



ACN 117 770 745

## **LETTER OF OFFER**

# **NON-RENOUNCEABLE RIGHTS ISSUE**

One (1) New Share for every three (3) Existing Shares at \$0.06 to raise up to \$3.08 million

**The Rights Issue closes at 5pm on Monday 15 March 2010**

THIS DOCUMENT IS NOT A PROSPECTUS. THIS DOCUMENT DOES NOT CONTAIN ALL OF THE INFORMATION THAT AN INVESTOR MAY REQUIRE IN ORDER TO MAKE AN INFORMED DECISION REGARDING THE NEW SHARES OFFERED BY THIS DOCUMENT. THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY. IF YOU HAVE ANY QUERIES, PLEASE CONSULT YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

## **IMPORTANT NOTICE**

The offer made pursuant to this Letter of Offer is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of Burleson Energy Limited ACN 117 770 475 (**Burleson or Company**). ASIC and ASX take no responsibility for the content of this Letter of Offer.

This Letter of Offer is not a disclosure statement for the purposes of Chapter 6D of the Corporations Act. Burleson is offering the Shares under this Letter of Offer pursuant to section 708AA of the Corporations Act, without disclosure to investors under Chapter 6D of the Corporations Act. Accordingly, the level of disclosure contained in this Letter of Offer is significantly less than that required under a prospectus.

Information about the Company is publicly available and can be obtained from ASIC and ASX (including, its website [www.asx.com.au](http://www.asx.com.au)). This Letter of Offer is intended to be read in conjunction with the publicly available information in relation to Burleson which has been notified to ASX. Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of Burleson and disclosures made to the ASX and should consult their professional advisers before deciding whether to accept the offer under this Rights Issue.

New Shares will only be issued on the basis of this Letter of Offer in accordance with the terms set forth in this Letter of Offer.

### **Important document**

It is important that you carefully read this Letter of Offer in its entirety before deciding to invest in Burleson, and that you separately have regard to your personal circumstances (including financial and taxation issues) and you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Rights Issue that is not contained in this Letter of Offer. Any information or representation not contained in this Letter of Offer may not be relied on as having been authorised by Burleson in connection with the Rights Issue. Neither Burleson nor any other person warrants the future performance of Burleson or any return on any investment made under this Letter of Offer, except as required by law and then, only to the extent so required.

### **Restrictions on the distribution of this Letter of Offer**

This Letter of Offer does not, and is not intended to, constitute an offer of New Shares in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this Letter of Offer in jurisdictions outside Australia and New Zealand may be restricted by law and any person into whose possession this Letter of Offer comes (including nominees, trustees or custodians) should seek advice on, and observe, those restrictions. The New Shares have not been, and will not be, registered under the US Securities Act 1933 (as amended) and may not be offered in the United States or to, or for the account of or benefit of, United States persons.

Accordingly this Rights Issue is not being extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand. This Letter of Offer is not being sent to those Shareholders.

### **Defined terms and abbreviations**

Terms and abbreviations used in this Letter of Offer are defined in the Glossary (see Section 5).

### **Application for New Shares**

If you wish to apply for New Shares, you must complete and return the personalised Entitlement & Acceptance Form which accompanies this Letter of Offer. If you have not received a personalised Entitlement & Acceptance Form, please contact Burleson on (+612) 9450 2002.

### **Entire Agreement**

The terms contained in this Letter of Offer constitute the entire agreement between Burleson and you as to the Rights Issue and your participation in it to the exclusion of all prior representations, understandings and agreements between Burleson and you.

