

September 14, 2011

ASX Release

ASX Codes: TNP, VIL, KOG, GGE

Lyons Point Well Spudded – Drilling Update

Lyons Point Highlights

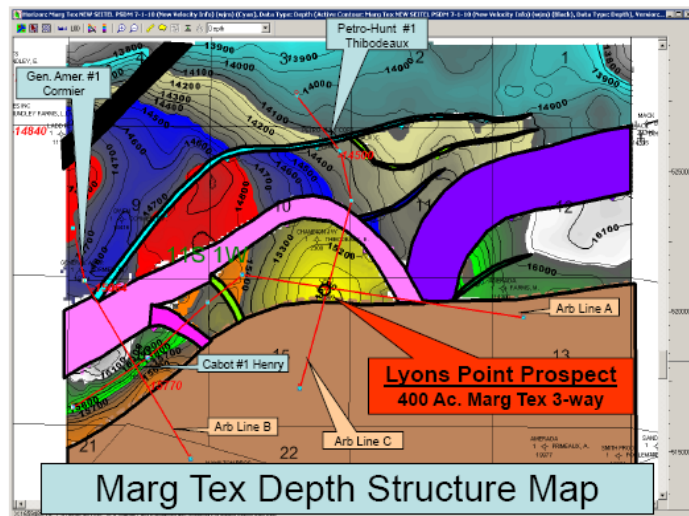
- Lyons Point is a high impact prospect is targeting 3 MMBC & 60 BCFG (up to 4 MMBC & 80 BCFG)
- Adjacent to Leleux Field which produced 5 MMBC and 300 BCFG from target reservoir
- Significant production rates estimated at 750 BC/D and 15,000 MCF/D
- Well anticipated and take 45 days to drill
- Currently at 1,248 ft and drilling ahead

Pruitt et al #1 Well, Lyons Prospect, Acadia Parish, Louisiana, USA

Non Operator

The Pruitt et al #1, the initial test well for the Lyons Point Prospect, spudded on 13 September 2011, Houston time. The well is presently at 1,248ft and drilling ahead.

The Lyons Point Prospect will be drilled to a total depth of 16,300 feet. The prospect has a closure of circa 400 acres with a most likely resource potential is 3 MMBC (Million Barrels Condensate) and 60 BCFG (Billion Cubic Feet Gas) with upside potential of 4 MMBC and 80 BCFG. The well is expected to take 45 days and is being operated by Clayton Williams Energy Inc in Acadia Parish, Louisiana.



The Lyons Point Prospect is a seismically defined, upthrown fault bounded structural closure. The objective section is provided by the prolific Oligocene Marginulina Texana (MT) 1, 2, and 3 Sands, which are projected to be together 700 feet thick. The MT sands are productive in several fields in the immediate surrounding area.

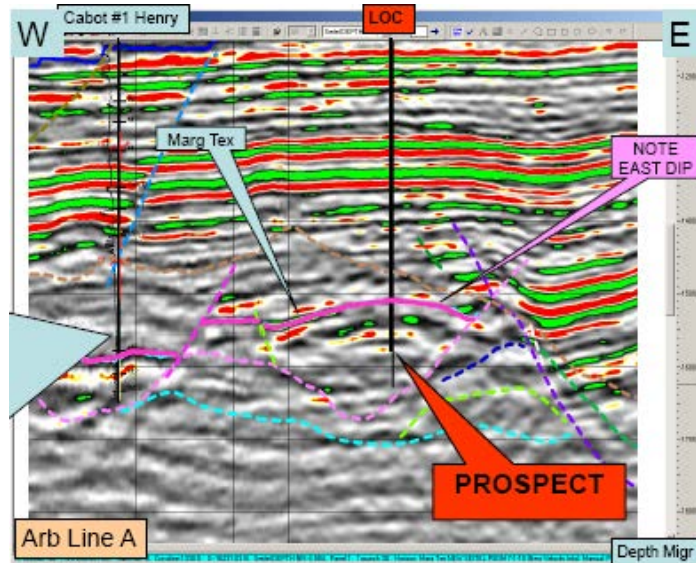
The critical southerly fault (brown on the diagram above) is the same fault that is proven to seal at the nearby Leleux Field, which has cumulative production of 5 MMBC and 300 BCFG from the MT interval.

Production rates are estimated to be significant given adjacent analog wells are producing at rates of 750 BC/D (Barrels Condensate Per Day) and 15,000 MMCF/D (Million Cubic Feet Gas Per Day). It is likely only four wells will be required to drain the structure.

The well is being drilled by Precision Drilling under a turnkey arrangement, which fixes the drilling costs.

This prospect was chosen over numerous others due to the thorough work done by the operator and the mitigation of the critical risk elements by the presence of nearby production and the availability of good quality 3D.

The Lyons Point Prospect has been assessed by an independent expert to an excellent chance of success, in the region of 50-66%.



The ASX participants in the Lyons Point Prospect are as below:

	Paying Interest % Initial Well	Working Interest % Initial & Subsequent Wells	Net Revenue Interest %
Tango Petroleum Ltd (TNP)	23.00	17.25	12.95
Verus Investments Ltd (VIL)	20.00	15.00	11.25
Kilgore Oil & Gas Ltd (KOG)	13.33	10.00	7.50
Grand Gulf Energy Ltd (GGE)	6.67	5.00	3.75
Other	37.00	52.75	64.55
	100.00	100.00	100.00

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed by Mark Kramer (Registered Geologist, Texas USA), who has over 36 years experience within oil and gas sector. Mark Kramer consents to the inclusion in this report of the information in the form and context in which it appears. Mark Kramer is not a full time employee of the Company.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.