

August 2009



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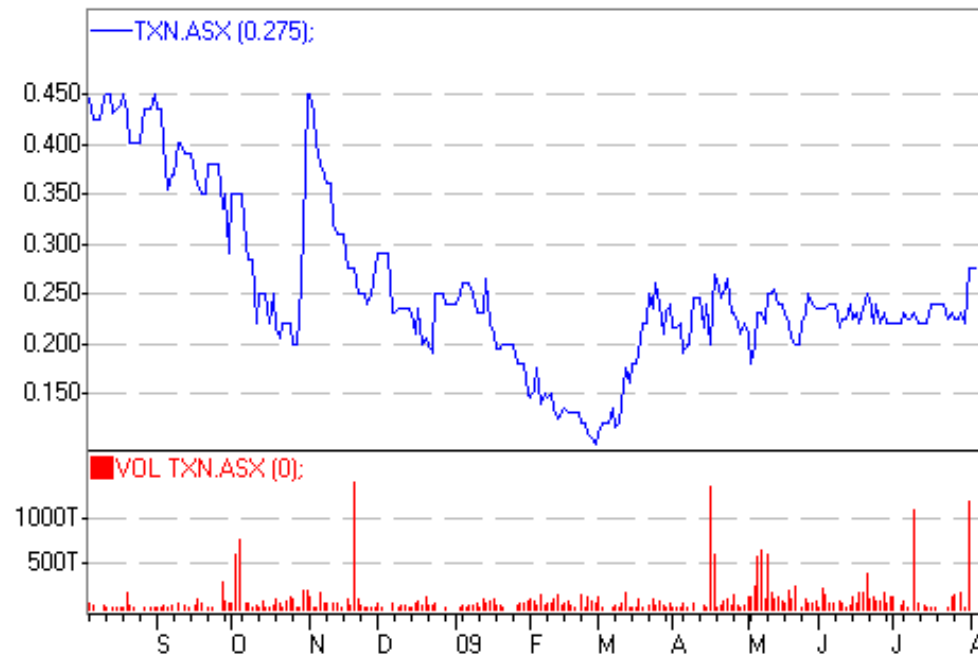
Capital Structure



Capital Structure

Current Share Price	\$0.275
Number of Shares on Issue	90,019,500
Market Capitalisation	\$24,755,363

12 month Share Price Chart





Overview ⁽¹⁾



- The Company has between 1.1 – 1.6mboe (proved 1.1; probable 0.5)
 - An NPV of approx A\$30-40/boe (\$33m – \$64m);
 - Potential to significantly increase reserves through production well drilling on Leighton and lower risk exploration on Mosman;
- The Company's daily nett production has recently been ca. 325 boepd – (US\$10,000/per day);
- **80% exploration success rate:**
 - However to improve the return to shareholders on exploration success TXN has lifted the materiality threshold on the potential size and flow rate of the targeted prospects;