## KEY DATES

<b>Activity</b>	<b>Date</b>
Announcement of Rights Issue, lodge Appendix 3B, Cleansing Notice and sample Letter of Offer with ASX	<b>Tuesday 16 February 2010</b>
Notices of pro-rata non-renounceable offer sent to all Shareholders	<b>Wednesday 17 February 2010</b>
Record Date for determining entitlement to participate in the Rights Issue	<b>Wednesday 24 February 2010</b>
Offer Opens - Letter of Offer and Entitlement and Acceptance Form sent to Shareholders. Announcement on ASX that despatch has been completed	<b>Friday 26 February 2010</b>
Closing Date (5.00pm WST) for receipt of Entitlement and Acceptance Form	<b>Monday 15 March 2010</b>
Expected date for quotation of shares on ASX – Deferred settlement basis	<b>Tuesday 16 March 2010</b>
ASX notified of under-subscriptions	<b>Thursday 18 March 2010</b>
Anticipated date for the issue of New Shares and dispatch of holdings statements	<b>Monday 22 March 2010</b>
Normal ASX trading for New Shares commences	<b>Tuesday 23 March 2010</b>

These dates are indicative only and Bureson reserves the right (subject to the Corporations Act and the Listing Rules) to vary the dates and times outlined above without notifying you.

## LETTER FROM THE CHAIRMAN

16 February 2010

Dear Shareholder

The Directors of Burleson Energy Limited (the **Company**) are pleased to offer shareholders the right to participate in a pro-rata non- renounceable rights issue (**Rights Issue**) on the basis of one (1) new share for every three (3) existing shares held by shareholders at the record date of 24 February 2010 (**Record Date**) at 6 cents per share. The issue price is at the same price as the placement announced on 15 February 2010.

The funds raised by the issue will be applied towards funding the Company's participation in the drilling of 6 onshore gas and oil exploration wells located in Colorado County and Wharton County, Texas; and provide working capital for the Company

The Company has been very active over the last 6 months interpreting the 3D seismic data covering 119 sq miles in Colorado County (Texas) and securing land holdings over the prospective areas. Only recently has the Company been in the position to advise shareholders of the prospectivity of that area, and of two new large Wilcox prospects which were recently secured.

See our ASX releases of 27 January ("Two New Large Wilcox Prospects Secured") and of 2 February 2010 ("Investor Presentation").

After a period of inactivity the Company is pleased to advise the commencement of the following active drilling programme. The Company holds either a 36% or 38% working interest in all these wells:

- The first well, Brasher 1, spudded on 10 January 2010 and is targeting shallow Yegua reservoirs in the Colorado Country 3D seismic project area with potential reserves of up to 1.4 BCF of gas.
- From mid to late March (following the completion of the rights issue) a series of larger Wilcox targets will be drilled including at least one of the large new Wilcox prospects - with potential for 100 BCF of gas and 2.4 million barrels of oil. One discovery of that size has the potential to add over \$1 of value to BUR's share-price.
- Later in 2010 the Company plans to participate (possibly at a lesser working interest %) in a deep well aimed at stacked very large Edwards reef and Sligo reef reservoir targets (with potential to contain 600 BCF of Gas).

We appreciate the continued support of our loyal shareholders and believe that this Rights Issue gives shareholders the ability to participate further, on favourable terms, in our significant 2010 exploration drilling programme.

The Board recommends this Rights Issue offer to you.

**Norman Zillman**  
Chairman

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

## **SECTION 1 - DETAILS OF THE RIGHTS ISSUE**

### **1.1 1.1 The Offer**

1.2 The Company is making an Offer to Eligible Shareholders of up to **51,480,038** New Shares at an issue price of **\$0.06** for each New Share, by way of a pro-rata Non-Renounceable Rights Issue. The Offer Price is payable in full by Eligible Shareholders on acceptance of the Offer.

Each Eligible Shareholder is entitled to subscribe for one **(1)** New Share for every three **(3)** Existing Shares held on the Record Date.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements to New Shares have been rounded up to the nearest whole number of New Shares.

There is no minimum subscription under the Offer.

### **1.2 Eligible Shareholders**

To qualify for the Rights Issue, a Shareholder must:

- (a) be registered as a Shareholder at the close of business on the Record Date; and
- (b) have an address in Australia and New Zealand as recorded on the Share Registry as at the Record Date.

### **1.3 Purpose of the Rights Issue**

The purpose of the Rights Issue is to raise up to **\$3,088,802** before transaction costs which will be used by the Company to:

- (a) fund the Company's participation in the drilling of 6 onshore gas and oil exploration wells located in Colorado County and Wharton County, Texas; and
- (b) provide working capital for the Company.

