



29 January 2016

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

ASX Code: BUR

## Quarterly Activities Report

### Quarter ending 31<sup>st</sup> December 2015

The Board of Burleson Energy Limited (BUR) is pleased to provide the following update on the activities of the Company in the quarter ending 31<sup>st</sup> December 2015.

#### Activity Overview

- Entered binding heads of agreement to acquire Sky and Space Global.
- Developer of nano-satellite technology for use by global telco industry.
- Highly sophisticated disruptive technology, managed by aerospace experts.
- Shareholders to approve transaction in March 2016.
- Changes to Board announced.
- Cash at bank at 31 December 2015 was \$1.27 million.

#### Sky and Space Global

On 3 December 2015, Burleson announced it has entered into a binding heads of agreement pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in the nano-satellite technology company Sky and Space Global (UK) Limited (**SSG**) incorporated in England (incorporation number 9887327) (**Acquisition**).

SSG is a UK incorporated company founded by industry experts from the Israeli Research and Development centre of Aerospace and Satellite Industry. SSG plans to deploy nano-satellite constellations in orbit to provide global communication infrastructure and services to the telecommunications and international transport industries. The core SSG business is to construct a communication infrastructure based on nano-satellite technology and develop the highly complex and sophisticated software systems that will deploy, maintain orbit control

and handle communication code between each of the nano-satellites to give a global coverage.

The SSG business strategy is to provide low cost, nano-satellite communication coverage on an anywhere to everywhere basis with relatively low maintenance costs. Due to the experience and expertise of the founders and management of SSG, the business will be able to develop with inherent upgrading capabilities within short intervals, utilizing their unique IP-nanosat software protocols.

Further information on SSG, the terms of the Acquisition and conditions precedent are contained in the Company's ASX release dated 3 December 2015.

## Change of Activities

The proposed Acquisition of SSG will constitute a change in the nature and scale of the Company's activities from exploration and development of petroleum and gas properties in the USA to the business of operating a narrow-band communication network based on nano-satellites.

As part of the Acquisition, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from Burleson's shareholders at a general meeting. The Company will also be required, pursuant to Listing Rule 11.1.3, to re-comply with Chapters 1 and 2 of the Listing Rules.

The Company also intends, should the Acquisition successfully proceed, to dispose of its current assets being interests in several 2D and 3D seismic survey projects in the onshore Gulf of Mexico, associated petroleum leases and wells in the Heintschel field (Heintschel #2, Truchard #2H and Truchard #3 are producing gas and condensate, while D Truchard #1 and Heintschel #1 are currently shut-in) and the Joann #1 well on a separate structure, which is producing oil and gas.

If the Acquisition proceeds to the stage of convening the General Meeting, the Company also proposes to seek shareholders' approval at the General Meeting to change its name.

## Management of SSG

The management and founders are highly experience space experts, with vast engineering, commercial and operational experience both in traditional space and new space applications. The management team consists of:

- Mr. Meir Moalem (CEO);
- Mr. Meidad Pariente (CTO); and

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+ See chapter 19 for defined terms.

- Ms. Maya Glickman (COO).

Further information on the founders and management team of SSG is contained in the Company's ASX release dated 3 December 2015.

## Board Changes

During the quarter ending 31 December 2015, Mr Peter Wall and Mr Andrew Bald were appointed directors of the Company. At the same time, Dr Andrew Kugler and Mr Alex Sundich resigned as directors. Mr Sundich continues in his role as Company Secretary. Details of the background and experience of Mr Wall and Mr Bald were contained in the Company's ASX release of 27 October 2015.

In the event that the Company completes the Acquisition of SSG and immediately following settlement of the Acquisition, SSG will have the right to appoint Mr Brett Mitchell and three (3) additional directors to the Board of the Company. One of the existing directors, Peter Wall, will remain on the Board following settlement. Existing directors Mr Michael Sandy and Mr Andrew Bald will resign from the Board at that time.

It is SSG's intention to appoint the founding shareholders and executive management team members, Mr Meir Moalem and Mrs Maya Glickman, to the Board of the Company. Further details of the prospective Board appointees is contained in the Company's ASX release dated 3 December 2015.

## Equity Capital Raisings

Shortly before the commencement of the December 2015 quarter, Burleson announced a capital raising which secured \$1.26 million of additional funding for the Company. The announced capital raising consisted of a Share Placement to raise \$210,444 and a Rights Issue to raise \$1.05 million.

The Placement was made to institutional and sophisticated investors and was completed on 16 September 2015. A total of 105,222,285 shares were issued under the Placement, representing 25% of the Company's issued capital. The issue price of the Placement Shares was 0.2cents per share which equals the last closing price on Thursday, 10th September 2015.

Burleson also completed a 1:1 pro rata renounceable Rights Issue of 526,111,443 fully paid ordinary shares to raise \$1,052,222. The issue price of the new shares under the Rights Issue was 0.2 cents each. The Company lodged a prospectus for the Offer (Prospectus) with ASIC and the ASX on 18 September 2015 and the Rights Issue was completed on 20 October 2015.

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On 23 October 2015, Burleson completed a further Placement of 47,777,116 shares at an issue price of 0.2 cents per share, raising an additional \$95,554 of funds. The two Placements and Rights Issue raised a total of \$1.36 million, thereby effectively recapitalising the Company.

The proceeds of these equity capital raisings have and are being used to maintain the Company's existing oil and gas assets in good standing, evaluate alternative investment opportunities (including the SSG transaction), pay the transaction costs of the equity issues and provide additional working capital.

## Producing Wells

During the December quarter, oil and gas production from the Company's wells was solid. However, low oil and gas prices limited the cash flow derived from these operations.

There was no change to the Company's ownership interests in its producing wells during the December 2015 quarter.

## Quarterly Production

Gross Total Production for the quarter ended 31<sup>st</sup> December 2015 from each of the Company's wells that were in production is summarised in the table below.

Well	Gas		Condensate		Production Days	
	Total mcf	Avg mcf p.d.	Total bbls	Avg bbls p.d	Lost	Producing
Joann #1	22,974	252	800	9	1	91
Truchard #1	0	0	0	0	92	0
Heintschel #1	0	0	0	0	92	0
Heintschel #2	6,180	182	126	4	58	34
Truchard #2H	43,639	474	724	8	0	92
Truchard #3	18,867	230	165	2	10	82
<b>Totals for Qtr</b>	<b>91,660</b>	<b>1,138</b>	<b>1,815</b>	<b>23</b>		

+ See chapter 19 for defined terms.

## Working Interests

As at 31<sup>st</sup> December 2015, Burleson held the following ownership (working) interests in six producing oil and gas wells in South Texas, USA (no changes in the Quarter):

Well Ownership Percentages	As at 31 <sup>st</sup> December 2015
Joann #1	39.4%
Heintschel #1	38.0%
Heintschel #2	38.0%
D. Truchard #1	38.0%
Truchard #2H	50.0%
Truchard #3	50.0%

## Cash at hand

As at 31<sup>st</sup> December 2015, the Company had \$1.27 million in the bank.

## 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. Burleson's gross and net acres under lease are as follows, with no change over the December 2015 quarter:

	As at 31 <sup>st</sup> Dec. 2015	As at 30 <sup>th</sup> Sept. 2015
Gross Acres	3,183	3,183
Net Acres	1,628	1,628
Burleson's Average Interest	51%	51%

## New Farm-in / Farm-out agreements

During the December 2015 quarter Burleson did not enter into any farm-in or farm-out agreements.

For further information please contact:

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[www.burlesonenergy.com](http://www.burlesonenergy.com)

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**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.*

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