

ASX Announcement

Date: 7 March 2012



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Olmos Sale - Bolsters Cash

Texon advises that it has closed a Purchase and Sale Agreement with a USA based company whereby Texon has sold its holdings in the Leighton area Olmos reservoir.

Texon's proceeds from the sale amount to approximately US\$12.4 million before tax – which will bolster the Company's cash position which at 31 January 2012 was US\$ 13.7 million.

The attached map shows the area in which the Olmos reservoir has been sold. In this area, the sale comprises the oil and gas leases from the surface to just below the Olmos reservoir and includes the untested Wilcox in this area.

Eagle Ford not included

The sale does not include any Eagle Ford leases which were subject to the Company's announcement last week. It does not include:

- The Eagle Ford reservoir in the Olmos sale area;
- The Pearsall reservoir in the Olmos sale area;
- The Wilcox, Olmos, Eagle Ford or Pearsall reservoirs in the Mosman/Rockingham area; or
- Any other Texon Eagle Ford leases.

Clifford S. Foss, President of Texon Petroleum said "The sale is in line with the plan outlined to shareholders in the Company's August 2011 letter and will enable us to proceed with other projects where there will be better value leverage from this capital."

Oil and gas futures prices:

Source: NYMEX April 2012

Oil: US\$104.89/bbl

Gas: US\$2.34/mmbtu (this translates to approx. US\$3.90/mcf for all Texon gas – including US\$4.40/mcf for Olmos and Eagle Ford gas)

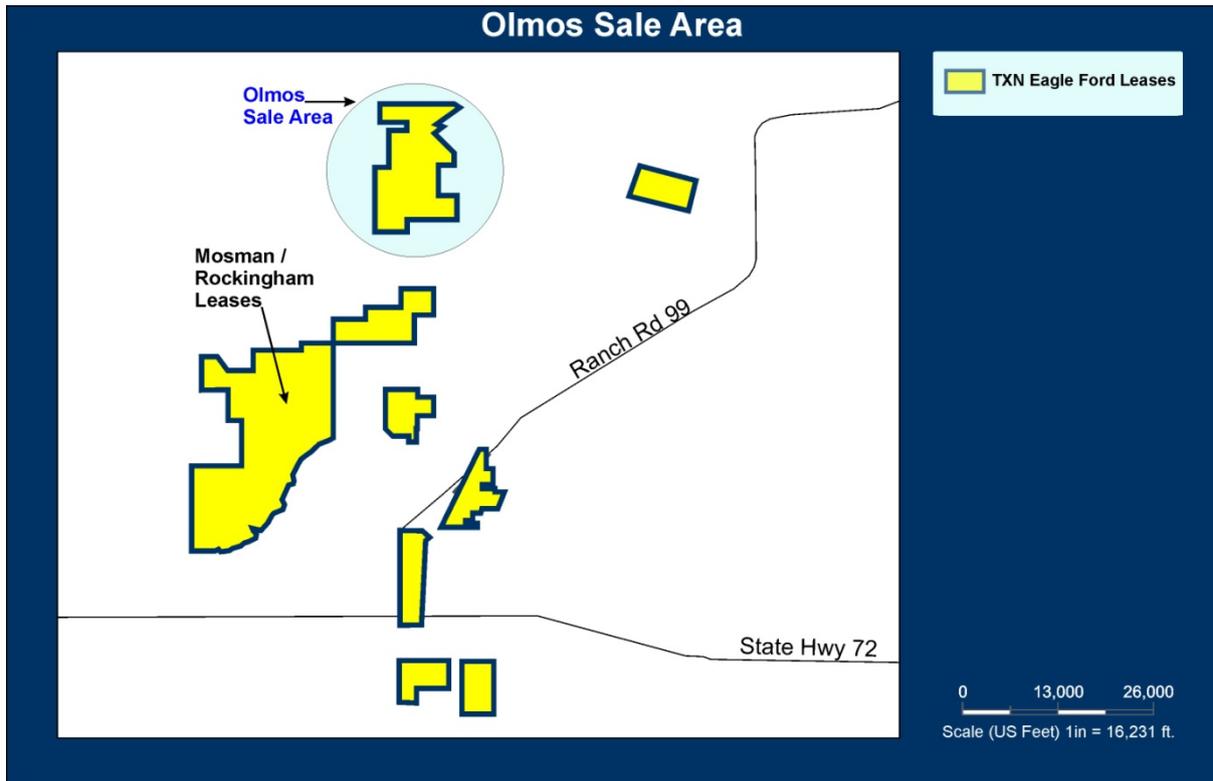
Glossary:

bbl: barrel

bopd: barrels of oil per day

mcf: thousand cubic feet

mmbtu: million British thermal units



Attachment to Texon Release dated 7 March 2012