30th July 2014

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

ASX Code: BUR

Quarterly Activities Report

Qtr ending 30th June 2014

The Board of Burleson Energy Limited (BUR) is pleased to provide the following update on the activities of the Company in the quarter ending 30th June 2014.

Activity Overview

- The Truchard #3 (T#3) well (formerly referred to as Golla #1) spudded on 24th July 2014. It is a low cost well targeting a large seismic anomaly within the existing Heintschel field (refer ASX announcement 24th July 2014).
- As at 28th July, the well was at 2,729 feet (832m) and on schedule to reach its total depth of 11,750 feet (3,581m) within the coming fortnight.
- During the quarter, the Company commissioned two independent engineering reports on development of the Heintschel gas condensate field. They concluded that the field could be commercially developed by drilling horizontal wells with between 14 and 30 fracture stimulation (frac) stages. BUR will be looking to farmout or sell its interest in the field (excluding the T3 well area if it is a success). See ASX release of 8th July 2014.
- BUR is now focussing on lower cost but potentially high return projects such as T3, the 1K3D project and Project "T". See our Corporate Update ASX release of 27th June 2014
- Cash in bank at end of the quarter was $A1.7m – after paying for BUR's share of the initial part of the T3 well.

Truchard #3 (T3) well (previously referred to as Golla#1)

T3 spudded on 24th July and is a vertical well drilled on leases already owned by the Company within the Heintschel field. It is expected to cost a total of circa USD$2 million. BUR has a 50% working interest with a 39.19% net revenue interest and a 1.13% overriding royalty interest in the well and hence, BUR's expected contribution will total circa USD$1m.

The target is a 135 acre seismic anomaly that was identified as significant following a number of successful wells drilled nearby that provided encouraging analogues for the distinctive anomaly (identified by our operator AKG Energy). By way of analog, it is anticipated that ***the anomaly is indicating an improved reservoir quality compared to the rest of 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
Level 6
9 Barrack Street
SYDNEY NSW 2000
Australia

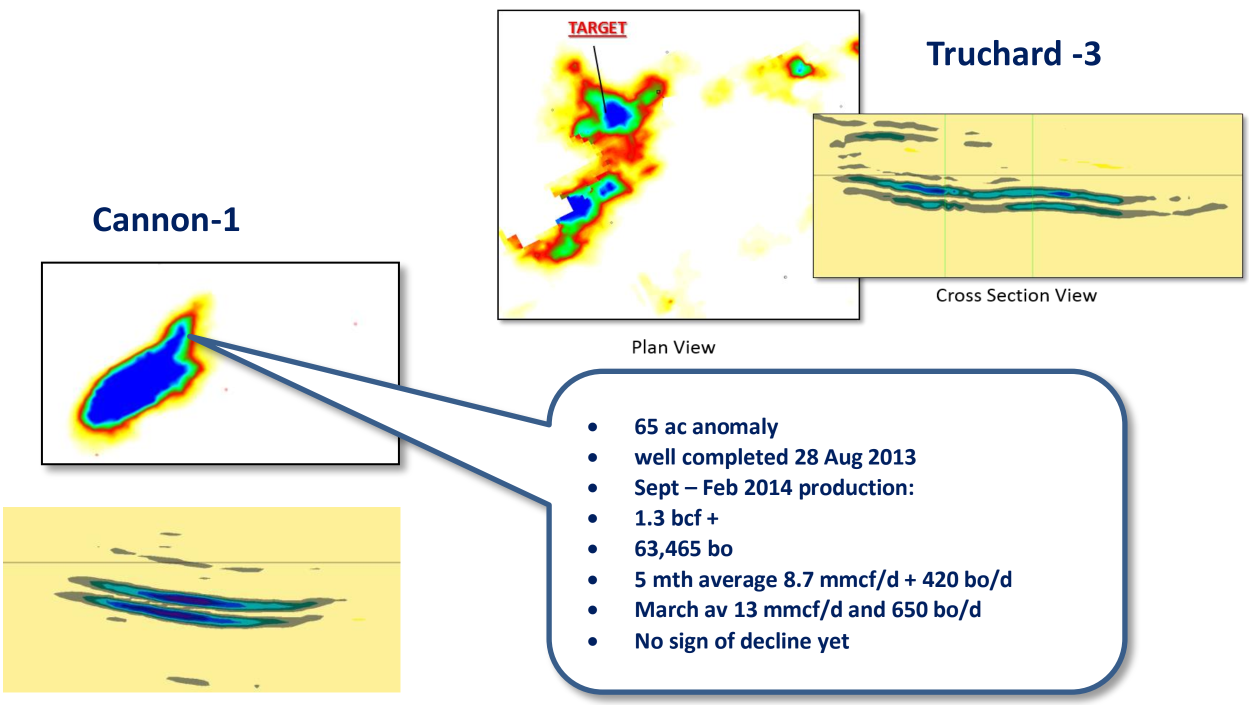
Mailing Address
GPO Box 92
SYDNEY NSW 2001
Australia

One of these analogous wells, known as Cannon #1, is located in the same 3D data set and drilled into a Wilcox reservoir horizon that has very similar seismic characteristics as in the anomaly T#3 is targeting, namely similar depth, stratigraphic level and age (see images below).

