

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BURLESON ENERGY LIMITED

ABN

73 117 770 475

Quarter ended ("current quarter")

June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter Dec 2010 \$A'000	Year to date (12 months to Dec 2010) \$A'000
1.1 Receipts from product sales and related debtors	64	73 ¹
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration – Australia USA	(2,580) (144) (87)	(3,980) (641) (446)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	17	27
1.5 Interest and other costs of finance paid	(36)	(177)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,766)	(4,486)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) producing assets (b) equity investments (c) other fixed assets	-	1,437
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	1,437
1.13 Total operating and investing cash flows (carried forward)	(2,766)	3,049

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1.13	Total operating and investing cash flows (brought forward)	(2,766)	3,049
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,664	4,931
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(520)	(520)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	1,144	4,411
	Net increase (decrease) in cash held	(1,622)	1,362
1.20	Cash at beginning of quarter/year to date	3,984	1,333
1.21	Exchange rate adjustments to item 1.20	347	14
1.22	Cash at end of quarter	2,709	2,709

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	85
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors Fees, consulting

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	800
4.2 Development	-
4.3 Production	-
4.4 Administration	160
Total	960

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,709	3,984
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,709	3,984

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	See ASX Announcement of 7 April 2010 Sale of Austin Chalk wells and acreage		

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6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	205,925,152	205,925,152		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,132,623 5000	30,132,623 5000	\$0.06 \$0.25	\$0.06 \$0.25
7.5 +Convertible debt securities <i>(description)</i>	1,450,000	-	\$1.00	\$1.00
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	41,500,001 13,600,000 2,500,000 Unlisted Director Options	41,500,001 13,600,000	<i>Exercise price</i> \$0.25 \$0.25	<i>Expiry date</i> 31 Aug 2010 31 Aug 2010

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7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Para 7.4 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 Conversion Price will be not less than 10 cents and no more than 25 cents. The convertible notes are unsecured.

Para 7.7 Unlisted Director Options issued as approved at AGM 20 November 2008, expiring 30 June 2012.

- (a) 600,000 options at an exercise price 15 cents per share,
- (b) 900,000 options at an exercise price 20 cents per share,
- (c) 1,000,000 options at an exercise price 25 cents per share.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act **or other standards acceptable to ASX (see note 4)**.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date:
(Director/Company secretary)

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining

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tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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