### **1.4 Underwriting**

The Rights Issue is not underwritten and therefore there is no guarantee that all the projected proceeds of the Offer will be raised.

### **1.5 Shortfall**

Any part of the Entitlements not taken up by Eligible Shareholders, will form part of the Shortfall and the Directors reserve the right to issue the Shortfall at their discretion, to:

- (a) Eligible Shareholders to whom offers are made under this Offer;
- (b) other investors who fall within section 708 of the Corporations Act.

Any Shortfall will be issued within 3 months of the close of the Offer.

### **1.6 Allotment of New Shares**

New Shares under the Rights Issue are expected to be allotted by **20 March 2010** (subject to variation at the discretion of the Company).

## 1.7 ASX Quotation

Application will be made to the ASX within seven days after the date of this Letter of Offer for official quotation of New Shares issued under this Letter of Offer. If permission for quotation is not granted by ASX, the New Shares will not be allotted and Application Monies will be refunded (without interest) as soon as practicable.

## 1.8 Application Monies

Until New Shares are issued, the Company will hold the Application Monies on trust in bank accounts in Australia. The accounts will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Any interest accrued on Application Monies will be retained by the Company and will not be paid to the relevant Eligible Shareholder including if the Rights Issue is cancelled or withdrawn.

## 1.9 Market Prices for Shares on ASX

The lowest and highest market prices of Shares on ASX during the 3 months immediately preceding the date of this Letter of Offer were **\$0.06** and **\$0.085** respectively.

The volume weighted average price for Shares on the ASX over the 5 trading days preceding the date of announcement of the Rights Issue was \$0.08. The Issue Price therefore represents a discount of approximately 25% to this price.

## 1.10 Overseas shareholders

The New Shares being offered under this Letter of Offer are being offered to Eligible Shareholders with registered addresses in Australia and New Zealand.

The Company is of the view that it is unreasonable to make an offer under this Letter of Offer to shareholders with a registered address in a place outside Australia and New Zealand (**non-residents**) having regard to:

- (a) the number of non-residents in each place outside Australia and New Zealand to whom the offer would otherwise be made;
- (b) the number and value of Shares that would otherwise be offered for issue; and
- (c) the costs of complying with the laws and any requirements of any regulatory authority of each place where the Shares would otherwise be offered for issue.

Accordingly, the Company is not required to make offers under this letter of offer to shareholders outside of Australia and New Zealand.

## 1.11 Taxation Implications

Shareholders should be aware that there may be taxation implications of participating in the Offer and subscribing for New Shares. The taxation consequences of participating in the Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

### **1.12 Risk factors**

Burleson is an oil and gas exploration company. Accordingly, a decision to invest in the Company is a decision which is subject to a number of risks. A brief summary of risk factors is set out in Section 4.

Eligible Shareholders should consider these risks carefully and, if they are in any doubt, should consult their stockbroker or other professional adviser.

### **1.13 Rights and Liabilities Attaching to New Shares**

New Shares issued pursuant to this Letter of Offer will be fully paid ordinary shares in the capital of the Company and will rank equally with the Existing Shares.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected at Burleson's registered office.

### **1.14 Disclaimer**

No person is authorised to give any information or make any representation in connection with the Rights Issue or Offer described in this Letter of Offer, which is not contained in this Letter of Offer. Any information or representation not contained in this Letter of Offer may not be relied on as having been authorised by the Company in connection with the Rights Issue.

### **1.15 Financial Amounts**

Money as expressed in this Letter of Offer is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Letter of Offer and between those figures and figures referred to in other parts of this document are due to rounding.

## **SECTION 2 - ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

### **2.1 Entitlement and Acceptance Form**

A personalised Entitlement and Acceptance Form and a reply-paid envelope is enclosed for use by Eligible Shareholders. The Entitlement and Acceptance Form shows the number of Rights Issue Shares to which the Eligible Shareholder is entitled. Fractional Entitlements have been rounded down.

