



ABN 24 119 737 772

25 November 2009

IMPORTANT NEW RESOURCE FOR TEXON
LEIGHTON (TYLER RANCH #4)
197 FEET OF POTENTIAL PAY

The fifth Leighton Olmos production well was deepened below the Olmos to investigate the Eagle Ford Shale. The well had oil and gas shows during drilling the Eagle Ford and there were also oil and gas shows in the Buda and Edwards Limestone (below the Eagle Ford).

At Texon's current working interests in Leighton, Mosman and Rockingham, the logged pay represents a resource potential of some 50 mboe to the Company.

197 Feet of Potential Pay

Analysis of the electric logs from the well by Oil & Gas Evaluations and Consulting, LLC (Olmos) and NuTech Energy Alliance (Eagle Ford / Buda / Edwards) indicates 197 feet of pay in the well. Refer to the attached cross-section for the sequence of these formations.

Oil and Gas Pay (Feet)	
Olmos	28
Eagle Ford	142
Buda / Edwards	27
	197

The Olmos reservoir in Tyler Ranch #4 has been placed on production – refer to the Company's announcement of 18 November 2009.

Location

The location of Texon's Leighton / Mosman / Rockingham holdings is shown on the *attached map*. The closest two Petrohawk Eagle Ford production wells to the south west averaged an initial production rate of 4.2 mmcfpgd and 310 bopd (i.e. an average of 75 barrels of oil per million cubic feet of gas). Pioneer's recent Eagle Ford well to the east flowed at 8.3mmcfpgd and 500 bopd (i.e. an average of 60 barrels of oil per million cubic feet of gas). Average initial rate of Eagle Ford wells in the Sugarkane field to the north east was 2.1 mmcfpgd and 347 bopd (i.e. an average 160 barrels of oil per million cubic feet of gas). The recent ConocoPhillips Bordovsky #1 flowed at an initial rate of 1,500 bopd and 4mmcfpgd (375 bbls per million cubic feet of gas).

For personal use only

Rock Characteristics

The electric log response of the Eagle Ford in Tyler Ranch #4 is reported by NuTech to be similar to the liquids rich Eagle Ford which is being developed in the Hawkville area. NuTech also reports that the log calculated porosities and permeabilities of the Eagle Ford in Tyler Ranch #4 are in line with better quality Eagle Ford wells. Eagle Ford porosity in Tyler Ranch #4 averages 12% but ranges up to 18%. Log derived permeabilities are calculated to be well above the threshold required for Eagle Ford productivity. Total organic carbon ("TOC") in the Eagle Ford in Tyler Ranch #4 averages 2.2% with some intervals up to 6%. Log derived gas saturation averages 72% with some intervals being 90%. Approximately 75% of the rock is Limestone suggesting that the Eagle Ford with the above properties in Tyler Ranch #4 should respond well to production enhancing fracture stimulation.

Potential Resource Volume – Eagle Ford

Using the NuTech analysis and an average 75 barrels of oil per million cubic feet of gas, the 142 feet of Eagle Ford could contain 193 bcfe of oil and gas in place per section (640 acres). USA company, Petrohawk, which is actively drilling and producing the Eagle Ford, indicates an expected recovery of 21-24% so that Texon's 4,549 acres of Leighton, Mosman and Rockingham leases (where on the basis of seismic data, the Eagle Ford Shale is expected to be present) are estimated to contain a gross recoverable contingent resource of 310 bcfe (51.5 mmboe).

At Texon's current working interests in Leighton, Mosman and Rockingham ⁽¹⁾, this represents a resource potential of 292 bcfe (48.6 mmboe) to the Company in its Leighton, Mosman and Rockingham leases combined.

These volumes don't include the potential gas and oil in the Buda and Edwards Limestones.

Mosman and Rockingham

The first vertical wells each of Mosman and Rockingham are expected to be drilled in the second quarter of next year and each well will be deepened through the Eagle Ford to confirm the Eagle Ford's presence at these locations.

