

## ASX Announcement

Date: 30 November 2011



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**ASX Code: TXN**

## New CEO Mr Clifford S. Foss Jr

Further to the announcement yesterday of the appointment of Texon's new CEO, the Company wishes to advise key terms and components of Mr Foss' employment contract.

### **Term**

Three (3) years from 1 December 2011 (**Term**) but will continue until either party gives notice or terminates the contract.

### **Remuneration**

- (a) A fixed salary of US\$30,000 per month which will be reviewed annually together with appropriate group family health cover.
- (b) Performance related unlisted options will be issued in two (2) tranches:

Tranche 1 - one million unlisted options exercisable at 70 cents per option for a term of five (5) years, but only if the volume weighted average price (**VWAP**) of the Company's shares on the ASX is 150% of the exercise price for a period of 20 consecutive trading days (**Price Target**).

If there is a change of control of the Company or if the Company disposes of more than 50% of its assets then the Tranche 1 options may be exercised without the Price Target being achieved.

Unless already exercised, the Tranche 1 options will terminate if Mr Foss commits a material breach of his employment contract, the Company terminates Mr Foss' employment for serious misconduct or bankruptcy or if Mr Foss elects to terminate his employment with the Company within six months of 1 December 2011.

Tranche 2 - six million unlisted options exercisable at 70 cents per option between 1 September 2012 and the date that is five (5) years after 1 December 2011, but only if the Price Target is achieved.

However, if the Company disposes of more than 50% of its assets before 1 September 2012 then the Tranche 2 options may be exercised at a price per option equal to the VWAP over the 20 trading days starting on the twenty-first day after completion of that disposal (**Exercise Price**).

If there is a change of control of the Company, other than as a result of the Company disposing of more than 50% of its assets, the Tranche 2 options may be exercised at 70 cents per option. If the Company has disposed of more than 50% of its assets the Tranche 2 options may be exercised at the Exercise Price per option. In each case, the Tranche 2 options are exercisable whether or not the Price Target has been achieved.

Unless already exercised, the Tranche 2 options will terminate if Mr Foss commits a material breach of his employment contract, the Company terminates Mr Foss' employment for serious misconduct or bankruptcy or if Mr Foss elects to terminate his employment with the Company.

No cash amount is payable by Mr Foss for either the Tranche 1 or Tranche 2 options.

### **Termination**

After 1 December 2012, either the Company or Mr Foss may terminate Mr Foss' employment at any time by giving not less than six (6) months notice in writing.

The Company may also terminate Mr Foss' employment at any time by giving not less than one (1) months notice in writing. If the Company terminates Mr Foss' employment in this way then it must pay Mr Foss an amount equal to the remuneration he would have received over the remainder of the Term.

The Company may also terminate Mr Foss' employment for serious misconduct, sickness, permanent disability, death or if he commits a material breach of his employment contract. If the Company terminates Mr Foss' employment on these grounds then it must only pay Mr Foss an amount equal to his accrued entitlements as at the date of termination.

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