Avery

RESOURCES INC

International exploration & production

Second Quarter Interim Report

Ended September 30, 2007

Management's Discussion & Analysis

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Three and six months ended September 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS – November 8, 2007

The following Management's Discussion and Analysis ('MD&A') as provided by the management of Avery Resources Inc. ("Avery" or the "Corporation" or the "Company") should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto for the three and six months ended September 30, 2007 and 2006 and the audited consolidated financial statements and notes thereto and management's discussion and analysis as at and for the year ended March 31, 2007 and 2006. The reader should be aware that historical results are not necessarily indicative of future performance. The quarterly financial statements have been approved by Avery's board of directors but have not been reviewed by the Corporation's auditors.

Basis of Presentation - The quarterly financial statements and financial data presented herein were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and the measuring currency is the Canadian dollar. For the purpose of calculating unit costs, natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion ratio of six thousand cubic feet ("mcf") of natural gas to one barrel ("bbl") of oil. The following Management Discussion and Analysis compares the results of the six months ended September 30, 2007 ("YTD 2007") to the six months ended September 30, 2006 ("YTD 2006") and the results of the three months ended September 30, 2007 ("Q2 2007") to the three months ended September 30, 2006 ("Q2 2006") and the results of the three months ended June 30, 2007 ("Q1 2007")

Non-GAAP Measurements - Included in this report are references to terms commonly used in the oil and gas industry, such as funds from operations and operating netback, which are not recognized measures under Canadian GAAP and therefore may not be comparable to performance measures presented by others. The term funds from operations represent cash flow from operating activities prior to changes in non-cash working capital. Operating netbacks represent petroleum and natural gas sales less royalties, operating and transportation costs. Management believes that in addition to net earnings (loss), funds from operations and operating netback are useful supplemental measures as they provide an indication of Avery's operating performance and liquidity. Investors should be cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Avery's performance.

The following table reconciles cash provided by operations to funds from operations, which is used in the MD&A:

	Three Months Ended			Six Months Ended	
$000's	**9/30/07**	9/30/06	6/30/07	**9/30/07**	9/30/06
Cash provided by operations	**139**	1,200	(79)	**61**	433
Changes in non-cash working capital	**(60)**	(231)	(132)	**(193)**	267
Funds from operations	**79**	969	(211)	**(132)**	700

Forward Looking Statements - Certain statements herein may constitute forward-looking statements, which can generally be identified as such because of the context of the statements, including words such as "believes, anticipates, expects, plans, estimates" or words of a similar nature. The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results.

All such forward-looking information is based on certain assumptions and analyses made by Avery in light of the Corporation's experience and perception of historical trends, current conditions and expected future developments, as well as other factors Avery believes are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, including, without limitation: the risks of foreign operations; foreign exchange fluctuations; commodity prices; equipment and labour shortages; inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and natural gas product supply and demand; uncertainties associated with estimating reserves;

incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by Avery; and other factors, many of which are beyond the Corporation's control. The foregoing factors are not exhaustive and are further discussed herein under the heading "Business Risks" and under the heading "Risk Factors" in the Annual Information Form of Avery dated July 24, 2007 and filed on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

Created through reorganization in November 2002, Avery is an international hydrocarbon exploration and production company based in Calgary, Alberta. The Company is currently focusing its exploration activities on a number of prospects in Australia. The Company is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and trades on the TSX Exchange under the symbol ARY.

HIGHLIGHTS

$000's except per share, volumes and netback amounts	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Revenue					
Natural gas	**$ 190**	$ 173	$ 251	**$ 441**	$ 386
Natural gas liquids	**95**	59	84	**179**	117
Oil	**447**	–	292	**739**	–
Total	**732**	232	627	**1,359**	503
Royalties	**105**	80	83	**188**	140
% of revenue	**14.3**	34.6	13.3	**13.8**	27.9
Operating & transportation	**147**	52	104	**251**	116
Netback	**480**	100	440	**920**	247
Funds flow from operations:	**79**	969	(211)	**(132)**	700
Per share ($) (basic & diluted)	**(0.00)**	0.02	(0.00)	**(0.00)**	0.01
Net Earnings (loss):	**(553)**	656	(758)	**(1,311)**	(163)
Per share ($) (basic & diluted)	**(0.01)**	0.01	(0.01)	**(0.02)**	(0.00)
Capital expenditures	**$ 735**	$ 1348	$ 350	**$ 1,085**	$ 1,498
Volumes					
Natural gas (mcf/d)	**382**	347	372	**377**	347
Natural gas liquids (boe/d)	**17**	10	17	**17**	10
Oil (bbl/d)	**58**	–	40	**49**	–
Total (boe/d @ 6:1)	**138**	68	119	**129**	70
Netback ($/boe)					
Revenue	**$ 57.59**	$ 37.08	$ 58.05	**$ 57.71**	$ 39.09
Royalties	**8.24**	12.84	7.70	**7.98**	10.92
Operating & transportation	**11.56**	8.27	9.62	**10.67**	9.02
Total	**$ 37.79**	$ 15.97	$ 40.73	**$ 39.06**	$ 19.15

RESULTS OF OPERATIONS

Production

The following table outlines Avery's production volumes for the periods indicated:

Production	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Natural Gas (mcf/d)	**382**	347	372	**377**	358
Oil (bbls/d)	**58**	-	40	**49**	-
NGLs (bbls/d)	**17**	10	17	**17**	10
Total (boe/d)	**138**	68	119	**129**	70

YTD 2007 production increased 84% or 59 boe/d compared to the same period to the prior year. For the three months ended September 30, 2007 (Q2 2007), total oil, natural gas and natural gas liquids (NGL's) production averaged 138 boe/d, an increase of 103% over the 68 boe/d produced in the comparable prior period of 2006.

Toparoa-1 - Australia

The increase in oil production in Q2 2007 and YTD 2007 over the prior comparable periods is due to commencement of production of oil from Avery's Toparoa-1 well in Australia in October 2006. Production volumes are up slightly from Q1-2007 to Q2-2007 as Toparoa was constrained by expansion of third party processing and transportation facilities in Q1-2007.