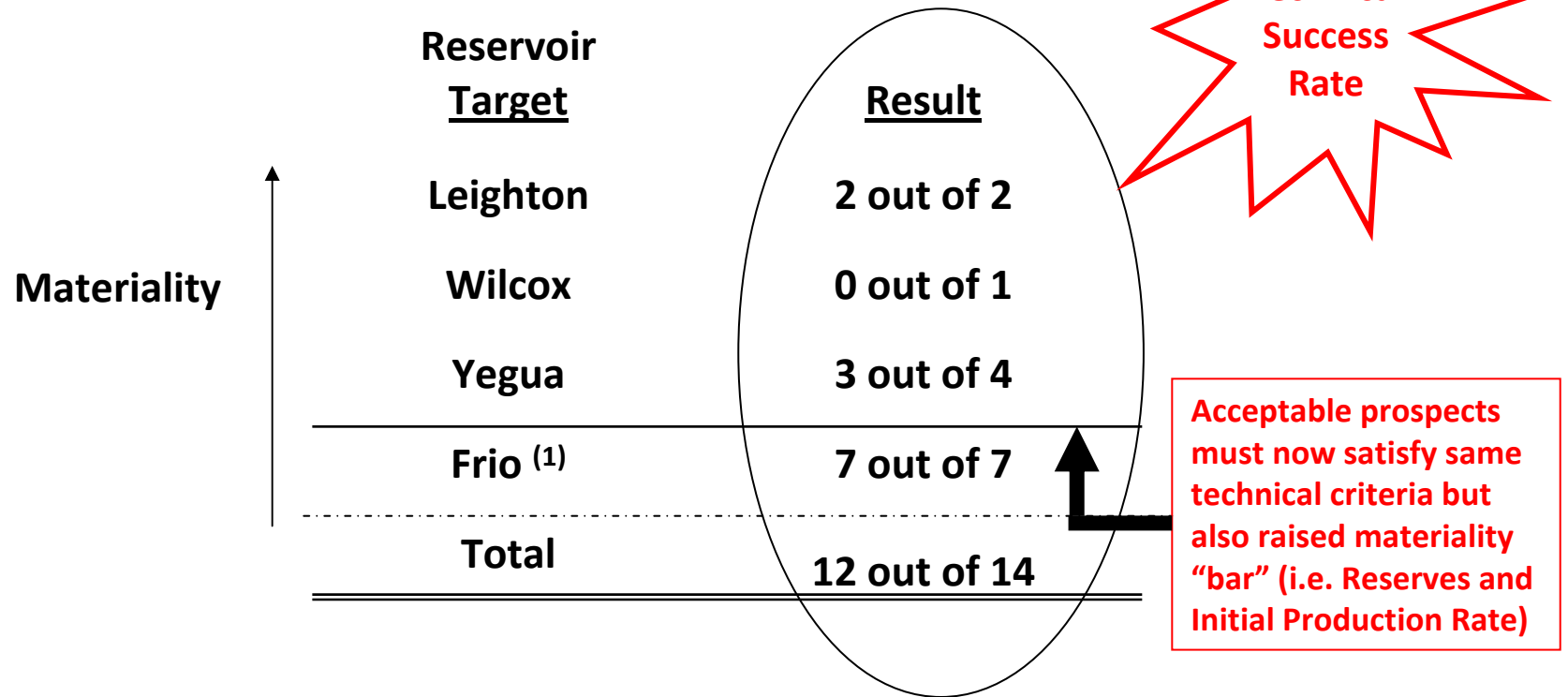
⁽¹⁾ Based on the Company's May 2009 Business Plan



Wells – Track Record and Learnings – The First 2 Years (*)



- THE TEAM + TECHNOLOGY WORK**



⁽¹⁾ Texon has 7 more 100% WI leased and ready to drill low risk Frio prospects – available for farm-in

* Extracted from the Company's May 2009 Business Plan



Overview ⁽¹⁾



- Texon have got exclusive access to all of the prospects generated from 16,000sqkm of on-shore Texas 3D seismic for the next several years (over 150 surveys);
- Texon have got prospects ready to drill and being matured for drilling – prospects ready for farm-in and drilling;
- Costs of drilling and petroleum operations in Texas are about 40% to 50% less than they were a year or so ago;
- More quality drill ready prospects than we can deal with and are looking for partners to share the future with Texon.

⁽¹⁾ Based on the Company's May 2009 Business Plan



Projects ⁽¹⁾



The below table outlines the prospects that meet the new materiality and technical threshold (excluding the Leighton and Mosman prospects)

	Type	Risk	No. of wells	Assumed WI (%)	Unrisked Size (mmboe)
Lower Risk Oil Projects	Oil/Gas	Medium	8	50	0.6
Lower Risk Gas Projects	Gas	Low - Medium	11	50	0.8 – 1.6
High Upside Gas Specials (Maroubra)	Gas	High	1-2	35	3.5 – 8.8
	Texon				5-11

⁽¹⁾ Summary (apart from Leighton / Mosman) of the Company's lower risk prospects from the Company's May 2009 Business Plan.



