



3 December 2015

The Manager  
Market Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### **Acquisition of a Nano-Satellite Technology Company**

The Board of Burlison Energy Limited (ASX: BUR) (**Burlison or the Company**) is pleased to announce it has entered into a binding heads of agreement (**Agreement**) pursuant to which it has agreed, subject to satisfaction of certain conditions precedent, to acquire 100% of the shares in a nano-satellite technology company Sky and Space Global (UK) Limited (**SSG**) incorporated in England (incorporation number 9887327) (**Acquisition**).

#### **Transaction Highlights:**

- Highly sophisticated nano-satellite technology set to revolutionise the existing satellite communications industry - highly price disruptive to current market
- SSG will have the ability to provide phone and messaging communication solutions anywhere globally
- Technology developed by a highly experienced and credentialed team with internationally recognised satellite and aerospace industry experience
- Positioning to disrupt the growing \$5 billion revenue global satellite narrow-band communications market (forecast to be worth \$10 billion by 2021)
- Existing communication via satellites is expensive and inaccessible to everyday users and requires dedicated receivers
- SSG's technology has the potential to offer communication rates significantly cheaper, than existing providers due to significantly lower costs of operation
- Proceeding to pilot phase through the launch of two or three nano-satellites to form a constellation and initial network
- Upon completion of pilot phase, commencement of initial limited service commercial communication and revenue generation

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**Burlison Energy Limited**  
ABN 73 117 770 475  
  
Phone: +61 2 8252 6177  
Facsimile: +61 2 8252 6178  
[www.burlisonenergy.com](http://www.burlisonenergy.com)

**Registered Office / Administration**  
Level 6  
9 Barrack Street  
SYDNEY NSW 2000  
Australia

**Mailing Address**  
GPO Box 92  
SYDNEY NSW 2001  
Australia

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- Significant interest already received from parties interested in securing bandwidth from SSG once operated
- Unique window to capitalise on an opportunity in a significant growing market to provide affordable voice, data and messaging communication services globally
- SSG founders are highly experience space experts, with vast engineering, commercial and operational experience both in traditional space and new space applications.

### ***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 (**SSG Business**)

As part of the Acquisition, the Company will be required, pursuant to Listing Rule 11.1.2, to obtain approval from Burluson'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.

### ***SSG Global - World Experts and Highly Disruptive Business Plan***

SSG, a UK incorporated company with an Israeli Research and Development centre of Aerospace and Satellite Industry Experts, plans to deploy nano-satellites 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 base with relatively low maintenance costs. Due to the experience and expertise of the founders in the aerospace industry, the business will be able

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to develop with inherent upgrading capabilities within short intervals, utilizing their unique IP-nanosat software protocols.

**Key SSG Management Team:**

The SSG management team consists of the following significant experienced individuals:

**CEO - Mr. Meir Moalem:** A jet fighter pilot, Lt. Col (Res.) of the IAF, has over 20 years of experience in management, R&D and operation of state-of-the-art projects in Space Systems and Unmanned Aerial Systems, among those acting as a deputy sq. commander and leading the MEIDEX experiment on Space Shuttle Columbia (STS-107) as the project manager for Israel's first astronaut flight, Managing Israel's satellite projects (such as Ofeq, Tecsar) and more. Meir has a B.Sc. in Physics and computer sciences (with honors) and an M.A. from the Diplomacy and National Security executive program (with honors). Currently he is working on his PhD in national security and space programs in Tel Aviv University, Israel. Meir has also received the Israel National Defense award in 2009.

**CTO – Mr. Meidad Pariente:** With more than 20 years of hands-on experience in the space industry, Meidad is a founder of SSG and will be the Chief Technical Officer. Meidad started as AMOS-1 satellite operator. Later was the Deputy Mission Manager of AMOS-2. Chief systems engineer of AMOS-3 successfully launched in 2008, and special engineering advisor for AMOS-5, launched in 2011. Meidad led a team of Israeli engineers and scientists designing the VENUS project, a joint Israeli-French hyper spectral satellite. As the chief system engineer, Meidad is a leading nanosatellite expert and has "hands on" experience, industry know-how and connections (Europe and US). A year and a half ago, Meidad and his wife Maya Glickman lead the "Duchifat-1" project, the first Israeli nano-satellite which was launched successfully in June 2014 and is still active. Meidad is also a special advisor for space insurance underwriters and brokers, performing risk assessments and failure analysis. Meidad Holds a Masters of Engineering degree in Systems Engineering from The Technion, and a Bachelor of Science degree in Physics from Tel Aviv University.