Kaybob gas wells - Alberta

Production of gas and NGL's for YTD-2007 and Q2-2007 increased over prior year comparable periods due to commingling the Nordegg formation with the overlying Gething in May 2007. The Kaybob wells were shut in for 20 days in September, 2007 due to facility and pipeline testing carried out by the new owner of the facilities. Despite the shut in period, production for this period remained similar to Q1 2007 due to commingling of zones resulting in higher production in Q2 2007 while the wells were not on production.

Pricing

Avery's natural gas prices are influenced by overall North American supply and demand balance, seasonal changes, storage levels and transportation capacity. Avery markets its natural gas under one year contracts with pricing based on AECO Daily Index (5A) less transport and fuel costs (approximately $0.10/mcf) and therefore we expect our future realized gas prices to coincide with the AECO Daily Index price.

Regarding the outlook for natural gas, there has been a major shift in the supply/demand dynamics in recent months. The severe cutback in Western Canadian gas drilling activity has led to a large reduction in Canadian gas production. This situation may get worse later this year with very low drilling activity in Western Canada. However, more than offsetting this is the more than 100% increase in U.S. LNG (liquefied natural gas) imports (from 1.5 Bcf/d to about 4.0 Bcf/d today) and continued strong gas drilling activity in the U.S. This problem has now largely been resolved as a recovery in European natural gas prices has diverted all the incremental LNG shipped to the U.S. this summer back to Europe. However it's clear that natural gas is becoming a world commodity rather than a North American commodity and pricing will be affected somewhat by worldwide supply and demand.

Avery's realized price for its Australian oil production is based on the Tapis Crude benchmark price. Tapis is the main regional reference price for light sweet crude oils in South East Asia and is used as the reference price for Australian oil producers. Avery's oil price is calculated using the Tapis reference price and then adding a US $1.94/bbl premium for the quality of our oil. Tapis has been trading at a premium to WTI of between US $3.50 and US $10.00 over the past year.

The outlook for crude oil remains positive as the crude fundamentals are unchanged. The world crude supply is declining whereas the physical demand remains firm.

NGL's include condensate, pentane, butane and propane. While prices for condensate and pentane have a relatively strong correlation to oil prices, prices for butane and propane trade at varying discounts due to the market conditions of local supply and demand.

The following table outlines benchmark prices compared to Avery's realized prices:

Prices and Marketing	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Average Benchmark Prices					
AECO 30 day firm ($/mcf)	**$ 5.61**	$ 6.03	$ 7.37	**$ 6.48**	$ 5.85
TAPIS oil ($US/bbl)	**79.01**	n/a	74.89	**76.96**	n/a
Cdn/Aus exchange rate	**0.88**	0.85	0.92	**0.90**	0.85
WTI oil ($ US/bbl)	**$ 75.33**	$ 70.48	$ 65.02	**$ 70.20**	$ 70.47
Avery's Realized Price ($ CAD)					
Natural gas ($/mcf)	**$ 5.40**	$ 5.42	$ 7.41	**$ 6.39**	$ 5.88
Oil ($/bbl)	**84.39**	n/a	80.30	**82.73**	n/a
NGLs ($/bbl)	**61.00**	62.78	53.84	**57.42**	60.81
Total ($/boe)	**$ 57.59**	$ 37.08	$ 58.05	**$ 57.71**	$ 39.09

Petroleum and Natural Gas Sales

The following table outlines Avery's production sales by category for the periods indicated below:

Petroleum and Natural Gas Sales ($000's)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Natural Gas	**$ 190**	$ 173	$ 251	**$ 441**	$ 386
Oil	**447**	-	292	**739**	-
NGLs	**95**	59	84	**179**	117
Total	**$ 732**	$ 232	$ 627	**$ 1,359**	$ 503

Petroleum and natural gas revenues for YTD 2007 increased 170% from YTD 2006 due to commencement of Australian oil production, higher gas prices and increased gas and NGL production resulting from the commingling of new gas zones.

Crude oil revenues for Q2 2007 increased from Q2 2006 due to commencement of Australian oil sales in October, 2006. Natural gas sales for the same period increased slightly due to higher production volumes.

Revenues in Q2 2007 increased by 17% over Q1 2007 with increased oil volumes more than offsetting lower gas prices. Oil volumes were lower in Q1 2007 due to third party facility problems which were corrected in Q2 2007.

Royalties

Royalty payments are made by producers of oil and gas to the owners of the mineral rights on our leases which include governments (Crown) and freehold landowners as well as to other third parties by way of contractual overriding royalties.

In Alberta, royalties on natural gas and NGL's are charged by the government based on an established monthly reference price. The reference price is meant to reflect the average price for gas and NGL's in

Alberta. Gas cost allowance, custom processing credits and other incentive programs reduce the effective royalty rate. Effective January 1, 2007 the Alberta Royalty Tax Credit has been eliminated.
In Australia, oil royalties are based on a government established rate of 11% of gross revenues after deducting an allowance for transportation and operating costs.

The increase in Avery's royalties YTD 2007 to $188,000 compared to $140,000 in YTD 2006 is due to royalties on new production from Australia. Royalties for this period declined on a boe and percentage of revenue basis as the effective royalty rate in Australia is approximately 9% of revenue and is much lower than the effective royalty rates in Canada of 28% to 34%. Gas royalties during this period declined despite increased prices and production volumes due to $42,000 in gas cost allowance credits from the Alberta Government.

Royalties increased YTD 2007 by $48,000 or 34% over YTD 2006. In Q2 2007 royalties increased by 31% or $25,000 over Q2 2006. The increase is due to royalties on new Australian oil production. Royalties as a percentage of revenue and on a boe basis declined due to the addition of lower royalty production from Australia to the mix.

Gas cost allowance credits in Q1 2007 resulted in lower gas royalties compared to Q2 2007. Australian royalties are higher in Q1 2007 due to the operator of Avery's oil production over estimating the royalty expense and then correcting in Q2 2007.

