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3 March 2011

Australian Stock Exchange Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Placement and Fully Underwritten Rights Issue ASX: BUR

Burleson Energy Ltd (Burleson or Company) today announced a two part capital raising, involving a placement and rights issue.

The placement was arranged and rights issue is to be fully underwritten by Lead Manager, Patersons Securities Limited, a leading full service stock broking firm in Australia. The Company has executed a Mandate Letter and is presently finalising an Underwriting Agreement with Patersons Securities Limited.

The placement is for 41,100,000 shares at a discounted price of 5.5 cents per share, to raise \$2.2 million (before costs) (**Placement**). The Placement was accepted by selected institutional and sophisticated investors which the Company believes will provide a strengthened shareholder base supportive of the Company's growth and development. Those who participate in the Placement will be eligible to participate in the rights issue.

In recognition of the Company's existing shareholders, the Company will extend the same discounted price to its shareholders under a rights issue. The rights issue is for one new share for every 3 held with a total of approximately 105,222,283 shares being issued, raising approximately \$5.7 million (before costs) (**Rights Issue**). The Rights Issue is renounceable meaning you may sell your rights through trading on the Australian Securities Exchange.

In addition, the Company's existing shareholders will receive one new option (exercisable at 10 cents on or before 30 September 2013) for every three new shares subscribed by them through the Rights Issue. The Company will apply for quotation of the new shares and new options on the ASX. The Directors intend to participate in the Rights Issue.

The total amount to be raised by the Placement and Rights Issue is up to \$8,047,725 (before issue costs).

The funds raised will be used for the Company's drilling and other exploration expenditure in Colorado County, the costs of the issue and working capital.

Burleson is pleased to have received support for its fund raising and looks forward to being able to conduct its development and exploration programs with the long term view of enhancing the value of the Company's projects for the benefit of shareholders.

Details of the Rights Issue and How to Participate

Eligible shareholders will receive a copy of the Rights Issue prospectus and accompanying Entitlement and Acceptance Application Form setting out the relevant details in relation to shareholder entitlement and costs for full participation in the Rights Issue.

The Rights Issue will be open to existing Burleson shareholders with registered addresses in Australia and New Zealand.

Eligible shareholders may participate in the Rights Issue either in full or by accepting part of their entitlement.

Eligible shareholders may also sell their rights, either in full or partially, on the Australian Securities Exchange (**ASX**). The price of the rights will be determined by the market. The period of time for trading of shareholder rights is subject to a time limit as set out in the Rights Issue prospectus.

The Prospectus relating to the Rights Issue is expected to be lodged with ASIC and ASX on 10 March 2011 and will be available after lodgement on the ASX website www.asx.com.au and also on the Company's website www.burlesonenergy.com.au.

Company Update

Burleson is on the verge of a very exciting phase. Since the Board of Burleson made the decision to change focus to drilling targets with conventional (mainly Wilcox) reservoirs, we have had considerable success. Three Heintschel field wells are now on production with higher condensate:gas ratios than initially anticipated, and the Joann #1 will be tied to sales shortly.

Following this success (four of the five wells drilled in Colorado County are producers) the Board was faced with two choices in terms of a forward program: a slow path that allows cash flow from the producing wells to accumulate in order to fund the drilling of a small number of wells within the next 12 months; or, raise significant funds to enable Burleson to embark on an aggressive campaign involving both a faster appraisal/development campaign for the Heintschel field and the drilling of additional exploration wells on very high quality prospects. The Board has decided to pursue the latter choice.

The exploration wells will mainly target Wilcox reservoir sands, which have been the core of Burleson's success, but we will also look to fast track drilling of the potentially very large deep Woppa prospect which has Edwards and Sligo carbonate reservoirs (and also includes Eagle Ford Shale targets).

Heintschel field update

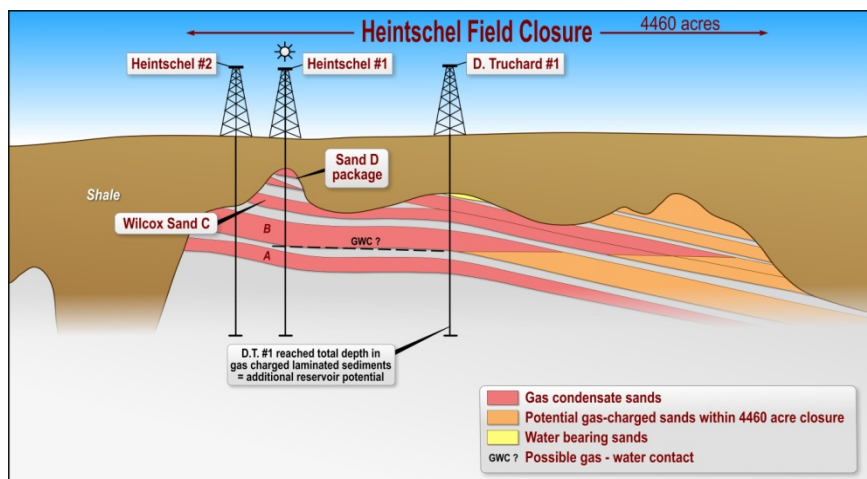
Discovered in April 2010 by Heintschel #1 and appraised by D.Truchard #1 and Heintschel #2 in December 2010 and January 2011, the field now has those three wells on production. Current indications are that the Heintschel field may be one of the largest discoveries of its kind in a region which has hundreds of Wilcox fields.