If you are eligible and wish to participate in the Rights Issue, it will be necessary for you to complete this personalised Entitlement and Acceptance Form. All applications for Rights Issue Shares must be made on the Entitlement and Acceptance Form. If you wish to take up all or part of your Entitlement under the Rights Issue, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the form.

Any application will be treated as an offer from the Eligible Shareholder to acquire Rights Issue Shares on the terms set out in this Letter of Offer. The directors of the Company reserve the right to reject any applications for Rights Issue Shares in whole or in part.

Please ensure the completed Entitlement and Acceptance Form and your payment for the Rights Issue Shares are received by Advanced Share Registry Services Limited no later than 5.00 pm WST on the closing date of **Monday 15 March 2010**, as follows:

**By hand delivery at  
Advanced Share Registry Services  
150 Stirling Highway  
Nedlands, WA, 6009**

**By post at  
Advanced Share Registry Services  
PO Box 1156  
Nedlands, WA, 6909**

### **2.2 Non-acceptance of Entitlement**

If you do not wish to take up any part of your Entitlement under the Rights Issue, you are not required to take any action. If you decide not to accept all or part of your Entitlement, that part of your Entitlement not accepted will form part of the Shortfall. Furthermore, if you do not take up your Entitlement, your percentage holding in the Company will be diluted.

### **2.3 Applying for Additional New Shares**

Having applied for your full Entitlement, you may wish to apply for more New Shares than the number shown on your Entitlement and Acceptance Form. That is, you may wish to apply for "Additional Shares". To do this, complete the "*Additional Shares*" section provided on the Entitlement and Acceptance Form.

Applications for Additional Shares may be considered if a Shortfall exists. Additional Shares will be issued to Eligible Shareholders at the discretion of the Directors. There is no guarantee that you will receive Additional Shares.

### **2.4 Shortfall**

The Directors reserve the right to issue any Shortfall at their discretion.

As set out in section 2.3, Eligible Shareholders may apply for Additional Shares which may be issued in the case of a Shortfall.

## SECTION 3 – EFFECT OF THE RIGHTS ISSUE

### 3.1 Capital structure on completion

The table below illustrates the proposed capital structure on completion of the Rights Issue.

Shares	Number
Shares on issue at the date of the Letter of Offer	154,440,114
Maximum Rights Issue Shares available under the Offer	51,480,038
Maximum number of total Shares potentially on issue at completion of the Offer	205,920,152

### 3.2 Existing Capital Structure

The Company currently has the following securities on issue:

Security	Terms	Number
Shares	Ordinary Fully Paid Shares	154,440,114
C-Class Shares	Each convertible into 150,000 ordinary shares upon certain criteria on or before 31 December 2010	45
Listed Options	Options with an exercise price of \$0.25 on or before 31 August 2010	55,100,001
Employee Options	(a) 600,000 options at an exercise price 15 cents per share, (b) 900,000 options at an exercise price 20 cents per share, (c) 1,000,000 options at an exercise price 25 cents per share.  All employee options expire 30 June 2012	2,500,000
Convertible Notes - \$1.00 each	Bearing an interest rate of 10% per annum, with a maturity date of 31 December 2010.	1,450,000

### 3.3 Financial effects of the Offer

The Company is seeking to raise gross proceeds of approximately \$3.1 million from the Offer.

The effect of the Offer will be to increase the number of Shares on issue and increase the cash held by the

Company (assuming the Offer is fully subscribed) from approximately \$2,378,256 to \$5,322,738. There is no minimum subscription and the Offer is not underwritten. Expenses of the Offer are expected to be approximately \$140,000.

The proceeds will be applied towards funding the Company's participation in the drilling of 6 onshore gas and oil exploration wells located in Colorado County and Wharton County, Texas and provide working capital for the Company.

### **3.4 Effect on capital structure**

The effect of the Offer on the capital structure is set out in section 3.1.

The total number of New Shares to be issued pursuant to this Offer, if fully subscribed, will be approximately 51,480,038 (the exact number depends on rounding-up of individual holdings).