**COO – Ms. Maya Glickman:** highly experienced and regarded as a global industry leader, Maya Glickman is SSG's Chief Operating Officer and will lead the SSG team on satellite mission analysis, mission control software development, and operations management. Maya is MASTER STK certified and was a Senior Satellite Engineer of communications satellite with wide experience in satellite operations. Maya was part of the AMOS-3 development team, LEOP and IOT missions as well as the AMOS-1 end of life mission team. Maya designed and optimized several large scale constellations for earth observation and communication use, and was involved in the assembly, integration and testing of "Duchifat-1", the first Israeli Nanosatellites. Maya has a B.Sc. in Aerospace Engineering and M.E in System Engineering, both from the Technion Aerospace faculty, and is also a graduate of the 2004 ISU summer session program in Adelaide, Australia. Recently Maya was nominated Associate Chair of the space engineering department in the International Space University summer session program 2016.

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## Acquisition Terms

Pursuant to the Agreement, the Company has agreed to acquire 100% of the issued share capital in SSG, subject to the satisfaction or waiver of conditions precedent.

A summary of the key terms of the Acquisition is set out below. The Terms Sheet also contains warranties and indemnities granted by and to Burleson, among other terms.

### 1. Consideration

In consideration for SSG entering into the Agreement, the Company will pay US\$100,000 to SSG within 5 business days of execution of the Agreement.

Subject to satisfaction or waiver of conditions precedent to the Acquisition (summarised in section 2 below), in consideration for acquiring 100% of SSG's shares, the Company has agreed to issue upon settlement of the Acquisition, the following securities to the vendors of SSG (**SSG Shareholders**):

- 3,700,000,000 fully paid ordinary shares in the capital of the Company (**Shares**); and
- 1,500,000,000 performance shares divided into three tranches of 500,000,000 (**Performance Shares**). Each of the Performance Shares will convert into one Share upon satisfaction of the relevant milestone set out below.
  - 500,000,000 Performance Shares (**A Class Performance Shares**) will convert if SSG executes a launch contract for at least two nano-satellites within eighteen (18) months of settlement of the Acquisition (**Settlement**);
  - 500,000,000 Performance Shares (**B Class Performance Shares**) will convert if SSG completes the design and manufacture of a working nano-satellite together with the integration of requisites systems and communication capability, including a Launch Readiness Review (**LRR**) of the nano-satellite by its manufacturer to prove that the nano-satellite is fully validated and tested for launch, within twenty four (24) months of Settlement; and
  - 500,000,000 Performance Shares (**C Class Performance Shares**) will convert if successfully launches at least two nano-satellites and completes successful full service testing of operating system to confirm delivery of voice and messaging data, including an In-Orbit Acceptance Review (**IOAR**) conducted by the nano-satellite manufacturer or a qualified independent third party to demonstrate that the communication payload is operating according to specifications, within thirty (30) months of Settlement.

The Performance Share terms are subject to ASX's approval, which approval is a condition precedent to completion of the Acquisition.

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## 2. **Conditions Precedent**

Settlement of the Acquisition will be subject to a number of conditions precedent, including, but not limited to:

- **Due diligence:** The completion of financial, legal and technical due diligence by the Company in relation to SSG and vice versa to their absolute satisfaction.
- **Shareholder and regulatory approval:** The Company, SSG and the SSG Shareholders obtaining all necessary shareholder and regulatory approvals required in relation to the Acquisition and other matters contemplated by the Agreement (which includes receipt of ASX's conditional approval to reinstate the Company's quoted securities to trading).
- **Consolidation:** If required to satisfy the ASX Listing Rules, completion of a consolidation of the capital of Burleson on the minimum ratio required to satisfy the ASX Listing Rules and to be agreed between Burleson and SSG, acting reasonably.
- **Re-Compliance Capital Raising:** The Company lodging a prospectus with the ASIC for the purpose of ASX reinstatement requirements and to raise an indicative minimum of \$4,000,000 under that prospectus by the offer, subject to shareholders' approval, of Shares at an issue price of no less than \$0.02 cents each (post any required consolidation) (**Prospectus**).
- **Escrow Arrangements:** to the extent required by ASX, the Company or the ASX Listing Rules, each of the SSG Shareholders entering into a restriction agreement as required by ASX imposing such restrictions on trading of those securities as mandated by the ASX Listing Rules.

The conditions precedent to completion of the Acquisition must be satisfied within four months after the date of the Agreement (or such later date as SSG and the Company may agree).

### **Loan Agreement**

The Company and SSG have also entered into a loan agreement (**Loan Agreement**) pursuant to which the Company has agreed to advance loan funds of up to US\$500,000 (or any other amount as may be agreed between the Company and SSG), interest-free, to SSG (**Facility Limit**). Key terms of the Loan Agreement are as follows:

- The Loan Agreement is subject to and conditional upon completion of the mutual due diligence investigations required by the Agreement as set out in section 2 above.
  - Subject to satisfaction or waiver of the conditions precedent, the Company will make advances to SSG up to the Facility Limit, with an initial advance equal to US\$250,000.
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- SSG must use the loan funds towards its operating budget to advance the commercial roll out of the SSG business, which has been agreed to under the Agreement.
- Repayment of the loan will occur on the earlier (to the extent such occurs) of:
  - two (2) months after the End Date under the Agreement, provided that this shall only be considered to be a repayment date in the event that the SSG Shareholders (rather than the Company) have unreasonably chosen to not proceed to Settlement;
  - consummation of an equity investment into SSG from a third party investor of at least US\$1,000,000 (**Financing**); and
  - the date that the Loan is converted into Shares in accordance with this Agreement.
- If repayment of the loan arises due to a Financing, SSG may elect to convert the outstanding monies due under the loan into Shares at a deemed issue price per Share which is a 20% discount to the price per share in the Financing.