Eagle Ford Well

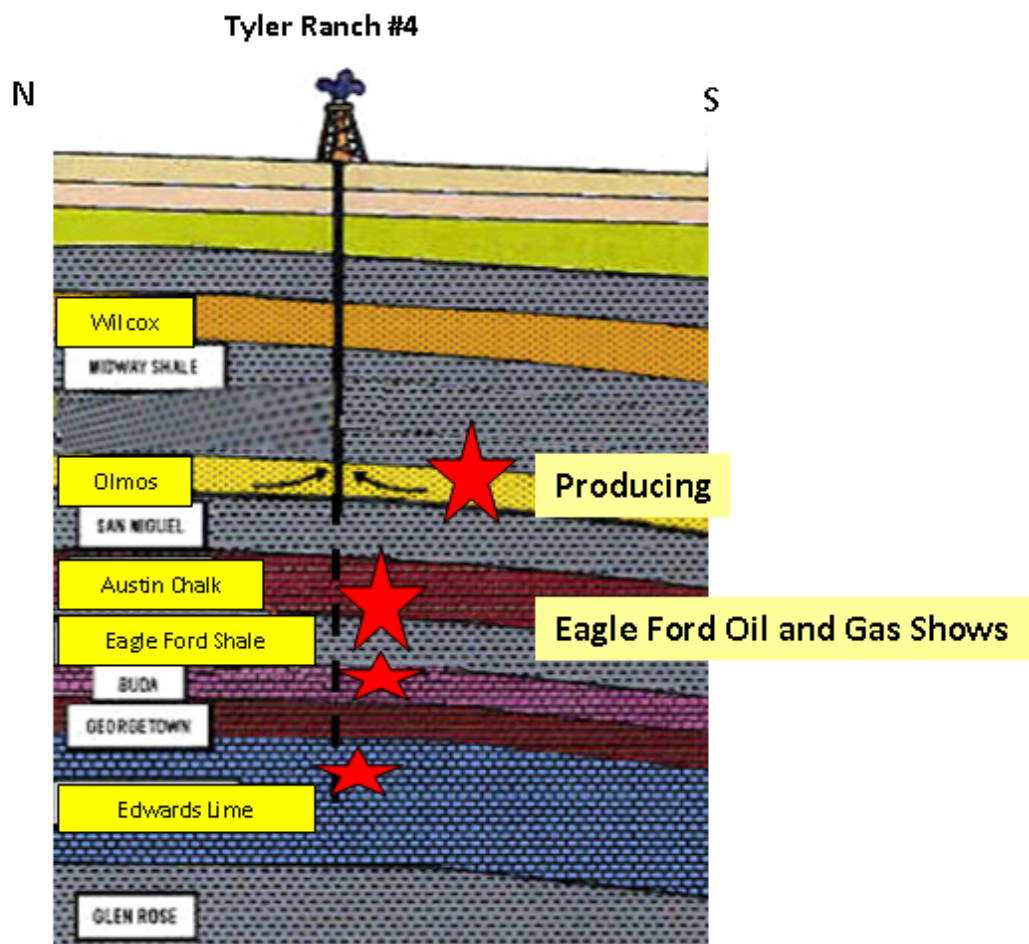
After the Mosman and Rockingham vertical wells have been drilled, a location will be selected for a horizontal well into the Eagle Ford to be drilled, fracture stimulated, and tested, possibly in the third quarter of 2010.