Royalties by Type ($000's)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Alberta Crown	**$ 77**	$ 59	$ 28	$ 106	$ 110
Alberta Gross overriding	**9**	21	10	19	30
Australian Government	**19**	–	45	63	–
Total	**$ 105**	$ 80	$ 83	$ 188	$ 140
$/boe	**8.24**	12.84	7.70	7.98	10.92
% of revenue	**14.3**	34.6	13.3	13.8	27.9

Royalties by Commodity	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Natural Gas					
$000's	**$ 54**	$ 61	$ 13	**$ 68**	$ 103
$/mcf	**1.54**	1.91	0.40	**0.98**	1.57
% of revenue	**28.4**	35.3	5.4	**15.3**	26.7
Oil					
$000's	**$ 19**	$ –	$ 45	**$ 63**	$ –
$/bbl	**3.46**	–	12.36	**7.09**	–
% of revenue	**4.1**	–	15.4	**8.6**	–
NGLs					
$000's	**$ 32**	$ 19	$ 25	**$ 57**	$ 37
$/bbl	**20.77**	20.43	15.75	**18.25**	19.44
% of revenue	**34.0**	32.5	29.3	**31.8**	32.0

The Alberta Government's new Royalty Framework is set to take effect in January, 2009. The changes to the current royalty framework will either have no impact on the corporation or a slightly positive impact due to lower royalties on Avery's gas production.

Operating & Transportation Expenses

Operating Expenses ($000's)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Australia					
Operating	**$ 15**	$ –	$ 10	**$ 25**	$ –
Transportation	**62**	–	46	**108**	–
	77	–	56	**133**	–
Canada – operating costs	**70**	52	48	**118**	116
Total	**$ 147**	$ 52	$ 104	**$ 251**	$ 116
Australia					
Operating - $/boe	**2.83**	–	2.74	**2.80**	–
Transportation - $/boe	**11.70**	–	12.64	**12.08**	–
Canada - $/boe	**9.41**	8.27	6.71	**8.07**	9.02
Total ($boe)	**$ 11.56**	$ 8.27	$ 9.62	**$ 10.67**	$ 9.02

Operating and transportation costs increased in YTD 2007 from YTD 2006 by $135,000 due to start-up of production in Australia. Transportation costs in Australia are incurred to get Avery's oil production from the wellhead, to the Limestone Creek processing facility. From there the oil is pipelined to the Moomba facility which accepts production from 115 gas fields and 28 oil fields through approximately 5,600 kilometres of pipelines. The oil is then sent through a 659 kilometre pipeline to Port Bonython near Whyalla, South Australia where it is held in storage tanks until being loaded on Tankers.

Canadian operating costs are mostly unchanged from YTD 2006 to YTD 2007 and are lower on a boe basis due to higher production in YTD 2007.

In Q2 2007 Canadian costs are up slightly from Q2 2006 due to higher production levels. Commingling activities were carried out in late Q1 2007 with related costs being billed in Q2 2007 causing a $2.70 per boe increase in costs for the period.

General and Administration (G&A) Expenses

Gross G&A costs were substantially unchanged from YTD 2006 to YTD 2007. Changes from Q1 2006 to Q1 and Q2 2007 are also minimal. On a boe basis, G&A costs are declining due to increasing production levels.

Overhead recoveries relate to work done by Avery's professional staff in its Australia office to prepare and submit bids for several blocks of land in Australia's Cooper Basin. Avery has been notified that it is the preferred bidder for what we considered to be the most desirable block (see Outlook section). Avery, along with two partners, agreed to participate jointly in this process with Avery retaining a 50% interest in the project. Preparation and bid submission costs of $170,000 were agreed to by the group and Avery collected $85,000 from its partners and allocated $85,000 of its own costs (mainly salaries) to the project.

General and Administrative Expenses ($000's)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Gross G&A	**$ 551**	$ 602	$ 558	**$ 1,109**	$ 1,029
Overhead recoveries	**(170)**	–	–	**(170)**	–
Net G&A	**$ 381**	$ 602	$ 558	**$ 939**	$ 1,029
Net G&A ($/boe)	**$ 29.96**	$ 96.10	$ 51.24	**$ 39.84**	$ 80.01

Stock based compensation

The Corporation applies the fair value method for valuing stock option grants. Under this method, compensation costs attributable to all share options granted are measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus.

Avery recognized stock-based compensation expense of $261,000 for YTD 2007 compared to $559,000 in the comparable prior period. The decline in expense is due to no new options having been granted since November, 2006 and some earlier grants have been fully expensed. For the three month period ended September 30, 2007, stock-based compensation expense was $117,000 compared with $160,000 in the comparable prior period.

Depletion, Depreciation and Accretion (DD&A)

DD&A Expenses ($000's)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
DD&A – Australia	**$ 436**	$ 2	$ 281	**$ 717**	$ 2
DD&A – Canada	**116**	144	109	**225**	295
Total	**$ 552**	$ 146	390	**$ 942**	297
$/boe – Australia	**82.30**	–	77.46	**80.22**	–
$/boe – Canada	**15.65**	23.06	15.12	**15.39**	22.94
$/boe – Total	**$ 43.43**	$ 23.06	$ 35.95	**$ 39.99**	$ 22.94

DD&A expense increased in YTD 2007 compared to YTD 2006 due to commencement of production from Australia in October, 2006. The DD&A rate per boe is high for Australia production as Avery paid 100% of the costs to drill the Toparoa-1 well in order to earn a 32.67% interest. In Canada the DD&A rate per boe declined due to upward reserve revisions for the Corporations Kaybob gas wells at March 31, 2007.

DD&A expense also increased in Q2 2007 compared to Q2 2006 due to commencement of production from Australia in October, 2006. Australian DD&A expense increased from Q1 2007 to Q2 2007 due to higher production levels.

Taxes

Avery does not expect to become taxable on an income tax basis in the fiscal year ending March 31, 2008 and has approximately $26 million in tax pools to shelter taxable income in future years. No tax benefit has been reflected in the financial statements as it is not more likely than not there will be sufficient earnings in the future to utilize the pools and realize the benefit.

Funds from Operations and Net Earnings

The following table summarizes the net earnings on a barrel of oil equivalent basis for the periods indicated.

