



15th January 2014

Company Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

ASX Code: BUR

Operations update

Summary

- Positive cashflow from 5 producing wells (income exceeding operating costs).
- Truchard #2 Horizontal Development Well (T2H) workover has improved production consistency.
- Farming out the Heintschel field in early 2014.
- New Projects - shallow oil and liquids-rich gas prospects identified and being pursued.
- Ground work laid for new projects in early 2014.
- Cold weather has resulted in some lost production days.

Activity of Significance

Positive Cashflow

The Company's 5 wells continue to produce healthy income for the group, exceeding our cost base and contributing positive cashflow. This has been helped by a steady increase in US gas prices over the last 3 to 6 months with the Company regularly receiving over \$4.90 /mcf for its gas for much of the last quarter of calendar 2013. Given the recent increases in US gas prices, the Company expects to be receiving over \$5.50/mcf for its gas in the near term (BUR's wet gas typically trades at a healthy margin of between \$1.00 and \$1.50/mcf to the local gas indices).

D Truchard #1

D Truchard #1 well has been put on gas lift but appears to be nearing the end of its commercially viable life at which stage it is likely it will be converted to a water disposal well, possibly as early as the second quarter of 2014. This will have a nominal impact on the revenues due to the low amount of production from the well but will have a positive contribution to lowering our operating costs via reduced water disposal expenses for current and future wells in the field.

Burleson Energy Limited
ABN 73 117 770 475

Phone: +61 2 8252 6177
Facsimile: +61 2 8252 6178
www.burlesonenergyltd.com

Registered Office / Administration
Level 6
9 Barrack Street
SYDNEY NSW 2000
Australia

Mailing Address
GPO Box 92
SYDNEY NSW 2001
Australia

Truchard #2H

The T#2H underwent a workover in November and the production tubing was extended to the end of the horizontal section of the well. The result has been an improvement in the management of the well and more consistent production. Management is confident that the workover will also lead to an extended production life for the well.

Heintschel Field – Development plan and farm-out

A development plan for the Heintschel Field is under study and will be finalised in Q1 2014, at which time farm-out partners will be enlisted to aid in this development.

New Projects - shallow oil and liquids-rich gas prospects identified and being pursued.

As previously announced, Burlleson and its partners acquired 3D seismic data in Colorado County Texas in 2008 (CC3D project). This acquisition project also gave the group access to 1000 sq. mi. of 3D seismic data license credits from Seismic Exchange, Inc. All of the credits have been used to license 2D and 3D datasets targeting oil and liquids rich prospects in several onshore Texas counties.

The analysis of this data has yielded a number of very shallow targets and leasing of the relevant acreage is now being pursued. This project will see the Company drill a number of shallow, very low cost (less than \$500k per completed well) conventional targets in early 2014.

The goal of these wells will be to generate increased cashflow in the first instance and develop and define a shallow resource in a short time thereafter.

In addition, the Company has identified and is actively pursuing an extensive, shallow unconventional resource play where it intends to begin development in mid-2014.

Pipeline Maintenance and bad weather

Winter in Texas has set in. Whilst this has had the effect of increasing gas prices in the US, there have been some nominal consequences for production outside of the control of Burlleson such as pipelines being closed due to ice build-up, maintenance and shut in due to failures of equipment belonging to the gas purchasers (17 days lost in December).

For further information contact:

Andrew Bald, CEO

Phone: +61 2 8252 6177

www.burlesonenergy.com