

ASX Announcement
Date: 7 November 2012



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Current Drilling Wells Update

The **Hoskins EFS #3H** well is currently drilling at 16,701 ft measured depth toward a proposed total depth of 17,153 ft at a true vertical depth of 11,205 ft. The well is currently in the EFS target zone and will be maintained to total depth for a lateral length of 5,590. Our pre drill estimate of 18 frac stages has been modified to the actual hole conditions and it is now estimated that there will be 25 frac stages in the well.

The **Quintanilla SM EF #1H** well is at 10,824 ft measured depth, 10,770 ft true vertical depth and is currently being sidetracked due to unanticipated velocity variances in the formation from the control wells nearby and the 3D seismic data that were used to estimate the depth of the Eagle Ford interval. The well is coming in higher than expected from seismic mapping thus making this drilling correction necessary. The sidetracking operation is estimated to take approximately 5 days to complete and at that point the well will be in the Eagle Ford target zone to drill the proposed 5,355 ft lateral. This well also had a pre-drill estimated 18 frac stages and that will be upgraded when the well reaches total depth.

A Hoskins water production well was drilled and completed at a total depth of 4,850 ft and was perforated in the Carrizo sand. The well has been cased and perforated at 4,470-4,530 (60') and 4,388-4,428 (40') depth and is now producing water into the frac pond for use in fracturing operations on the Hoskins lease.

The Hoskins EFS #3H and the Quintanilla SM EF #1H are planned to be fraced back to back after both wells are cased. The estimated date for fracturing is planned for late November or early December (pending frac crew availability) with completion operations planned to be completed in early 2013.

The Hoskins #4H is the next planned Eagle Ford well to be drilled after the Hoskins #3H.

The attached map shows the wells surface and bottom hole locations.

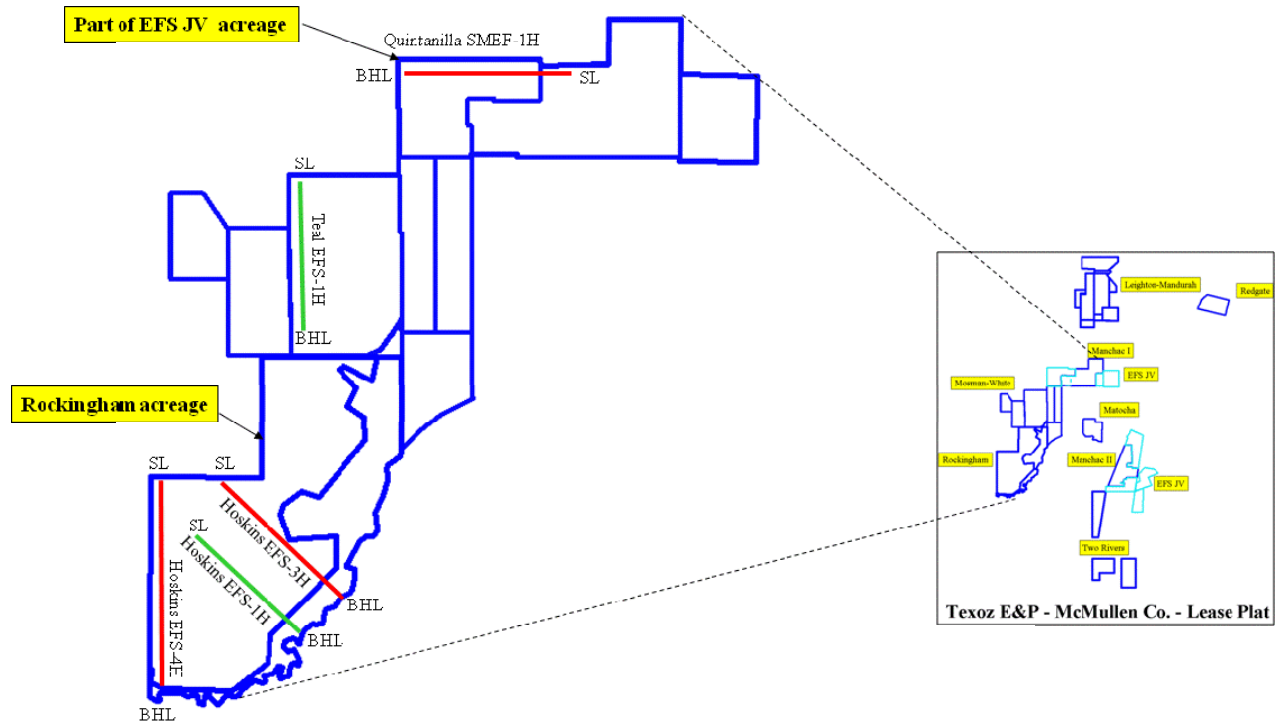
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Current oil and gas futures prices:

Source: NYMEX December 2012

Oil: US\$88.39/bbl

Gas: US\$3.61/mmbtu (this translates to approx. US\$6.00/mcf for all Texon gas – including US\$6.90/mcf for Olmos and Eagle Ford gas)



Glossary:

bbl:	barrel
ft:	feet
mcf:	thousand cubic feet
mmbtu:	million British thermal units
NRI:	Net Revenue Interest
WI:	Working Interest