

ASX Announcement
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Roundhouse Prospect, Navarro County, Texas

Texon Petroleum has acquired a 50% Working interest in the Roundhouse Prospect located in Navarro County, Texas (*see attached map*) which encompasses 7,038 gross acres (3,519 net acres) of Cotton Valley Lime reservoir potential from private US oil and gas company Tanos Energy Holding, LLC. Tanos will remain operator with 50% working interest in the prospect.

The East Texas, Cotton Valley Lime play is a naturally occurring fractured oil reservoir in the early stages of development as a new horizontal drilling and completion technology play. The Cotton Valley Lime reservoir has previously been drilled and produced through natural fractures in the adjacent Cheneyboro Field through non stimulated vertical wells. To date, this direct offsetting field has yielded in excess of 3 mmbbls of oil.

The prospect will tested by applying modern horizontal drilling and completion technology planning to intersect multiple naturally occurring fractures within the Cotton Valley reservoir. Texon estimates that it may recover 200-300 mbo per well, with overall potential within the prospect of 10-12 mmbo. The initial test well is planned for drilling operations to begin during the first quarter of 2013.

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Current oil and gas futures prices:

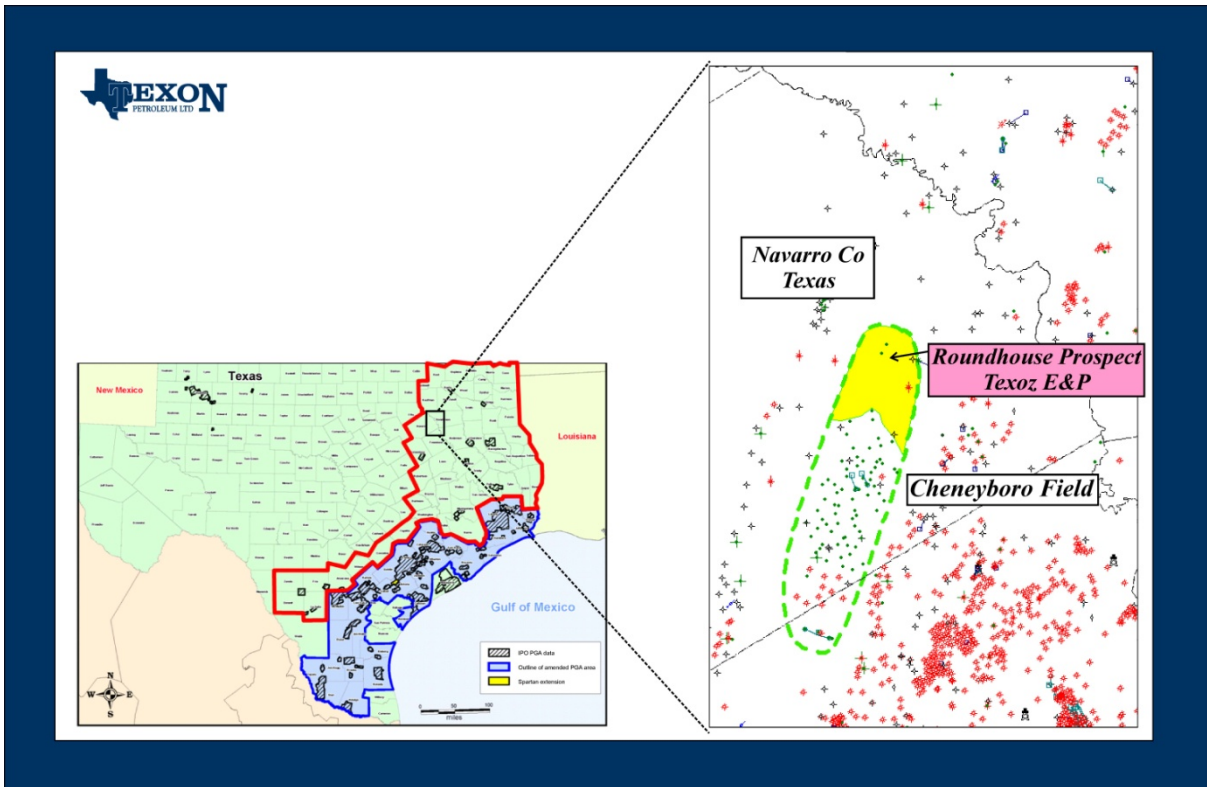
Source: NYMEX November 2012
Oil: US\$90.21/bbl
Gas: US\$3.05mmbtu (this translates to approx. US\$5.10/mcf for all Texon gas – including US\$5.80/mcf for Olmos and Eagle Ford gas)

Glossary:

bbbl: barrel
mbo: thousand barrels of oil
mcf: thousand cubic feet
mmbbls: million barrels
mmbo: million barrels of oil
mmbtu: million British thermal units

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Attachment to Texon release dated 27 September 2012