Olmos and Eagle Ford



- Olmos is the producing reservoir at Leighton at about 8,500'
- Olmos is the primary target reservoir at Mosman at about 8,500'
- Eagle Ford target is forecast to be 2,000' deeper than the Olmos at Leighton and Mosman



Eagle Ford and Olmos ⁽¹⁾

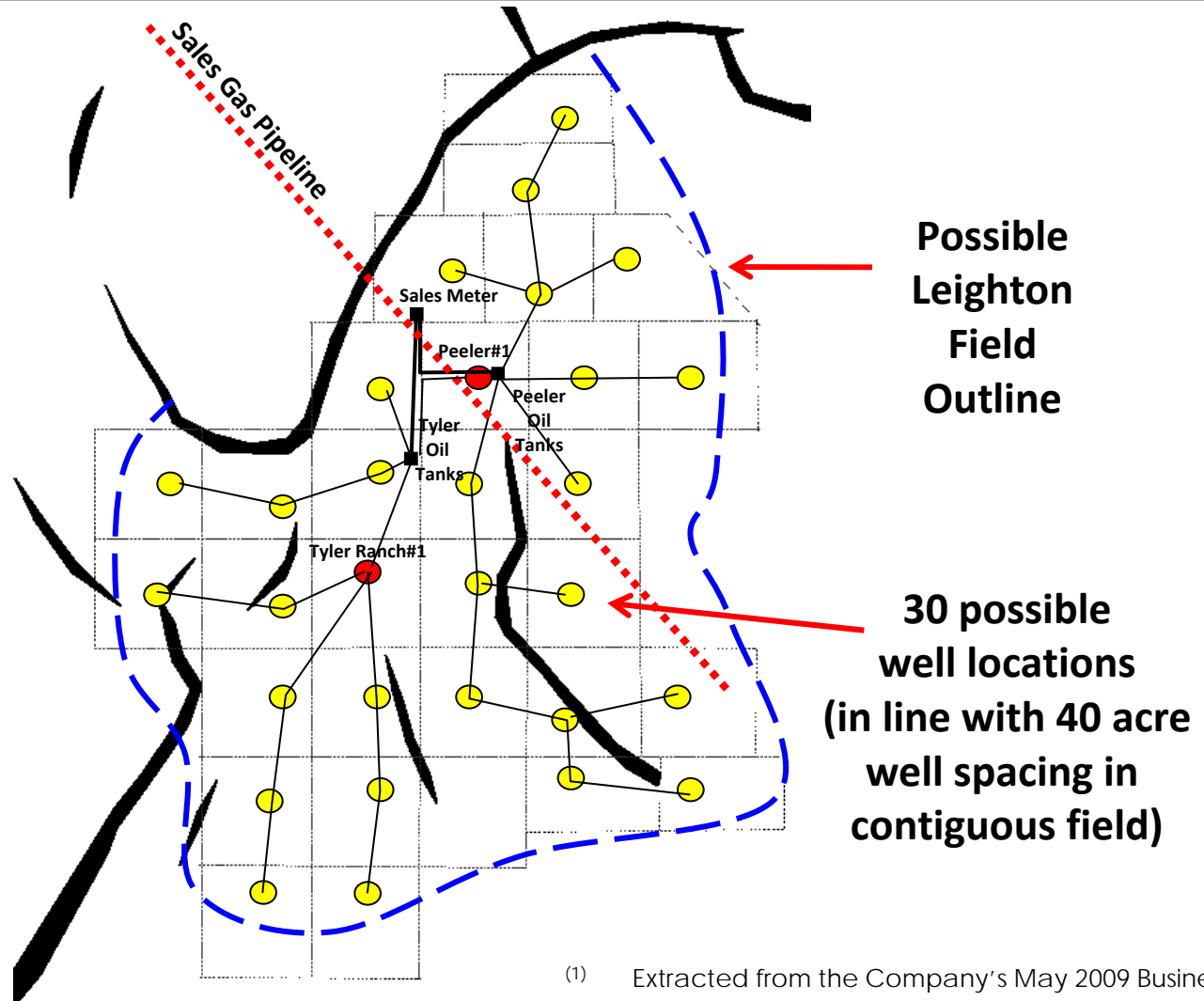


		Type	Risk	No. of wells	Assumed WI	Size (mmboe)		
LEASED	Leighton Olmos	Oil/Gas	Low	30 ⁽²⁾	70%	2.5	Total 7.1 mmboe	
	Leighton Eagle Ford	Oil/Gas	Medium	7	50%	1.8		
	Mosman Olmos	Oil /gas	Low	15	50%	1.0		
	Mosman Eagle Ford	Oil/Gas	Medium	7	50%	1.8		
LEASES AVAILABLE ⁽³⁾	Rockingham Olmos	Oil/Gas	Low	15	50%	1.0		
	Rockingham Eagle Ford	Oil/Gas	Medium	12	50%	3.2		Total 5.7 mmboe
	Canal Rocks Olmos	Oil /Gas	Low	12	50%	0.7		
	Canal Rocks Eagle Ford	Oil /Gas	Medium	3	50%	0.8		
Total						12.8		

- (1) Potential sizes of Olmos and Eagle Ford targets in Leighton and Mosman and nearby prospects
- (2) Includes 2 producing / 12 Proved / 6 Probable
- (3) Leases may not be able to be acquired



Leighton - 30 possible well locations ⁽¹⁾





Placement Structure & Use of Funds



Capital Structure

Current Share Price	\$0.275
Number of Shares on Issue	90,019,500
Market Capitalisation	\$24,755,363

Placement

Shares (15% of issued capital)	13,502,925
Issue price of \$.019	\$2,565,556

Use of Funds

- 3rd & 4th Leighton Production Wells to produce oil and gas from the Leighton reservoir;
- Deepen either the 3rd or 4th Leighton Production Wells to test the **Eagle Ford Shale**;
- Take additional leases over Leighton “look-alike” prospects near Leighton and other lower risk oil and gas prospects which also include Eagle Ford Shale targets.