### **3.5 Effect of the Rights Issue on the holders of options, convertible notes and C-class shares**

Given that the exercise price of the Options is significantly higher than the recent Share price on ASX, the Company does not expect any Options to be converted prior to the Record Date for the Rights Issue.

Given that the right to convert the 45 C-Class Shares currently on issue into Shares has not arisen, C-Class Shares will not be converted into Shares prior to the Record Date.

In order to take part in the Rights Issue, the Convertible Notes must first be converted into ordinary shares. Given that the exercise price of the Convertible Notes is significantly higher than the recent Share price on ASX, the Company does not expect any Convertible Notes to be converted prior to the Record Date for the Rights Issue.

### **3.6 Impact on control**

The Directors do not believe that the Rights Issue will have an effect on control of the Company, including without limitation for the following reasons:

- No individual shareholder owns more than 6% of the Shares on issue.
- The rights issue increases the Shares on issue by no more than one third.

### **3.7 Directors**

All the Australian based Directors of the Company intend to take up all their respective Entitlements.

### **3.8 Arrangements with brokers**

The Company will pay a commission of 3% on Entitlement and Acceptance Forms which bear a Brokers stamp.

## **SECTION 4 -RISK FACTORS**

### **4.1 The Rights Issue is substantially undersubscribed**

The Rights Issue is not underwritten. As a result, there may be a Shortfall in the subscriptions from Shareholders. The Company intends to place any Shortfall however, to the extent that a Shortfall is not placed, the ability of the Company to fund new drilling wells may be reduced.

### **4.2 Law, regulatory and policy risk**

Changes in government legislation, regulation and policy in jurisdictions in which the Company operates may adversely affect the operations of the Company, future earnings of the Company, asset values held by the Company, the timing of revenues and the market value of Shares quoted on the ASX.

### **4.3 Economic Conditions**

Economic conditions in Australia, the United States and globally, may affect the performance of the Company. Factors such as currency fluctuations, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenue and the Share price can be affected by these factors all of which are beyond the control of the Company or its Directors. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. In addition, the Company's ability to raise additional capital, may be affected.

### **4.4 Foreign Exchange Risk**

The Company's main business undertakings are based in the United States. As a result, revenues, cash flows, expenses, capital expenditure and commitments will be primarily denominated in United States dollars.

However, Bursledon presents its accounts in Australian dollars. This results in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the price of oil and gas and the exchange rates, as determined in international markets.

### **4.5 Oil and Gas Price Volatility - United States Market**

The demand for, and price of, oil and gas is dependent on a variety of factors including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic political developments.

### **4.6 Oil and Gas Operations in the United States**

The system for obtaining title to oil and gas leases in Texas is complex given that numerous parties may hold the undivided mineral rights to a particular tract of land. In order to independently verify that the parties with whom the Company is dealing are correct and sole holders of the mineral rights and to analyse the full rights and restrictions applying to the interest held by those parties requires that a company obtain detailed title opinion from appropriately qualified and experienced lawyers. This can be a lengthy and expensive process and the final opinions are often the subject of numerous qualifications. It is therefore customary that such title opinions are not sought until the Company proposes to conduct a drilling operation and/or expend significant amounts of money on a particular lease.

As a consequence there may be third parties that hold or claim mineral rights in relation to the certain properties in which the Company may have an interest, which have not previously been identified.

Further, some of the leases in which the Company has an interest may have a fixed term and be subject to applications for renewal. The renewal term of each permit or licence is usually at the discretion of the relevant lessor.

#### **4.7 Regulation in the United States – General**

The oil and gas industry in the United States is extensively regulated. Extensive federal, state, local and foreign laws and regulations relating to the exploration for and development, production, gathering and marketing of oil and gas will affect the Company's operations. From time to time, regulatory agencies have imposed price controls and limitations on production.

Numerous environmental laws impact and influence our operations. As with the industry in general, compliance with existing and anticipated regulations increases the overall costs of business. Environmental regulations have historically been subject to frequent change and, therefore, one cannot predict with certainty the future costs or other future impacts on environmental regulations on future operations. If the Company fails to comply with environmental laws it may be subject to liabilities to the government and third parties, including civil and criminal penalties. New laws or regulations, or modifications of or new interpretations of existing laws and regulations, may increase substantially the cost of compliance or adversely affect oil and gas operations and financial conditions.

