



ABN 24 119 737 772

15 July 2010

**SALE OF 20% IN LEIGHTON OLMOS RESERVOIR
FOR US\$6.7 MILLION**

Texon advises that it has entered into a binding agreement to sell a 20% WI in the Leighton Field Olmos reservoir for US\$6.7 Million to a USA based oil and gas company. After the sale, Texon's retained WI in the 1,280 acres of Olmos reservoir at Leighton will average 59%.

Proceeds from the sale, together with the funds (approx. A\$14.2 Million) recently raised (refer to Texon's announcement of 29 June) will be directed to drilling a number of Eagle Ford wells in the Company's Leighton and Mosman-Rockingham leases.

The sale does not involve Texon's Leighton Eagle Ford holding which still averages some 79% WI across the 1,280 acres of the Company's Leighton leases.

Texon has six (6) wells producing from the Olmos reservoir which are part of the sale. Gross production from these wells is currently about 820 boepd.

A seventh (7th) Olmos well is scheduled to begin drilling in the next two weeks.

A rig has also been identified for the Company's first Eagle Ford well in Leighton. This well is scheduled to commence drilling in the first half of September.

Please refer to Texon's website for announcements by the Company: www.texonpetroleum.com.au

Oil and gas futures prices (Source: NYMEX August 2010 contracts)

Oil: US\$ 76.67/bbl

Gas: US\$4.32/mmbtu (approx. US\$5.00/mcf for all Texon gas – including US\$6.00/mcf for Leighton Olmos gas)

-Ends-

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Glossary:

bbl: barrel
boepd: barrels of oil equivalent per day (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)
mcf: thousand cubic feet
mmbtu: million British thermal units
WI: Working Interest