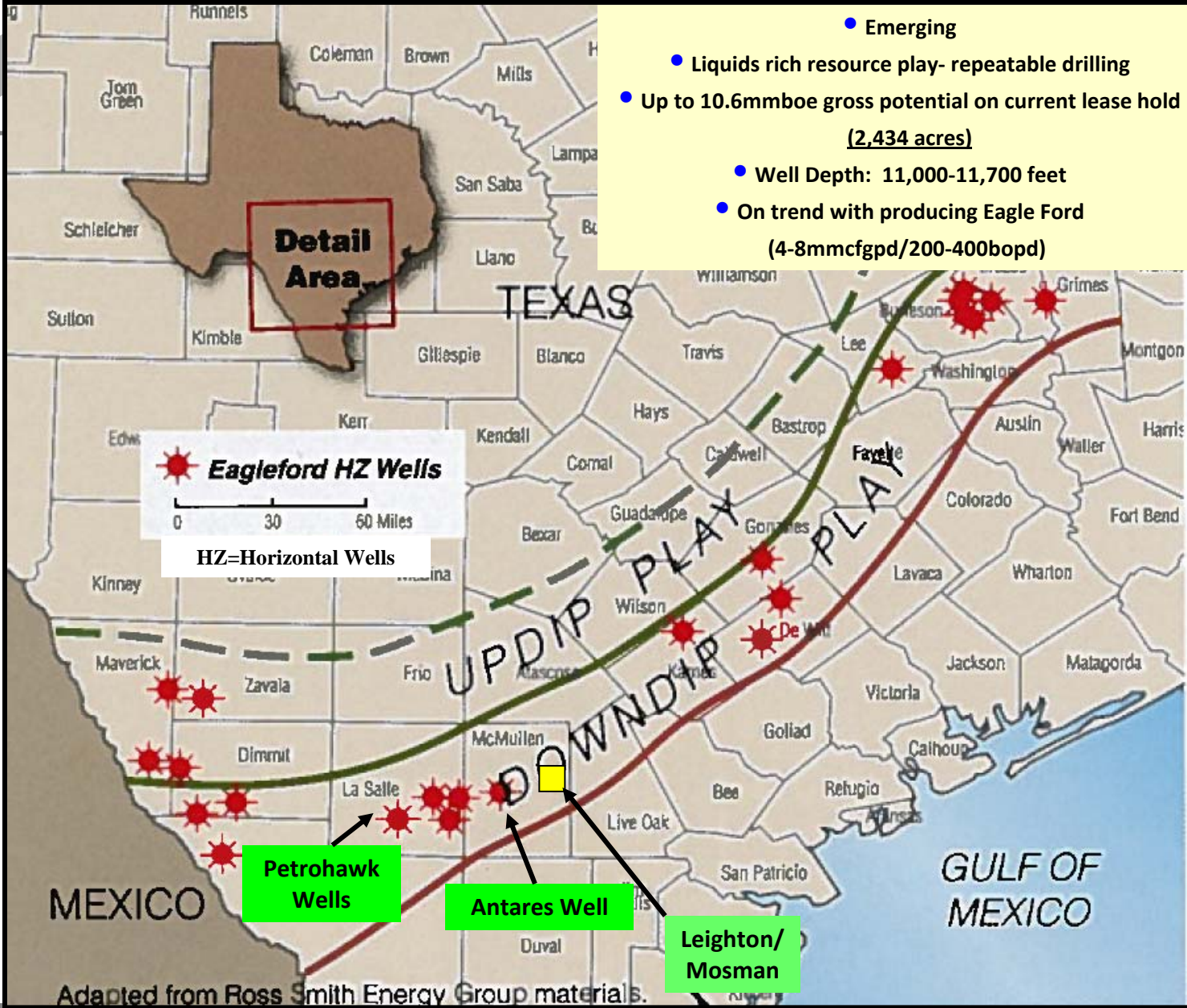
Eagle Ford Shale



- Eagle Ford Shale is a highly calcareous organic gas and oil target at a total vertical depths of approx 11,000 to 11,700 ft
- A number of majors are now targeting the Eagle Ford Shale prospects:
 - Petrohawk (160,000 net acreage)
 - CononoPhillips (300,000 net acreage)
- Antares Energy Limited (ASX code: AZZ) a small oil and gas explorer has recently targeted the Eagle Ford Shale which has dramatically impacted on the Company's value (see table below).

	Share Price	Market Cap (A\$ Million)
Pre Eagle Ford Shale Prospect	\$0.050	9
Eagle Ford Shale Prospect Identified	\$0.067	12
Drilling Operation Commence	\$0.15	27
Successful Discovery	\$0.40	72

- AZZ has approx 11,000 acre Yellow Rose lease which has the Eagle Ford Shale prospect



- Emerging
- Liquids rich resource play- repeatable drilling
- Up to 10.6mmboe gross potential on current lease hold
(2,434 acres)
- Well Depth: 11,000-11,700 feet
- On trend with producing Eagle Ford
(4-8mmcf/gpd/200-400bopd)