Cannon#1 commenced production in September 2013 and has produced oil and gas at very strong rates – importantly its production rates have not declined (as is typical with shales and tight sands), but has actually increased. During March 2014 Cannon #1 produced average daily rates of 13 million cubic feet of gas and 650 barrels of oil. While it would be a very good result for BUR if the T3 gets close to these numbers, even a small fraction of these rates would be economic given the relatively low cost of the well.

The T3 well is being drilled in two parts, the well will be drilled to total depth (circa 11,750ft, 3,581 m) and electric logged. This part will be undertaken on a fixed price contact of USD$0.89m. If the log analysis gives positive results the well will be completed (final casing set and completed for production and gas condensate sales). This phase is expected to cost a total of circa USD$1.1m (on a day rate). No fraccing will be required if the reservoir quality is as hoped.

135 ac "Sweet Spot" Anomaly within Heintschel Field



Heintschel Field Development

Two recently completed independent engineering studies by Integrated Petroleum Technologies Inc (IPT) and Cawley, Gillespie & Associates (CGA), indicate that the Heintschel field can be developed commercially, with a preferred development plan involving 7 new horizontal wells, with between 14 to 30 stage fracs at a 280 ft (85m) frac spacing. The existing producing Truchard #2 well had 6 frac stages spaced at 400 ft (120 m).

The two engineering studies (note that these are not reserve reports) resulted in a preferred development plan and an economic model which illustrated that the 4 existing and 7 proposed new wells could generate production of: 809 thousand barrels of oil; 1,404 thousand barrels of NGL; and 29.3 billion cubic feet gas. The NPV of this production at current prices is US$24.7m.

See our ASX release of 8th July 2014.

There was no change in BUR's reserves and Burleson will seek to farm-out or sell the asset due to the relatively high well costs, with the exclusion of T#3 area if the T#3 well is a success (wells in that area are unfracced vertical wells costing circa US$2m – well within BUR's budget.)

Other projects:

BUR is cognisant of its budget and is focussing on lower cost but potentially high return projects such as T#3, the 1K3D project shallow prospects and Project "T" while aiming to farmout or sell its larger projects (Heintschel development, Woppa deep gas, and Midway Navarro shales and most likely, certain of the larger deeper 1K3D projects). A success with the T3 well and a near term cash flow boost will certainly help progress some of our other projects and generate drilling activity.

See our Corporate Update ASX release of 27th June 2014.

Quarterly Production

Gross Total Production for the quarter ended 30th June 2014 from each of the 5 wells in which Burleson has an interest is summarised in the table below.

	Gas		Condensate		Production Days	
Well	Total mcf	Avg mcf p.d.	Total bbls	Avg bbls p.d	Lost	Producing
Joann #1	22,308	259	943	11	5	86
D Truchard #1	0	0	70	0.08	5	86
Heintschel #1	4451	52	394	4.59	5	86
Heintschel #2	11580	127	295	6	5	86
Truchard #2H	80,020	930	1,902	21	5	86
Totals for Qtr	**118,359**	**1,368**	**3,604**	**43**		

Corporate Activities

Burleson's revenue from oil and gas sales has continued to provide relatively stable cash-flow with increased prices for gas partly compensating for lost production. The Company's operator and partner AKG Energy been securing new leases for the 1K3D prospects and Project T.

Producing Wells

There was no change to Burleson's ownership interests in its producing wells during the June 2014 quarter.

Working Interests

As at 30th June 2014, Burleson held the following ownership (working) interests in five producing oil and gas wells in South Texas, USA (**no changes in the Quarter**):

Well Ownership Percentages	As at 30th June 2014
Joann #1	39.4%
Heintschel #1	38.0%
Heintschel #2	38.0%
D. Truchard #1	38.0%
Truchard #2H	50.0%

Cash at hand

As at 30th June 2014, the Company had approximately $A1.7M in the bank, after paying $0.45M for the initial part of the T#3 well – the next phase is expected to cost BUR circa USD$0.55m.

Gross & Net Acreage

Burleson holds oil and gas lease rights which are negotiated with individual land owners in the areas it operates, being South Texas. Individual lease rights are acquired, renewed or relinquished regularly and in the ordinary course of business. As at 30th June 2014, Burleson's gross and net acres under lease were **changed from the previous Quarterly Report** (31st March 2014) and are as follows:

	As at 30th June 2014	
Gross Acres	4344	(down)
Net Acres	2,128	(up)
Burleson's Average Interest	49.0%	

New Farm-in / Farm-out agreements

During the March 2014 quarter Burleson did not enter into any farm-in or farm-out agreements.

For further information please contact:

Andrew Bald, CEO
Phone: +61 2 8252 6177
www.burlesonenergyltd.com

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 and a member of the American Association of Petroleum Geologists (AAPG). Mr Sandy is a Director of, and consultant to, the Company. Mr Sandy has more than thirty five 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.