($/boe)	Three Months Ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Sales Price	**$ 57.59**	$ 37.08	$ 58.05	**$ 57.71**	$ 39.09
Royalties	**(8.24)**	(12.84)	(7.70)	**(7.98)**	(10.92)
Operating & transportation	**(11.56)**	(8.27)	(9.62)	**(10.67)**	(9.02)
Operating netback	**$ 37.79**	$ 15.97	$ 40.73	**$ 39.06**	$ 19.15
General and administration	**(29.96)**	(96.10)	(51.24)	**(39.84)**	(80.01)
Interest income	**6.61**	7.18	7.19	**6.88**	5.67
Mitigation payment	**–**	222.22	–	**–**	108.23
Non-controlling interest	**0.94**	2.07	1.38	**1.15**	1.32
Realized foreign exchange	**(9.13)**	3.35	(17.15)	**(12.82)**	-
Funds flow netback	**$ 6.25**	$ 154.69	$ (19.09)	**(5.57)**	54.36

Depletion, depreciation and accretion	**(43.43)**	(23.06)	(35.95)	**(39.99)**	(22.94)
Stock-based compensation	**(9.20)**	(25.54)	(13.27)	**(11.08)**	(43.46)
Unrealized foreign exchange	**2.91**	(1.12)	(1.20)	**1.02**	(0.54)
Net earnings (loss)	**$ (43.47)**	$ 104.97	$ (69.51)	**$ (55.62)**	(12.58)

CAPITAL EXPENDITURES

Capital expenditures for the six months ended September 2007 relate mainly to seismic activity on the Wompi Block in the Cooper Basin and offshore on Avery's Timor Sea prospect. Drilling costs are for lease preparation for the Nora (Wompi Block) and Hudson (Barta Block) locations. These wells have been postponed pending the results of drilling planned in the first quarter of 2008 on the same blocks in conjunction with Avery's new joint venture partner, a major Australian oil and gas producer.

Capital Expenditures ($000's)	Three months ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Land	**$ 107**	$ –	$ –	**$ 107**	$ –
Geological and geophysical	**469**	212	324	**793**	304
Drilling	**50**	1,114	75	**125**	1,132
Completions	**60**	22	(49)	**11**	22
Total oil and gas additions	**686**	1,348	350	**1,036**	1,458
Office	**49**	–	–	**49**	40
Total expenditures	**$ 735**	$ 1,348	$ 350	**$ 1,085**	$ 1,498

SHARE CAPITAL

The Company has an unlimited number of common shares authorized for issuance. At November 8, 2007 there are 76,688,934 common shares and 8,400,000 warrants to purchase common shares issued and outstanding. The warrants have an exercise price of $0.50 and expire on November 24, 2007.

At November 8, 2007 there are 5,191,867 employee stock options outstanding with an average exercise price of $0.60 of which 3,146,841 are vested. These options expire between 2008 and 2011 with an average remaining life of 3.5 years.

Share Information (000's)	Three months ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
Shares Outstanding					
Basic	**76,689**	56,194	76,689	**76,689**	56,194
Diluted	**76,689**	58,643	76,689	**76,689**	59,632
Weighted average shares outstanding					
Basic	**76,689**	55,206	76,689	**76,689**	55,622
Diluted	**76,689**	57,655	76,689	**76,689**	59,061

LIQUIDITY AND CAPITAL RESOURCES

The Company had working capital of $ 7.9 million at September 30, 2007 compared to working capital of $3.8 million in the prior comparable period. The Corporation's future capital expenditure plans are discussed below in the "Outlook" section.

As the Company is in the early stages of exploration and development and although it is generating operating revenue, funding of most activities to date has been supplemented through the issuance of share capital, convertible debt, and shareholder loans. It is expected that further equity financings will be used to fund ongoing operations and the Corporation's projected capital program, supplemented by cash flow from operations, working capital and debt when the level of operations provide borrowing capacity.

Trading history on the TSX-V	Three months ended			Six Months Ended	
	9/30/07	9/30/06	6/30/07	**9/30/07**	9/30/06
High	**0.41**	0.85	0.45	**0.45**	0.95
Low	**0.26**	0.43	0.32	**0.26**	0.43
Close	**0.27**	0.54	0.42	**0.27**	0.54
Volume (000's)	**1,683**	4,249	4,902	**6,585**	9,096

SUBSEQUENT EVENT

On October 17, 2007 Avery entered into a formal agreement with a major Australian producer to jointly explore and develop the Barta Block (631,000 acres) and the Wompi Block (222,000 acres) in the Queensland sector of Australia's Cooper Basin. Upon completion of the initial capital program, Avery will have earned a 30% interest in the Wompi Block and a 25% interest in the Barta Block.

On November 1, 2007 shares of Avery Resources Inc. began trading on the Toronto Stock Exchange and were delisted from the TSX Venture Exchange.

CONTRACTUAL ARRANGEMENTS

The Corporation is committed to minimum annual operating lease payments on its premises in Canada and Australia in the amount of $84,000 for the balance of the year ended March 31, 2008 and $169,000 over each of the following two years.

The Corporation also has asset retirement obligations with respect to the abandonment and reclamation of wells and facilities owned by the Corporation. Avery includes the present value of the estimated liabilities for such costs on its balance sheet. The total estimated undiscounted cost of these liabilities at September 30, 2007 was $154,000.

The Corporation does not have any off balance sheet financing arrangements.

Contractual Obligations ($000's)	**Total**	**Less than 1 year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Office lease	$ 422	$ 84	$ 338	$ –	$ –
Asset retirement obligations	154	–	–	22	132
Total Contractual Obligations	$ 576	$ 84	$ 338	$ 22	$ 132

FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying amounts due to their short-term maturities. Avery has not identified any embedded derivatives in any of its contracts.

DISCLOSURE AND INTERNAL CONTROLS PROCEDURES

Disclosure control procedures have been designed to ensure that information required to be disclosed by Avery is accumulated and communicated to the Corporation's management as appropriate to allow timely decisions regarding required disclosure. Avery's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the interim filings that the Corporation's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the issuer is made known to them by others within the Corporation. Avery's Chief Executive Officer and Chief Financial Officer certify there were no significant changes to the controls over financial reporting that occurred over the issuer's most recent interim period that has materially affected, or is reasonable likely to materially affect, the issuer's internal control over financial reporting.