### ***Shareholder approval and terms of securities***

A general meeting is proposed to be convened to approve the change in activities (pursuant to Listing Rule 11.1.2) referred to above, as arising from the Acquisition, the Capital Raising, any consolidation and associated business (**General Meeting**).

### ***Proposed change in Burleson's board and management***

Following Settlement, SSG will have the right to appoint 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.

Pursuant to the Transaction, SSG will appoint the following founding shareholders and executive management team members, **Mr Meir Moalem** and **Mrs Maya Glickman**, to the board of the Company. Their executive summaries including details of their aerospace industry experience are set out above.

### **Mr Brett Mitchell**

Mr Mitchell is a corporate finance executive with over 25 years of experience primarily in the finance, capital markets and resources industries. He has been involved in the founding, financing and management of early stage resources and technology companies and currently holds executive and non-executive directorship roles on ASX listed MGC Pharmaceuticals Ltd (ASX:MXC) and Digital CC Ltd (ASX:DCC) respectively.

Following Settlement of the Transaction, Mr Mitchell will be appointed to the board as the corporate director of the Company, and SSG group of companies.

Mr Mitchell holds a Bachelor of Economics from the University of Western Australia and is also a member of the Australian Institute of Company Directors (AICD).

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### **Change of Company name**

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.

### **Indicative Timetable**

The indicative timetable for the matters contemplated by the Acquisition is set out below.

<b>Indicative Timetable*</b>	<b>Date</b>
Despatch of Notice of Meeting	22 December 2015
General Meeting held to approve the Acquisition	28 January 2016
Lodgement of Prospectus with the ASIC	2 February 2016
Opening Date of the Offer	2 February 2016
Closing Date for Offer	23 February 2016
Issue of Shares under the Offer	26 February 2016
Settlement of the Acquisition <sup>^</sup>	26 February 2016
Re-quotations of Securities (including Shares issued under the Offer) on ASX	9 March 2016

\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice. The Company also reserves the right not to proceed with any of the Offer at any time before the issue of Shares to Applicants.

<sup>^</sup> The above stated date for Settlement of the Acquisition is only a good faith estimate by the Directors and may have to be extended.

### **Indicative Capital Structure**

Set out below is the indicative capital structure of the Company following completion of the Acquisition and associated Capital Raising. The anticipated capital structure of the Company is only an estimate and is subject to variation.

<b>SHARES</b>	
Shares currently on issue	1,100,000,000
Consideration Shares <sup>1</sup>	3,700,000,000
Facilitation Shares	200,000,000
<b>TOTAL<sup>1</sup></b>	<b>5,000,000,000</b>

**Notes:**

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1. This assumes that no options in the Company are exercised and that none of the Performance Shares milestones are satisfied at Settlement.
2. In addition to the above, the Company also intends to proceed with the Capital Raising to raise up to A\$4 million at an issue price to be determined. Therefore, the number of Shares issued under the Capital Raising will depend on the raising price. If the Capital Raising offers A\$4 million worth of Shares at A\$0.02 per Share (the minimum price permitted by ASX), a total of 200,000,000 Shares will be issued.

<b>PERFORMANCE SHARES</b>	
Existing Performance Shares	Nil
A Class Performance Shares	500,000,000
B Class Performance Shares	500,000,000
C Class Performance Shares	500,000,000
<b>Total Performance Shares</b>	<b>1,500,000,000</b>

<b>OPTIONS</b>	
Unquoted options currently on issue <sup>1</sup>	22,500,000
<b>TOTAL<sup>2</sup></b>	<b>22,500,000</b>

**Notes:**

1. Comprising: 18,500,000 options (exercise price A\$0.08, expiry 5 December 2015; 4,000,000 options (exercise price A\$0.03, expiry 1 December 2016).
2. This assumes that no options in the Company are exercised

***Pro forma balance sheet***

The Company is not currently in a position to provide a pro-forma balance sheet showing the effects of the Acquisition on the Company. The Company will release a pro forma balance sheet upon conclusion of its due diligence investigations into SSG.

**For further information please contact:**

**Peter Wall**                      or    **Andrew Bald**  
 Director                              Director / CEO  
 +61 8 9321 4000                      +61 2 9002 5410

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

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