

ASX Announcement  
Date: 16 December 2011



**Texon Petroleum Ltd**  
ABN 24 119 737 772

Level 9, 46 Edward Street  
Brisbane, Qld Australia 4000

Postal: GPO Box 402  
Brisbane, Qld Australia 4001

Telephone: +61 7 3211 1122  
Fax: +61 7 3211 0133

**Directors:**

John Armstrong  
David Mason  
Bernard Rowley

**Company Secretary:**

Des Olling

**Contact:**

Cliff Foss  
President & CEO  
[cfoss@texozep.com](mailto:cfoss@texozep.com)

or:

John Armstrong  
Chairman  
[john.armstrong@texonpetroleum.com.au](mailto:john.armstrong@texonpetroleum.com.au)

**Website:**

[www.texonpetroleum.com.au](http://www.texonpetroleum.com.au)

ASX Code: TXN

## Incentive Options

Subject to shareholder approval at Texon's next General Meeting, the Company proposes to issue Incentive Unlisted Options over ordinary shares of the Company to the Chairman (Dr John Armstrong) and Director (Mr Bernard Rowley).

The options will have the same terms as those proposed for issue to Wandoo as part of the Agreement with Wandoo announced on the 18 November 2011 to extend the area and term of the Texon-Wandoo Prospect Generation Agreement.

It is proposed that six (6) million Incentive Options be issued to the Chairman, Dr John Armstrong and 600,000 to Director, Mr Bernard Rowley.

Key terms of the options are set out in the attached Explanatory Note.

**Explanatory Note attached to Texon ASX release dated 16 December 2011****Options**

The options will vest nine (9) months after their issue is approved at a Texon General Meeting and expire after four (4) years. The exercise price is 70c/share and the options are only exercisable if the volume weighted average price (VWAP) of Texon's shares exceeds \$1.05/share over 20 consecutive trading days.

There are two exceptions:

1. If a change of control of the Company occurs, then the options vest immediately but without the 150% uplift requirement referred to above.
2. If the Company disposes of assets which have a value in excess of 50% of the aggregate value of all assets of Texon, the options vest 6 months after such a transaction and the options will be repriced by a formula based on the VWAP at the time of completion of such a transaction, with the requirement of a 150% uplift on the exercise price prior to option exercise being possible;

No cash amount is payable for the options.

-000-