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Burlison Energy Ltd

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17 February 2010

Dear Shareholder

The Directors of Burlison 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 2010 ("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 2010 (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.burlisonenergy.com