Following the Heintschel #1 discovery well, operator AKG Energy undertook an evaluation of the volumes of gas and condensate in the field. The results were as follows:

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

Following the results of the two appraisal wells (especially the D.Truchard #1) AKG is undertaking a review of these volume estimates for the field with significant upgrades to occur. In particular, the condensate to gas ratio used in these early calculations were lower than the actual well results, so the condensate numbers, above, are expected to (at least) double.

Preparations are underway to engage a third party engineering group to conduct an independent reserves study that will be based on three months of actual production data. These data will, also, be used to design the optimum spacing and frac design for future development wells.



It is important to note that the Heintschel field is not particularly simple, either from a geotechnical or engineering stand point, and will provide some challenges to develop.

Firstly, the reservoir sands were deposited in a deltaic environment and individual sands within the reservoir tend to be discontinuous; though the net to gross ratio sand is fairly consistent. Correlation and, therefore, predictions of productivity of individual sands will be difficult until many wells have been drilled. The good news is that when the Wilcox reservoir section is drilled below the capping shale, there is now a very high probability that a significant thickness of reservoir sands will be intersected, and fracture stimulation ("fracking") will put the wellbore in communication with all the hydrocarbon-charged reservoirs encountered by the wellbore. This was clearly demonstrated by the D.Truchard #1 well, which actually contained more gas-charged sand than expected (hence the increase in estimated hydrocarbon volumes noted above).

And secondly, the Heintschel #1 well flowed gas and condensate along with a significant amount of water that was initially believed to be due to a water-sand above the main reservoir being breached by the frac of that well. The two subsequent wells, Heintschel #2 and D.Truchard #1, were therefore treated with more modest fracs. As a result, while both wells are flowing at commercial rates of gas and condensate, they are not producing at their full potential. This is because a smaller volume of reservoir in each well was fractured than would have been the case for a larger frac. A re-frac of D.Truchard #1 and/or Heintschel #2 is a future option if warranted.

Subsequently, the two appraisal wells also flowed water, which indicates that the water actually comes from within the formation, and not from separate water sands above (or below). Log analysis had identified the water within the formation in all three wells, but had indicated it was not movable. Clearly the water is movable and will be dealt with by artificial lifting methods, e.g. gas-lift, and water disposal wells when required.

In summary, Burleson has discovered a very large resource at Heintschel, but we are still learning about the field and how best to develop it. Current plans are to monitor and evaluate our first three wells in the field for up to three months in order to optimise the development of this resource.

Wildcat Drilling to Resume

While we monitor production and implement development of the Heintschel field, Burleson will bring forward and increase our wildcat exploration drilling program. There are a multitude of high quality Wilcox prospects already in the inventory (see the latest presentation announced to ASX on 3 February 2011). Some are Heintschel “look-a-likes” and others of different nature occur in the original 3D area, while some occur elsewhere in Colorado and Wharton Counties.

The Board believes it is also time to kick off the “1K3D” project in which Burleson has 38% of a right to secure another 1000 sq miles of 3D seismic from a large seismic data base (see announcement of 29 June 2010). The value of this amount of 3D seismic (or equivalent 2D seismic) to Burleson is estimated to be ~\$4m. This seismic project will provide Burleson with numerous new wildcat drilling targets (with various reservoirs). A significant amount of geotechnical work and leasing is required before we will be in a position to drill any prospects generated by this project, and as the offer of seismic data lapses in late 2013, the Board is keen to progress that work.

Woppa

This is a very large, deeper prospect with stacked Edwards and Sligo carbonate reservoirs and is on trend from (and deeper than) the 600 bcf producing “Word” Field and other large Edwards fields. A deep well on Woppa would intersect the following potential reservoirs at depths > 15,000 feet: Austin Chalk (uppermost); Eagle Ford Shale; Edwards Carbonate; Sligo Carbonate (deepest). Burleson is looking to farmout part of its interest in the well but will also consider contributing to the cost of the well to get it drilled.

Overview

These are very exciting times for Burleson.

Firstly, it is not often that one gets the opportunity to make and develop a potentially significant discovery such as Heintschel from initial concept, to data acquisition, to prospect delineation, to discovery, to appraisal/development.

Secondly, our interest in the large 1K3D seismic project will provide us with a multitude of high quality exploration prospects for future drilling in addition to our already substantial portfolio of targets.

Thirdly, drilling of the very large, deep Woppa prospect would expose Burleson to “Company Maker Size” exploration, which if successful, would result in a massive re-ranking of the Company.

Norm Zillman
Chairman

For further information contact Mike Sandy

Competent Person Statement:

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