#### **4.8 Regulations in the United States – Sale of Gas**

Most sales of natural gas are not currently regulated and are generally made at market prices. The price received from the sale of these products is affected by the cost of transporting the products to market.

#### **4.9 Regulation in the United States – Exploration and Production**

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

Permits are required by the State of Texas for drilling operations, drilling bonds and the filing of reports concerning operations and they impose other requirements relating to the exploration and production of oil and gas.

The Company is required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which impose a substantial rehabilitation obligation on the Company, which may have a material adverse affect on the Company's financial performance.

#### **4.10 Exploration and Development Risks**

There is no assurance that exploration and development of the prospects in the properties in which the Company may have an interest, or any other projects that may be acquired in the future, will result in the discovery of an economic oil and gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

#### **4.11 Drilling and Operating Risks**

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of such risks. Hazard incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures, or other factors are inherent in drilling and operating wells and may be encountered by the Company.

Industry operating risks including the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards, the occurrence of any of which could result in substantial losses to the Company. Although the Company believes that it or the operator will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's or the operator's insurance may not cover or be adequate to cover the consequence of such events. In addition, the Company may be subject to liability for pollution, blow-outs or other hazards against which the

Company or the operator does not insure or against which it may elect not to insure because of high premium costs or other reasons.

#### **4.12 Ability to Exploit Successful Discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. The infrastructure requirements around a successful discovery may also impact on the exploitation of a discovery. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

#### **4.13 Hydrocarbon Reserve Estimates**

Hydrocarbon reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations.

## SECTION 5 - GLOSSARY

<b>\$</b>	Australian dollars (and references to cents are to Australian cents).
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ABN 98 008 624 691.
<b>ASX Listing Rules</b>	the official listing rules of ASX.
<b>Burleson or Company</b>	Burleson Energy Limited ACN 117 770 475
<b>Board</b>	the board of directors of Burleson.
<b>Business Day</b>	a day that is not a Saturday, Sunday, or any other day which is a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made.
<b>C-Class Shares</b>	the existing C-Class Shares on issue in the Company.
<b>Closing Date</b>	<b>Monday 15 March 2010</b> (unless extended).
<b>Constitution</b>	the constitution of Burleson as amended from time to time.
<b>Convertible Note</b>	The existing convertible notes on issue in the Company.
<b>Corporations Act</b>	the Corporations Act (2001) (Cth) as amended from time to time.
<b>Directors</b>	the directors of Burleson.
<b>Eligible Shareholder</b>	a shareholder of the Company on the register as at the Record Date other than an Excluded Shareholder.
<b>Entitlement and Acceptance Form</b>	the entitlement and acceptance form attached to this Letter of Offer.
<b>Entitlement</b>	the number of New Shares to which you are entitled as shown in the Entitlement and Acceptance Form.
<b>Excluded Shareholder</b>	A shareholder with a registered address in a place outside of Australia and New Zealand.
<b>Existing Shares</b>	Shares on issue at the Record Date.

<b>New Share or New Shares</b>	the Shares to be issued pursuant to this Letter of Offer at <b>\$0.06</b> per Share.
<b>Offer</b>	the offer of New Shares under this Letter of Offer.
<b>Option</b>	the existing options on issue over Shares in the Company.
<b>Record Date</b>	<b>Wednesday 24 February 2010.</b>
<b>Related Body Corporate</b>	is a body corporate that is related to a body by virtue of section 50 of the Corporations Act.
<b>Rights Issue or Issue</b>	the entitlement of New Shares available for issue under this Letter of Offer.
<b>Shares</b>	fully paid ordinary shares in the capital of Burleson.
<b>Shortfall</b>	New Shares offered under the Offer for which valid applications have not been received from Eligible Shareholders pursuant to their Entitlement on or before the Closing Date.