Effective procedures have been designed and implemented over financial reporting as of September 30, 2007; however, management is aware that there is a lack of segregation of duties due to the limited number of employees dealing with financial matters. The limited number of staff may also result in identifying weaknesses in accounting for complex and / or non-routine transactions due to lack of technical resources with the Corporation. Avery's Chief Executive Officer, Chief Financial Officer, President and Executive Vice President have extensive industry experience. They are aware of and actively involved in the Corporation's on-going operating activities. While there is an inherent weakness in internal controls over financial reporting due to the limited number of staff and the resultant lack of segregation of incompatible duties and technical resources, the capabilities and involvement of the Chief Executive Officer, Chief Financial Officer, President and Executive Vice President serve to mitigate this structural weakness. Their efforts, together with the active involvement of the board of directors, are directed to minimize the risk of a material misstatement in financial reporting. It should be noted that while Avery's Chief Executive Officer and Chief Financial Officer believe that the Corporation's disclosure and internal control procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure and internal control procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The significant accounting policies used by Avery are disclosed in note 1 to the audited Consolidated Financial Statements for the years ending March 31, 2007 and 2006 and note 1 to the interim Consolidated Financial Statements for the six months ended September 30, 2007. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. A detailed discussion of the critical accounting policies and practices of the Corporation which helps to assess the likelihood of materially different results being reported is disclosed in the March 31, 2007 Annual Management and Discussion Analysis.

NEW ACCOUNTING STANDARDS

On April 1, 2007, the Corporation adopted the new Canadian accounting standards for financial instruments – recognition and measurement, financial instruments – presentations and disclosures, hedging and comprehensive income as disclosed in note 2 to the interim Consolidated Financial Statements for the six months ended September 30, 2007. Adopting these standards did not impact the financial statements.

RISK FACTORS

The Corporation is engaged in the exploration, development, production and acquisition of crude oil and natural gas. Avery's business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced. A summary of certain risk factors relating to our business are provided in the Risk Factors Section of our Annual Information Form dated July 24, 2007 and filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to Avery is filed on SEDAR and can be viewed at www.sedar.com. Information can also be obtained by contacting the Corporation at Avery Resources Inc., 1140, 715 – 5th Ave S.W., Calgary, Alberta T2P 2X6 or by e-mail to info@averyresources.com or by accessing our website at www.averyresources.com.

OUTLOOK

- In the last quarter no new drilling activity took place however planning and final seismic interpretation was conducted on the Barta Block in preparation for drilling early in the first quarter of 2008 and on the Wompi Block where drilling of up to four wells is expected to commence in late Q2 of 2008.
- Avery has been advised by the operator of the Barta Block that a rig is being mobilized into the area in December of 2007 with a two well program anticipated to begin early in 2008. Likely targets will be the Hudson and Cuisinier prospects targeting oil in multiple horizons.
- The previously announced Schwarzer 3D seismic acquisition program over the Katandra discovery was completed in late April and processing and interpretation are underway with an expected completion date in the first quarter of 2008.
- Avery expects to complete a farmin into PEL 103 and earn a 35% interest in the 'Turban Block' by funding 46 sq km of a 3D seismic survey in April / May of 2008. The Turban Block is adjacent to the recently announced Innamincka oil discovery at Flax/Juniper.
- Native title clearance negotiations continue on the 650,000 acre Magellan ATP 732 Block with resolution expected early in 2008. Recent seismic interpretation has high graded the northeast portion of this block which is adjacent to a number of producing oilfields operated by Santos.
- On October 17, 2007 Avery announced it had signed a formal agreement with Santos Ltd (Santos), a major Australian oil & gas producer, whereby Avery and Santos will jointly explore and develop, subject to certain terms and conditions, two of Avery's large land blocks in the Cooper Basin of Queensland, Australia. The lands are located on the oily rim of the Basin and consist of the Barta Block and the Wompi Block containing 631,000 acres and 222,000 acres respectively. These Blocks are adjacent to lands held by Santos which are the subject of the Santos Cooper Oil Project which is the largest and most comprehensive Australian Exploration and Development Program ever undertaken onshore Australia. Santos is a major Australian oil and gas exploration and production company based in Adelaide with interests and operations in every major Australian petroleum province. Through the application of Santos' expertise in all disciplines of the oil and gas industry and their proven track record of finding and developing commercial discoveries in the Cooper Basin this arrangement will provide significant opportunity to add value for Avery's shareholders.

Highlights of the initiative are as follows:

Timing:	Commencement:	Q1 2008
	Roll out:	18 Months from Q1 2008

AUD $ millions	Wompi Block			Barta Block	
	Santos	Avery		Santos	Avery
Drill 4 wells	$ 5.2	$ 1.6	Drill 3 wells	$ 5.0	$ 1.6
200 km 3D seismic	2.6	0.8	100 km 3D seismic	1.3	0.4
Total	$ 7.8	$ 2.4	Total	$ 6.3	$ 2.0

Current CAD/AUD exchange rate: $0.88 CAD = $1.00 AUD

Post Program WI %	Wompi Block			Barta Block		
	Santos	Avery	Partners	Santos	Avery	Partners
	40%	30%	30%	45%	25%	30%

Avery's share of the costs of the Santos joint venture program will be paid for out of existing cash.

- On October 19, 2007 Avery was notified that it is the preferred tenderer for ATP 934P, an additional 1,430 sq km (353,000 acres) of highly prospective land in Australia's Cooper-Eronmanga basin. Avery has a 50% interest and will be operator of the block. The work commitment submitted by Avery is outlined below:

		AUD $
• Year 1: Geological & Geophysical studies	$	0.15 million
500 km seismic reprocessing	$	0.15 million
520 km 2D new seismic acquisition	$	5.20 million
• Year 2: Geological & Geophysical interpretation	$	0.15 million
3 wells (2,500 meters)	$	7.50 million
• Year 3: Geological & Geophysical	$	0.10 million
2 wells (2,500 meters)	$	5.00 million
• Year 4: 2 wells (2,500 meters)	$	5.00 million
Studies and review	$	0.10 million
Total	$	23.35 million

Before any work can begin on this block Native Title Clearance must be received. The application process for Native Title Clearance has been started and is expected to take approximately one year. Avery's share of this program is AUD $11.8 million and will be paid for out of future financing or by farming out some of the Corporation's interest.

SELECTED QUARTERLY INFORMATION

Set out below is selected quarterly information for Avery for the last eight quarters.

