



ABN 24 119 737 772

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FIFTH LEIGHTON WELL - TYLER RANCH #4
OLMOS PRODUCTION AND EAGLE FORD POTENTIAL

Texon Petroleum Ltd ("Texon") advises that it plans to drill a fifth Leighton Olmos production well and that the well will be deepened to investigate whether the Eagle Ford Shale contains producible oil and gas at Leighton.

Leighton – Olmos

The Olmos is the oil and gas productive reservoir in the first three producing Leighton wells (Peeler #1, Tyler Ranch #1 and Tyler Ranch #2) and is the target for the fourth (Tyler Ranch #3) and fifth (Tyler Ranch #4) Leighton wells.

Tyler Ranch Nos. 2, 3, and 4 are on three (3) of the 12 Proved Undeveloped well locations which made up part of the Company's mid year proved reserves of 1.1mboe. The test result of Tyler Ranch #2 was reported earlier today. When Tyler Ranch #3 and Tyler Ranch #4 have been drilled, there will be nine remaining Proved Undeveloped well locations and 16 other potential drillable locations available for drilling further Leighton production wells.

Tyler Ranch #4

Tyler Ranch #4 is located approximately 320m West of Tyler Ranch #1 and is scheduled to begin drilling in early October and take 12-15 days to reach the Olmos target at about 8,800ft (2,682m). The well will then be deepened by 2,000ft (610m) to investigate whether the Eagle Ford Shale is oil and gas bearing at Leighton and this should take a further 5-7 days.

Leighton (1,280 Acres)

Texon has a 70% Working Interest (52.5% beneficial interest) in 800 acres and a 100% Working Interest (75% beneficial interest) in the other 480 acres. As set out in the Company's recent presentations, such an area could possibly involve the drilling of 30 production wells on the Proved Undeveloped and other locations representing an overall Olmos potential at Leighton to Texon at 70% Working Interest of 2.5mboe.

On the basis of a US\$70/bbl oil price and an average gas price of US\$6.50/mcf over the next five years (from NYMEX 10/9/09), then a 30 well success case could represent a return to Texon of some A\$100 Million (exchange rate 0.85) after allowing for drilling and operating costs.

The additional potential of the Eagle Ford Shale at Leighton to Texon is set out below.

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Leighton – Eagle Ford Shale (“EFS”)

The EFS is mapped to be present under the Company's 1,280 acres of leases at Leighton. It is estimated to have about the same thickness as reported in the Petrohawk and Antares EFS wells which are located some 25km to the south west of Leighton. Antares recently reported the EFS result of the Frances Dilworth No 2 well.

In its “Barclay's 2009 CEO Energy / Power Conference September 9, 2009” presentation, Petrohawk's CEO estimated that each EFS horizontal well costing US\$4.5-5 Million (H2 2009 cost) could produce 5-6 bcfe and that the average initial production rate for the first 11 Petrohawk EFS wells is 8.9 mmcfgepd.

Petrohawk refers to an 80 acre well spacing with an 80% risking, and notes that multi-stage fracture stimulation of recent wells has resulted in the 30 day average initial production rate being 35-75% higher than the average rate for its first 7 wells.

Using the Petrohawk metrics, Texon's 1,280 acre Leighton leases could, at 70% Working Interest, have a potential to Texon of 37 bcfe (6.1 mmoeb).

On the basis of a US\$70/bbl oil price and an average gas price of US\$6.50/mcf over the next five years (from NYMEX 10/9/09), then an Eagle Ford Shale success case could represent a return to Texon of some A\$250 Million (exchange rate 0.85) after allowing for drilling and operating costs.

Mosman (1,434 Acres)

In addition to its lease holding at Leighton, Texon has a 100% WI in 1,434 acres at Mosman (a Leighton Olmos look-alike) 4km to the south west of Leighton. Texon is seeking farmin partners for the first well on Mosman to drill both the Olmos and the EFS – possibly in the first quarter of 2010. Mosman could have potential in the Olmos and the EFS which is similar to that at Leighton.

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Glossary:

bbl: barrels
bcfe: billion cubic feet equivalent
mcf: thousand cubic feet
mmoeb: million barrels of oil equiv (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
mmcfgepd: million cubic feet of gas equivalent per day
NYMEX: New York Mercantile Exchange