Eagleford HZ Wells
 0 30 60 Miles
 HZ=Horizontal Wells

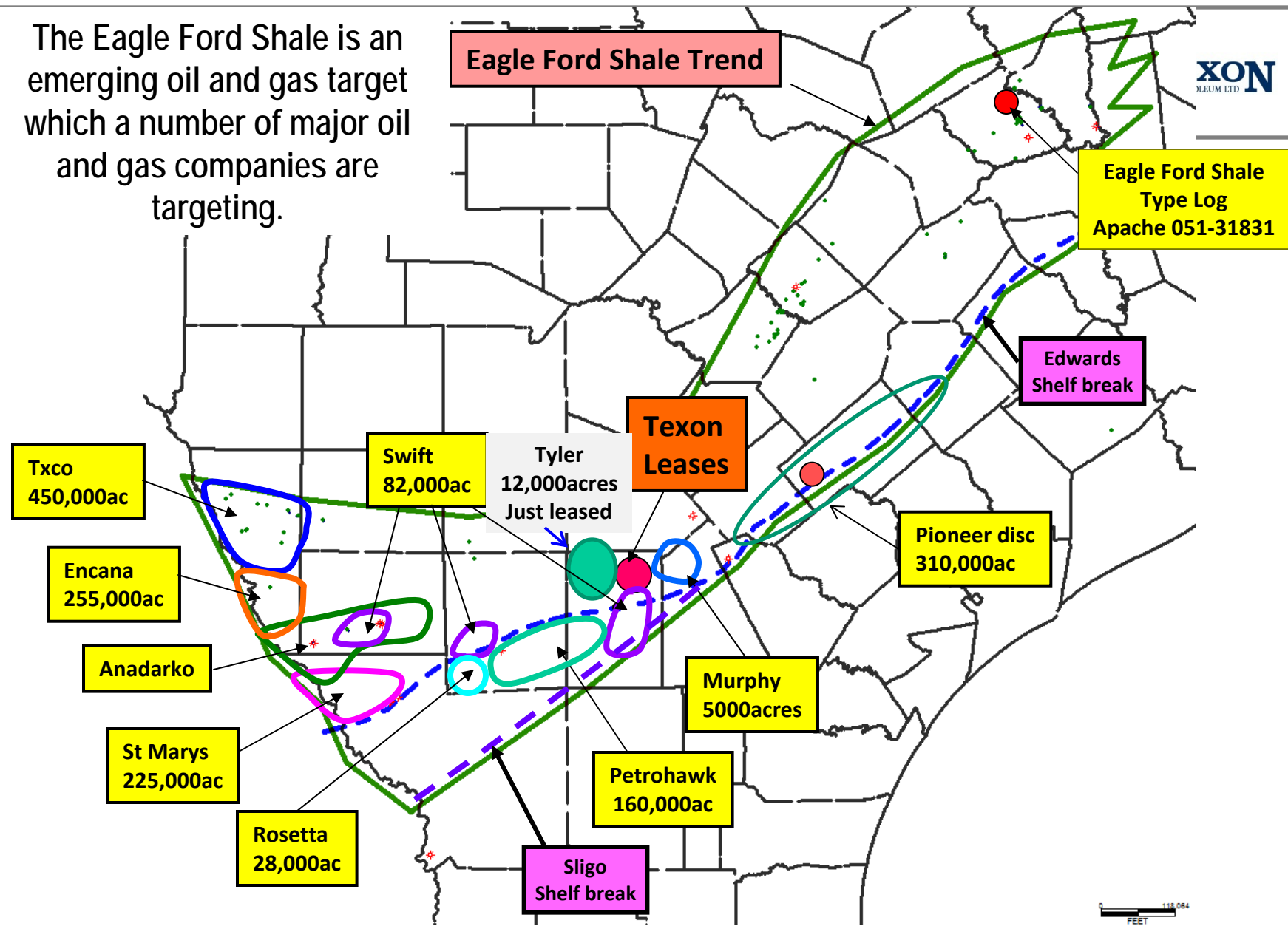
Petrohawk Wells

Antares Well

Leighton/Mosman

Adapted from Ross Smith Energy Group materials.

The Eagle Ford Shale is an emerging oil and gas target which a number of major oil and gas companies are targeting.



Eagle Ford Shale Trend – South Texas – Main Players



Placement Funds



- Two more Production Wells at Leighton enhances probability of 30 well Leighton development with possible 2.5mmboe to Texon (70% WI) with value at Nymex (15/4/09) of ca. A\$90 million;
- Presence of gas / oil bearing Eagle Ford Shale under 1,200 Leighton acres could represent a further 1.8 mmboe to Texon at 50% WI;
- Eagle Ford at Leighton would suggest it could also be present under our 100% WI 1,234 acres at Mosman (potential 1.8mmboe to TXN at 50% WI);
- Balance of funds would be directed to acquiring Leighton “look-alike” prospects and some of the lower risk oil and gas prospects referred to in our May 2009 Business Plan as presented to the recent AGM.