Financial (000's, except per share amounts)	**Fiscal Year 2008 3 months ended**			**Fiscal Year 2007 3 months ended**			**Fiscal Year 2006 3 months ended**	
	9/30/07	**6/30/07**	**3/31/07**	**12/31/06**	**9/30/06**	**6/30/06**	**3/31/06**	**12/31/05**
Petroleum and Natural Gas Sales	**$ 732**	$ 627	$ 914	$ 1,821	$ 232	$ 271	$ 376	$ 112
Funds from Operations	**79**	(211)	(371)	1,314	969	(269)	(298)	(309)
Per Share- Basic and Diluted	**(0.00)**	(0.00)	(0.00)	0.02	0.02	(0.01)	(0.01)	(0.01)
Net Earnings (loss)	**(553)**	(758)	(3,666)	(1,069)	656	(819)	(918)	(2,042)
Per Share- Basic and Diluted	**(0.01)**	(0.01)	(0.05)	(0.02)	0.01	(0.02)	(0.04)	(0.07)
Additions to capital assts	**735**	350	3,247	1,790	1,348	150	2,262	4,275
Net debt (1)	**(7,900)**	(8,556)	(9,117)	(12,546)	(3,832)	(4,205)	(3,080)	631
Total Assets	**16,967**	16,839	18,086	21,167	12,393	18,086	11,537	6,827
Shares Outstanding								
Basic	**76,689**	76,689	76,689	76,226	56,194	56,033	53,195	38,242
Diluted	**76,689**	76,689	76,689	76,689	58,643	58,286	53,347	38,294
Operations								
Average daily production								
Natural gas (mcf/d)	**368**	372	281	250	347	368	423	84
Oil and NGLs (bbls/d)	**75**	57	111	265	10	11	15	3
Combined (boe/d)	**136**	119	157	307	68	72	85	16
Netback ($/boe)	**$ 37.79**	$ 40.73	$ 37.92	$ 46.70	$ 15.97	$ 21.18	$ 25.28	$ 50.49

(1) Bracketed amounts represent positive working capital equal to current assets minus current liabilities.

Avery’s revenue began to increase in the quarter ended December 31, 2005 due to the acquisition of four gas wells in the Kaybob area of Alberta. The acquisition closed in November of 2005 and provided the Corporation’s first revenue from natural gas and natural gas liquids sales of approximately 70 boe/d. Revenue remained relatively stable until the quarter ended September 30, 2006 and then increased during the following quarter when oil production from the discovery well Toparoa-1 in Australia commenced. The well began production on October 6, 2006 at approximately 1,600 gross (net 523) bbls/d and declined to about 350 gross (net 114) bbls/d by December 31, 2006. This is typical of the Hutton sandstone where a well will generally demonstrate high flush production rates initially and then decline aggressively until it starts to gradually flatten out around 300 gross (net 98) bbl/d. As a result of declining initial oil production from the Toparoa well, revenue and funds from operations declined during the next two quarters and has leveled off for the quarter ended September 30, 2007.

Net earnings are reduced due to expansion of the Corporation’s operations into Australia where an office was opened in November 2005. Earnings for the quarter ended September 30, 2006 were higher due to a one-time production delay payment of $1.3 million related to the Toparoa-1 well.

Losses for the quarters ended December 31, 2005 and 2006 and the quarter ended March 31, 2007 were higher due to write-downs of oil and gas properties.

Consolidated Financial Statements of

Avery RESOURCES INC

International exploration & production

Second Quarter Interim Report

Three & Six months ended September 30, 2007

AVERY RESOURCES INC.

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Avery Resources Inc. for the three and six months ended September 30, 2007 and 2006 have been prepared by Management and approved by the Board of Directors. These statements have not been reviewed by the Corporation's external auditors.

Signed "David A. Little"
Chief Executive Officer

Signed "Bryan C. Goudie"
Chief Financial Officer

AVERY RESOURCES INC.

CONSOLIDATED BALANCE SHEETS
(thousands of dollars) (unaudited)

		September 30 2007		March 31 2007
ASSETS				
Current assets				
Cash and short term deposits	$	7,816	$	8,339
Accounts receivable and prepaid expenses		1,056		1,795
		8,872		10,134
Petroleum and natural gas properties (note 3)		8,095		7,952
	$	16,967	$	18,086
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$	972	$	1,017
Asset retirement obligations (note 4)		88		85
Non-controlling interest		20		47
Shareholders' equity:				
Share capital (note 5)		38,507		38,507
Warrants (note 5)		927		927
Contributed surplus (note 5)		2,142		1,881
Deficit		(25,689)		(24,378)
		15,887		16,937
Subsequent events (note 7)				
Commitment (note 8)				
	$	16,967	$	18,086

See accompanying notes to consolidated financial statements.

On behalf of the Board:

David Little

_____________________________Director
David A. Little

_____________________________Director
Richard N. Edgar

AVERY RESOURCES INC.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)
(thousands of dollars, except per share amounts) (unaudited)

	Three months ended September 30 2007	Three months ended September 30 2006	Six months ended September 30 2007	Six months ended September 30 2006
Revenues				
Petroleum and natural gas sales	$ 732	$ 232	$ 1,359	$ 503
Royalties	(105)	(80)	(188)	(140)
Interest income	84	45	162	73
	711	197	1,333	436
Expenses				
General and administrative	381	602	939	1,029
Operating and transportation	147	52	251	116
Stock based compensation	117	160	261	559
Depletion, depreciation and accretion	552	146	942	297
Foreign exchange loss (gain)	79	(14)	278	7
	1,276	946	2,671	2,008
Mitigation payment (note 6)	–	1,392	–	1,392
Non-controlling interest	12	13	27	17
Net earnings (loss) and comprehensive income (loss) for the period	(553)	656	(1,311)	(163)
Deficit, beginning of period	(25,136)	(20,298)	(24,378)	(19,479)
Deficit, end of period	$ (25,689)	$ (19,642)	$ (25,689)	$ (19,642)
Basic and diluted earnings (loss) per share (note 5)	$ (0.01)	$ 0.01	$ (0.02)	$ (0.00)

See accompanying notes to consolidated financial statements.

