



31<sup>st</sup> October 2014

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

ASX Code: BUR

## Quarterly Activities Report

### Qtr ending 30<sup>th</sup> Sept 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 30<sup>th</sup> Sept 2014.

#### Activity Overview

- Activity in the September quarter focussed on drilling the Truchard #3 well, (T#3)
- The T#3 well spudded on 24<sup>th</sup> July 2014 and reached its target of 11,750 feet (3,581m) on 13<sup>th</sup> August 2014. Work continues in an effort to optimise potential production from this well.
- The Board of BUR resolved to farm-out or sell its interest in the Heintschel field. See ASX release of 8<sup>th</sup> July 2014.
- The Board has resolved to focus on lower cost but potentially high return projects within the 1K3D project.
- Cash in bank at end of the quarter is \$A1.1m – after paying for BUR's 50% share (Working Interest) of the T3 well.

#### Truchard #3 (T3) well

The T#3 spudded and commenced drilling on Wednesday 23<sup>rd</sup> July and reached the Total Depth of 11,750 feet (3,581m) on 13<sup>th</sup> August 2014. The well is a vertical development well targeting the lowermost Wilcox Prairie Bell 01 reservoir sand in the Heintschel Field.

To date the well has cost a total of USD\$1,851,693 (AFE was USD\$2.2m with BUR Working Interest representing 50%) however, as previously announced, the Company expects that this well will be stimulated in early November 2014 which is expected to cost a total of up to USD\$250,000 but remains within the budget and AFE.

BUR's has a 50% working interest with a 39.19% net revenue interest and a 1.13% overriding royalty interest in the well.

## Other projects

The Board of BUR, being cognisant of the balance sheet restraints, is focussing on lower cost but potentially high return projects such as the 1K3D project shallow prospects.

Project "T", whilst ongoing, does not appear that it will achieve its stated goal of securing 20,000 acres or more of leases in its target zones. The Board has resolved that one last alternative approach to securing the target lease areas be adopted and will keep the market informed should any commercial developments arise.

## Quarterly Production

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

There was an increase in the number of days production lost for a number of reasons including force majeure imposed by the gas pipeline operator.

Well	Gas		Condensate		Production Days	
	Net mcf	Avg mcf p.d.	Total bbls	Avg bbls p.d	Lost	Producing
Joann #1	10,718	132	380	5	11	81
D Truchard #1	805	35	7	0	69	23
Heintschel #1	2187	33	153	2	26	66
Heintschel #2	12308	293	220	5	50	42
Truchard #2H	62,039	838	1,462	20	18	74
<b>Totals for Qtr</b>	<b>88,057</b>	<b>266</b>	<b>2,222</b>	<b>6</b>		

## Corporate Activities

Burleson's revenue from oil and gas sales suffered from a number of shut-ins including a force majeure imposed by the gas pipeline company that Burleson sells its gas to.

Otherwise, production has continued to provide relatively stable cash-flow throughout the quarter.

The Company's operator and partner AKG Energy been incurred some expenses 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 30<sup>th</sup> Sept 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 30 <sup>th</sup> Sept 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 30<sup>th</sup> Sept 2014, the Company had approximately \$A1.1M in the bank, after paying for its full interests in the T3 well.

## 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 30<sup>th</sup> Sept 2014, Burleson's gross and net acres under lease were **changed from the previous Quarterly Report** (30<sup>th</sup> June 2014) and are as follows:

	As at 30 <sup>th</sup> Sept 2014	
Gross Acres	4321	(down 24)
Net Acres	2,119	(down 9)
Burleson's Average Interest	49.0%	

## New Farm-in / Farm-out agreements

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

For further information please contact:

Andrew Bald, CEO

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[www.burlesonenergy/td.com](http://www.burlesonenergy/td.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.*

## Appendix 5B

### Mining exploration entity quarterly report

Name of entity

BURLESON ENERGY LIMITED

ABN

73 117 770 475

Quarter ended ("current quarter")

September 2014

### Consolidated statement of cash flows

		Current quarter September 2014 \$A'000	Year to date (3 mths to Sept. 2014) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	327	327
1.2	Payments for (a) exploration & evaluation	(791)	(791)
	(b) development	-	-
	(c) production	-	-
	(d) administration		
	- Australia	(189)	(189)
	- USA	(114)	(114)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	11	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid		
1.7	Other – Proceeds of farm out transaction / sale	-	-
<b>Net Operating Cash Flows</b>		<b>(756)</b>	<b>(756)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of:		
	(a) producing assets		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
<b>Net investing cash flows</b>		<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(756)</b>	<b>(756)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(756)	(756)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material) Rights Issue Proceeds		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(756)	(756)
1.20	Cash at beginning of quarter/year to date	1,700	1,700
1.21	Exchange rate adjustments to item 1.20	112	112
1.22	<b>Cash at end of quarter</b>	1,056	1,056

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	173
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors Fees, consulting	

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- None
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- None

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-
3.2	Credit standby arrangements	-

### Estimated cash outflows for next quarter

\$A'000

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

4.1	Exploration and evaluation	200
4.2	Development	-
4.3	Production	-
4.4	Administration	200
<b>Total</b>		<b>400</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	185	720
5.2	Deposits at call	871	980
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		1,056	1,700

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-		
6.2	Interests in mining tenements acquired or increased	-		

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

7.3	<b>+Ordinary securities</b>	420,889,133	420,889,133		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	18,000,000	Employee	<i>Exercise price</i> 8 cents	<i>Expiry date</i> 5 Dec 2015
		4,000,000	Employee	3 cents	1 Dec 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity quarterly report

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#### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does *give* a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 October, 2014

(Company Secretary)

Print name: ALEXANDER SUNDICH

#### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.