalents	4	2,113	4,092
Trade and other receivables	4	12,322	2
Prepayments		-	-
Other assets		16	
TOTAL CURRENT ASSETS		14,451	4,094
NON-CURRENT ASSETS			
Property, plant and equipment		-	-
Exploration and evaluation expenditure		2,495	569
TOTAL NON-CURRENT ASSETS		2,495	569
TOTAL ASSETS		16,946	4,663
CURRENT LIABILITIES			
Trade and other payables		28	3
Excluded offer recipients		12,300	-
TOTAL CURRENT LIABILITIES		12,328	3
TOTAL LIABILITIES		12,328	3
NET ASSETS		4,618	4,660
EQUITY			
Issued capital	5	4,794	4,798
Reserves	2(a)	208	-
Accumulated losses	3	(384)	(138)
TOTAL EQUITY		4,618	4,660

The condensed balance sheet should be read in conjunction with the accompanying notes.

**Condensed Statement of cash flows
For the period ended 31 December 2006**

	Note	Half year ended 31 Dec 06 \$000	Half year ended 31 Dec 05 \$000
Cash flows from operating activities			
Cash payments in the course of operations		(293)	-
Payments for exploration and evaluation expenditure		(1,968)	-
Interest received		100	-
Net cash flows (used in) operating activities		(2,161)	-
Cash flows from investing activities			
Investment		-	-
Payments to acquire fixed assets		-	-
Net cash flows (used in) investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares		207	-
Capital raising costs		(3)	-
Funds raised in trust for January 2007 issue		12,300	-
Net cash flows from financing activities		12,504	-
Net increase / (decrease) in cash and cash equivalents		10,343	-
Cash and cash equivalents at beginning of period		4,092	-
Cash and cash equivalents at end of period	4	14,435	-

The condensed statement of cash flows should be read in conjunction with the accompanying notes.

**Condensed Statement of changes in equity
For the period ended 31 December 2006**

	Issued Capital \$000	Accumulated Losses \$000	Option Reserve \$000	Total \$000
CONDENSED ENTITY				
As at 1 July 2006	4,797	(138)		(4,660)
Loss for the period	-	(246)		(246)
Net recognised income and expense of the period		(246)		
Issue of shares/options			208	208
Capital raising costs	(3)			(3)
At 31 December 2006	4,794	(384)	208	4,618

Note: Comparatives are not applicable

The condensed statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 1: Statement of Significant Accounting Policies

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Burleson Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Burleson Energy Limited. Control exists where Burleson Energy Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Burleson Energy Limited to achieve the objectives of Burleson Energy Limited.

All inter-company balances and transactions between entities in the economic entity, including any unrealized profit or losses have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet 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 recognized from the initial recognition of an asset or liability, excluding a business combination, when 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 realized or the liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognized to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is based on the straight line method over their useful lives to the economic entity commencing from the time the assets are held ready for use. The depreciation rates used for plant and equipment vary between 11.25% and 40%.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 1: Statement of Significant Accounting Policies

(d) Exploration and Development Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in/or in relation to the area of interest continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. 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

(e) Leases

Lease payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Employee Entitlements

Provision is made for the economic entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Share Based Payments

Share based compensation benefits are provided to employees via the Burleson Energy Limited Employee Share Option Plan.

(h) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement, but only after reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 1: Statement of Significant Accounting Policies

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognized at amortised cost, comprising original debt less principal payments and amortization.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognized in the income statement.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue Recognition

Interest Income

Interest income is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Note 2 - Reserves

	31 Dec 06	30 Jun 06
	\$	\$
Option reserve	208	-
Total	208	-

Note 3: Loss before income tax

	31 Dec 06	31 Dec 05
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

(a) Revenue

Interest received – other persons	100	-
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(b) Expenses

Depreciation expense	-	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 4: Cash and cash equivalents

	31 Dec 06	30 Jun 06
	\$	\$
Cash at bank	2,113	4,092
Cash deposits	-	-
	<hr/> 2,113	<hr/> 4,092
Funds held in trust awaiting allotment – finalized Jan 2007	12,300	-
Interest on fund held in trust	22	-

Reconciliation of cash and cash equivalents

Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	14,435	4,092
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Note 5: Issued Capital

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

Ordinary shares

	31 December 2006	31 December 2006
	Number of shares	\$
Opening balance	41,500,000	4,797,833
Shares issued during period	-	-
Closing balance	<hr/> 41,500,000	<hr/> 4,797,833

These 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.

Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the parent does not have authorised capital nor par value in respect of its issued shares.

B Class shares

	31 December 2006	31 December 2006
	Number of shares	\$
Opening balance	75	75
Shares issued during period	-	-
Closing balance	<hr/> 75	<hr/> 75

Each B Class Share entitles the holder to convert into 120,000 Shares on or before 31 August 2009 (the Expiry Date). The Shares to be issued upon conversion of the B Class Share will have the same terms as other shares on issue. The B Class Shares have no dividend rights, are not transferable and are not redeemable at the election of the holder;

B Class options

	2006	2006
	Number of options	\$
Opening balance	75	-
Options issued during period	-	-
Closing balance	<hr/> 75	<hr/> -

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

Note 5: Issued Capital - cont

Each B Class Option entitles the holder to convert into 120,000 Options on or before 31 August 2009 (the Expiry Date). The Options to be issued upon conversion of the B Class Option will have the same terms as the other options on issue with an exercise price of 25c and expiring on 31 August 2010. The B Class Options are not transferable.

Options

	2006 Number of options	2006 \$
Opening balance 1 July 2006	4,600,000	-
Options issued – October 2007	20,750,000	208
Less capital raising costs	-	-
Closing balance	25,350,000	208

Each Option entitles the holder to subscribe for one Share at an issue price of \$0.25 on or before 31 October 2010.

No options expired unexercised during the period ending 30 June 2006.

Note 6: Contingent Liabilities and Contingent Assets

The company does not have any contingent assets or liabilities.

Note 7: Events Subsequent to Reporting Date

Shareholders approved the issue of \$8.3m in ordinary shares, and \$4m in convertible note securities on 8 January 2007 and these were allotted immediately thereafter. A total of \$12.3 million was raised and this amount was held in trust as at 31 December 2006 and can be seen in the Balance Sheet and at Note 4.

There has been no other matters or circumstances that have arisen since 31 December 2006 that has significantly affected or may significantly affect:

- (a) the economic entity's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the economic entity's state of affairs in future years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Burluson Energy Limited:

1. the financial statements and notes set out on pages 5 to 13
 - (a) give a true and fair view of the financial position of the economic entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The company has satisfied Class Order 98/100 and has applied this for rounding.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Perth this 7th day of March 2007.



.....
John McAlwey
Chairman



Chartered Accountants
& Advisers

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BURLESON ENERGY LTD

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burleson Energy Ltd, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year (in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission).

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Burleson Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Burleson Energy Ltd on 6 March 2007 would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO

Chartered Accountants



B. McVeigh

Partner

Perth, Western Australia

Dated this 6th day of March 2007



Chartered Accountants
& Advisers

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6 March 2007

The Directors
Burluson Energy Ltd
Level 22, Allendale Square
77 St Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF BURLESON ENERGY LIMITED

To the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BDO
Chartered Accountants

B McVeigh
Partner