AVERY RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousands of dollars) (unaudited)

	Three months ended September 30		Six months ended September 30	
	2007	2006	2007	2006
Cash provided by (used in)				
Operations				
Earnings (loss) for the year	$ (553)	$ 656	$ (1,311)	$ (163)
Items not affecting cash				
Depletion, depreciation and accretion	552	146	942	297
Stock based compensation	117	160	261	559
Unrealized foreign exchange loss (gain)	(37)	7	(24)	7
	79	969	(132)	700
Changes in non-cash working capital	60	231	193	(267)
	139	1,200	61	433
Financing				
Issue of common shares for cash, net of share issue costs	–	5	–	1,550
Changes in non-cash working capital	164	(5)	86	(38)
	164	–	86	1,512
Investments				
Additions to petroleum and natural gas properties and facilities	(735)	(1,348)	(1,085)	(1,498)
Changes in non-cash working capital	479	122	415	(231)
	(256)	(1,226)	(670)	(1,729)
Increase (decrease) in cash	47	(26)	(523)	216
Cash and short term deposits, beginning of period	7,769	3,878	8,339	3,636
Cash and short term deposits, end of period	$ 7,816	$ 3,852	$ 7,816	$ 3,852

Supplementary cash flow information				
Interest paid	$ –	$ –	$ –	$ –
Interest received	79	49	104	59
Cash income taxes paid	–	–	–	–

See accompanying notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements of Avery Resources Inc. (the “Corporation”) have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates. These financial statements have been approved by Avery’s board of directors but have not been reviewed by the Corporation’s auditors.

The consolidated financial statements include the accounts of the Corporation and its wholly-owned and majority owned subsidiaries.

These Interim unaudited consolidated financial statements have been prepared by management following the same accounting policies and methods that were used and disclosed in the audited financial statements for the year ended March 31, 2007, supplemented as disclosed below. The disclosures provided below are incremental to those included with the annual audited consolidated financial statements and certain disclosures which are normally required to be included in the notes to the annual consolidated financial statements have been condensed or omitted. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Corporation’s annual report for the year ended March 31, 2007.

2. CHANGE IN ACCOUNTING POLICIES:

On April 1, 2007, the Corporation adopted the new Canadian accounting standards for financial instruments – recognition and measurement, financial instruments – presentation and disclosure, hedging and other comprehensive income. These standards have been applied prospectively.

The adoption of the new standards did not result in any adjustments to the recognition and measurement of the Corporation’s financial instruments at April 1, 2007 or subsequently. The statement of comprehensive income and accumulated other comprehensive income has not been presented as the Corporation does not have any elements of other comprehensive income. At September 30, 2007, the carrying amount of the Corporation’s financial instruments approximated their fair value due to their short-term maturities.

Comprehensive Income

The new standards establish a new statement of comprehensive income, which is comprised of net income and other comprehensive income.

Financial Instruments

This standard establishes the recognition and measurement criteria for financial assets, liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as “held-for-trading," "available for sale," "held-to-maturity," "loans and receivables" or "other financial liabilities" as defined by the standard.

Cash and cash equivalents are designated as "held-for-trading" and are measured at carrying value, which approximates fair value due to the short-term nature of these instruments. Accounts receivable are designated as "loans and receivables" and are carried at cost. Accounts payable are designated as "other financial liabilities" and are carried at cost

Derivatives embedded in other financial instruments must be separated and fair valued as separate derivatives under the new standard. The Corporation has not identified embedded derivatives in any of its instruments.

3. PETROLEUM AND NATURAL GAS PROPERTIES

	Cost	Accumulated depletion & depreciation	Net book value
September 30, 2007			
Australia			
Petroleum and natural gas properties	$ 13,037	$ 7,494	$ 5,543
Other assets	96	38	58
Canada			
Petroleum and natural gas properties	2,936	825	2,111
Other assets	281	192	89
Ireland			
Petroleum and natural gas properties	294	–	294
	$ 16,644	$ 8,549	$ 8,095
March 31, 2007			
Australia			
Petroleum and natural gas properties	$ 12,041	$ 6,793	$ 5,248
Other assets	72	22	50
Canada			
Petroleum and natural gas properties	2,919	612	2,307
Other assets	233	180	53
Ireland			
Petroleum and natural gas properties	294	–	294
	$ 15,559	$ 7,607	$ 7,952

Undeveloped property costs at September 30, 2007 of $4.3 million (2006 - $5.8 million) have been excluded from the depletion calculation. There are no future development costs to add to costs subject to depletion.

4. ASSET RETIREMENT OBLIGATIONS

The Corporation's asset retirement obligations result from net ownership interests in petroleum and natural gas assets. The Corporation has estimated the total undiscounted amount of cash flows required to settle its asset retirement obligations to be $154,000 at September 30, 2007 (2006 - $133,000) which will be incurred between 2007 and 2024 with a significant majority of the costs being incurred after 2010. A credit adjusted risk free rate of 7.0% and inflation rate of 2.0% were used to calculate the fair value of the asset retirement obligation.

	Six months ended September 30, 2007	Year ended March 31, 2007
Balance, beginning of period	$ 85	$ 68
Liabilities incurred	–	12
Accretion expense	3	5
Balance, end of period	$ 88	$ 85

5. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares

Unlimited number of preferred shares, of which none have been issued

(b) Issued:

Common Shares	Number of shares	Amount
Balance March 31, 2006	53,194,741	$ 27,230
Issued for cash on private placements	20,000,000	10,000
Exercise of warrants and agents' options	3,376,893	1,760
Exercise of employee options	117,300	52
Transfer from contributed surplus to share capital on exercise of employee options	–	46
Transfer from warrants to share capital on exercise of warrants	–	301
Share issuance cost	–	(882)
Balance March 31, 2007 and September 30, 2007	76,688,934	$ 38,507

There was no activity in the Corporation's shares during the six months ended September 30, 2007.

The table below provides details of common share purchase warrant activity:

Common share purchase warrants	Number of warrants	Amount
Balance March 31, 2006	11,215,356	$ 1,230
Transfer from warrants to share capital on exercise of warrants	(2,765,356)	(301)
Expired	(50,000)	(2)
Balance March 31, 2007 and September 30, 2007	8,400,000	$ 927

The warrants outstanding at September 30, 2007 have an exercise price of $0.50 per common share and expire November 24, 2007.

