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Company Announcements
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BURLESON ACTIVITY UPDATE

(ASX: BUR)

Activity Update – three discoveries.

Burleson Energy Limited ('BUR') and partners drilled 4 wells in the first part of 2010 with 3 discoveries. Of these, the Heintschel 1 has discovered a significant field. BUR has ~38% working interest and ~30% Net Revenue interest in these wells.

Brasher #1 – On production since mid April this low cost well is currently producing at 0.5+ million cubic feet (MMCF) per day of gas from shallow Yegua sandstone reservoirs.

Heintschel #1 – Drilled in April, this well encountered a much thicker gas column (230 + ft, 70m) covering a much larger area (4,460 acres, 18 sq km) than was expected, in Wilcox sands.

The well has flowed naturally at 1.2 MMCF of gas per day and 12 barrels of condensate per day (BC/D) from perforations in the lowest sands prior to any fracture stimulation ("fracking"). These same sands in other fields in this area have all required fracking before they flow and H#1, also, will require fracking to achieve maximum production.

Based on a volumetric reservoir analysis, operator AKG has estimated Heintschel recoverable volumes to range from 25 to ~ 90 billion cubic feet of gas and ~0.5 to 1.6 million barrels of condensate (see the latest presentation on our website for more details).

Currently the H#1 well is flowing into a sales pipeline while awaiting a frac. Frac equipment is in short supply, but H#1 is now tentatively scheduled for frac in mid September. The well will be shut-in shortly to prepare for the frac.

Following frac, production will be monitored and evaluated for about a month while planning an efficient development drilling programme for the field based on this data. Development and appraisal drilling will follow shortly thereafter in 4Q 2010.

Joann #1 This well was drilled in June and resulted in our third gas and condensate discovery, encountering four Wilcox sandstone reservoirs with gas and condensate. A test of one sand through a restricted choke produced at a rate of 2.1 MMCF per day of gas and variable condensate (~38 BC/D but higher readings were observed) and tested a calculated open flow of over 4.3 MMCF per day. These are very good rates considering the flow was from just one of four gas sands in the well.

Work to connect Joann # 1 to a sales line will begin in early September. AKG is targeting Joann #1 having connected into a sales pipeline by end October, but the hook-up will be later if a longer pipeline route is required.

Reserves in the Joann accumulation are unknown at present and will be determined once the well has flowed for a sustained period and the remaining three sands are flow tested.

Activity Update – future prospects.

The near term focus will be on the appraisal and development of the Heintschel field, however, numerous additional drilling prospects have been identified both within the Colorado County 3D seismic area and other areas (including the “updip Moeller” prospect and a large prospect complex in neighbouring Wharton County).

The number of prospects will be significantly increased as the new 1K3D seismic project gets underway (BUR has a 38% interest in the rights to acquire up to 1000 sq miles of 3D from the extensive data base of a seismic contractor).

Within the Colorado 3D area, the Woppa prospect, with ~600 BCF potential, has Edwards and Sligo reefal carbonates draped in closure over a deep, and very large, horst structure that is on trend with the Word Field (expected recoverable reserves of 600 BCF), an analogous producing Edwards field.

The Edwards is overlain by Eagle Ford Shale/Austin Chalk. Each of these reservoirs has gas potential on Woppa, but all are deep (17,000+feet, 5180+ metres) and well costs will be high.

BUR intends to farm out these deep prospects to a large degree, and concentrate on drilling and developing its shallower (mainly Wilcox) portfolio.

Burleson's MD Michael Sandy commented:

BUR is very well placed to take reap the benefits of a successful initial drilling campaign in Colorado County as all its wells are brought on production over the next month or so.

The three discovery wells have produced at various times a total over 3.7 MMCF per day of gas and 50 barrels per day of condensate. Such rates equate, based on current gas and condensate prices, to revenues net to BUR's NRI of ~ \$A175,000 per month.

Note that these rates were achieved before fracturing of Heintschel #1 and from restricted flow test from just one zone (of four) in Joann #1. We suggest that, once the three wells are all on full production, these rates will be significantly exceeded.

Near term drilling focus will be on drilling Heintschel appraisal and development wells which, if successful, will of course further boost BUR's monthly revenues.

The remaining exploration portfolio is highly prospective, with additional large Wilcox prospects (including Moeller updip and Wharton County) as well as deeper, potentially very large gas prospects (Sligo, Edwards, Eagle Ford/Austin Chalk). The portfolio will be further enhanced as work progresses on the 1K3D project.

The joint venture will return to exploration drilling within the next few months.

Exciting times!

For further information, please contact:

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