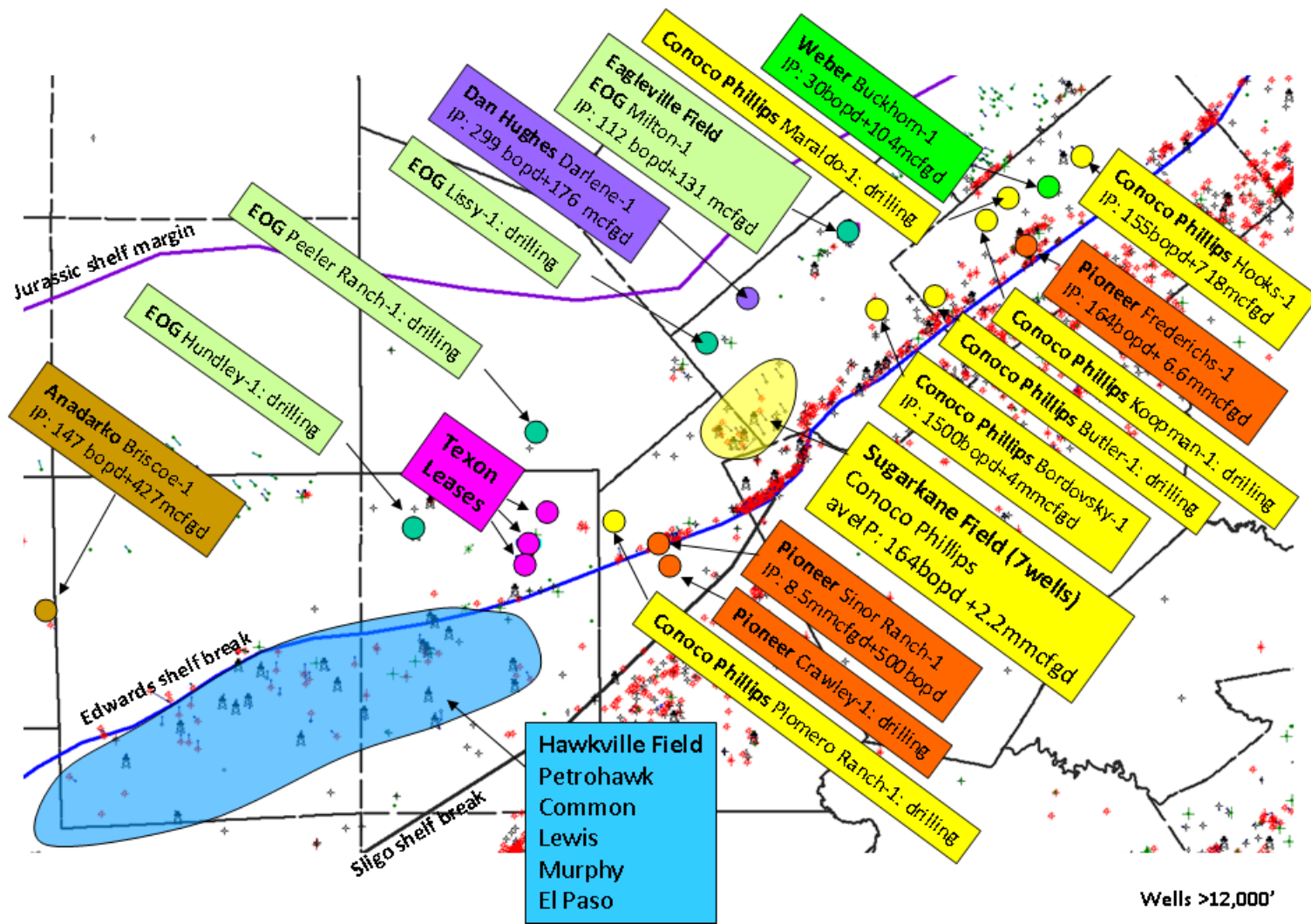
Texon's CEO David Mason said *"The Eagle Ford Shale has captured the industry's attention in Texas and proving the presence of high quality Eagle Ford Shale in Tyler Ranch #4, has significantly enhanced the value of the Company's Leighton, Mosman and Rockingham lease holdings."*

-ENDS-

⁽¹⁾ Texon has 70% WI in 830 acres at Leighton and 100% WI in the other 3,720 acres on Leighton, Mosman and Rockingham and an overall 75% NRI

Leighton - Mosman - Rockingham Geological Cross-Section





For further information, please contact:

Dr. John Armstrong

Chairman

Brisbane: 07 3211 1122

Or

Mr. David Mason

Chief Executive Officer

Brisbane: 07 3211 1122

Houston: +1 281 419 4976 (Houston is 16 hours behind Aust. Eastern Standard time)

Glossary:

Ave: average

bcfe: billion cubic feet of gas equivalent (including oil converted to gas equivalent on the basis of 1 barrel of oil converts to 6mcf of gas)

bo: barrels of oil

boe: barrels of oil equivalent

bopd: barrels of oil per day

km: kilometres

mmboe: million barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6mcf to 1 barrel of oil equivalent)

mmcfg: million cubic feet of gas

mmcfgpd: million cubic feet of gas per day

NRI: Net Revenue Interest

For personal use only