(c) Contributed surplus:

A reconciliation of contributed surplus is provided below:

	Six months ended September 30, 2007	Year ended March 31, 2007
Balance, beginning of period	$ 1,881	$ 948
Stock-based compensation expense	261	994
Reduce stock-based compensation due to forfeiture	–	(17)
Transfer to share capital on exercise of stock options	–	(46)
Transfer from warrants on expiry of warrants	–	2
Balance, end of period	$ 2,142	$ 1,881

(d) Stock-based compensation plan:

The Corporation has a stock option plan for directors, officers, employees and consultants of the Corporation whereby up to 10% of the issued and outstanding common shares can be granted by the Board of Directors. The options vest one-third immediately and one-third on each of the next two years anniversary dates and have a five year term.

A summary of the status of the Corporation's stock option plan as of September 30, 2007 and changes during the six months ending on that date and during the year ending March 31, 2007 are presented below:

	Options	Weighted average exercise price
Outstanding at March 31, 2006	1,940,167	$ 0.44
Granted	3,535,000	0.69
Exercised	(117,300)	0.44
Forfeited	(166,000)	0.65
Outstanding at March 31, 2007 and September 30, 2007	5,191,867	$ 0.60
Exercisable at September 30 , 2007	3,146,841	$ 0.59

The exercise price of each option equals the market price of the Corporation's common shares on the date of the grant.

The Corporation recorded stock based compensation expense of $261,000 for the six months ended September 30, 2007 (2006 - $559,000).

The Corporation accounts for its stock-based compensation plan using the fair value method. Under this method, a compensation cost is charged over the vesting period for options granted to employees, directors and consultants.

Avery has not incorporated an estimated forfeiture rate for stock options that will not vest, rather the Corporation accounts for actual forfeitures as they occur.

The following weighted average assumptions are used in this calculation:

	2007	2006
Assumptions:		
Risk free interest rate (%)	3.6%	3.8%
Expected life (years)	5 yr	5 yr
Expected volatility (%)	60 %	130 %
Vesting period (years)	2 yr	2 yr
Results:		
Weighted average fair value of options granted	$ 0.43	$ 0.43

(e) Per share amounts:

Per share amounts are calculated using losses and the weighted-average number of common shares outstanding. The weighted average number of shares outstanding at September 30, 2007 is 76,688,934 (2006 – 55,622,114). The average trading price of the Corporation's common shares on the TSX Venture Exchange for the three months ended September 30, 2007 is $0.35 and the closing price was $0.27. At September 30, 2007, 5,178,533 employee stock options are anti-dilutive based on the closing price for Avery common shares.

6. MITIGATION PAYMENT

Production from the Toparoa -1 well, located in the Murteree Block of PEL 113 (Avery 32.67%) in the South Australia sector of the Cooper Basin commenced on October 6, 2006. In recognition of the Toparoa-1 production delays and in accordance with the production arrangement, Avery negotiated and received a one time payment in September 2006 of $1,392,000.

7. SUBSEQUENT EVENTS

On October 17, 2007 Avery entered into a formal agreement with a major Australian producer to jointly explore and develop the Barta Block (631,000 acres) and the Wompi Block (222,000 acres) in the Queensland sector of Australia's Cooper Basin. Upon completion of the initial capital program, Avery will have earned a 30% interest in the Wompi Block and a 25% interest in the Barta Block.

On November 1, 2007 shares of Avery Resources Inc. began trading on the Toronto Stock Exchange and were delisted from the TSX Venture Exchange.

8. COMMITMENT

The Corporation is committed to minimum annual operating lease payments on its premises in Canada and Australia as follows:

2008	$	84
2009		169
2010		169
	$	422

9. SEGMENTED INFORMATION

Six months Ended September 30, 2007

	Canada	Ireland	Australia	Total
Revenue, net of royalties	$ 495	$ –	$ 676	$ 1,171
Loss for period	(506)	–	(805)	(1,311)
Petroleum and natural gas properties				
Cost	3,217	294	13,133	16,644
Accumulated depletion, depreciation and amortization	(1,017)	–	(7,532)	(8,549)
Net Book Value	2,200	294	5,601	8,095
Capital Expenditures	$ 65	$ –	$ 1,020	$ 1,085

Six months Ended September 30, 2006

	Canada	Ireland	Australia	Total
Revenue, net of royalties	$ 363	$ –	$ –	$ 363
Loss for period	74	–	(237)	(163)
Petroleum and natural gas properties				
Cost	3,005	288	7,217	10,510
Accumulated depletion, depreciation and amortization	(647)	–	1,668)	(2,315)
Net Book Value	2,358	288	5,549	8,195
Capital Expenditures	$ (39)	$ 15	$ 1,522	$ 1,498

CORPORATE INFORMATION

AUDITORS
KPMG LLP • Calgary, Canada

LEGAL COUNSEL
Borden Ladner Gervais • Calgary, Canada

BANKERS
Royal Bank of Canada • Calgary, Canada
West Pac Bank • Brisbane, Australia
Commonwealth Bank • Brisbane, Australia

REGISTRAR AND TRANSFER AGENT
Valiant Trust Corporation • Calgary, Canada

INVESTOR RELATIONS
Bryan Mills Iradesso • Calgary, Canada

DIRECTORS
David A. Little (Chairman)
John H. Carruthers
Richard N. Edgar
James B. Howe
R. Stephen Peacock
Judith A. Stripling
Ian J. Towers

GOVERNANCE AND DISCLOSURE COMMITTEE
All Directors are members of the Committee

AUDIT COMMITTEE
James B. Howe
Ian J. Towers
Judith A. Stripling

RESERVES COMMITTEE
Ian J. Towers
R. Stephen Peacock
Richard N. Edgar

COMPENSATION COMMITTEE
R. Stephen Peacock
Ian J. Towers
Judith A. Stripling

OFFICERS
David A. Little, Chief Executive Officer
Richard N. Edgar, President
John H. Carruthers, Executive Vice President
Paul S. Lipski, Managing Director, Australia
Bryan C. Goudie, Chief Financial Officer
Melinda Park, Secretary

STOCK EXCHANGE LISTING
TSX Exchange: ARY

STOCK EXCHANGE LISTING
TSX Exchange: ARY