



ABN 24 119 737 772

25 February 2013

Acquisition Scheme Meeting – Chairman's presentation

I would now like to provide some information about the Acquisition Scheme.

The negotiations between Texon's directors and representatives of Sundance culminated in the signing of the Scheme Implementation Agreement on 13 November 2012.

Under the Acquisition Scheme, Sundance will acquire all of your Texon Shares. In return, Texon Shareholders will receive one Sundance share for every two Texon Shares they hold.

One of the conditions to the Acquisition Scheme is the demerger of Texon's non-EFS assets. As you may know, the Demerger Scheme was approved earlier today by the requisite majority of voters.

Texon's Board of Directors unanimously recommend that shareholders vote in favour of the Acquisition Scheme, in the absence of a superior proposal. Since the announcement of the recommended Acquisition Scheme on 13 November 2012, no alternative proposal has been received.

The reasons for the Board's recommendation are set out in full in the Acquisition Scheme Booklet, but in summary, the Board's reasons include:

- (i) The Texon Directors believe the Acquisition Scheme will deliver greater benefits to Texon Shareholders than any other alternative currently available;
- (ii) The Acquisition Scheme will create a leading mid-tier oil and gas producing company with a substantial reserve base, diverse oil and gas project holdings in key resource plays and considerable growth potential that should create value for Texon Shareholders;
- (iii) The implied value of the Acquisition Scheme Consideration and Demerger Scheme consideration delivers a significant premium for your Texon Shares to the closing price of Texon shares on the day immediately preceding the announcement of the Acquisition Scheme and also to the volume weighted

average price of Texon shares in the month preceding the announcement of the Acquisition Scheme;

- (iv) The Independent Expert has concluded that, in the absence of any other information or a superior proposal, the Acquisition Scheme is fair and reasonable and therefore in the best interests of Texon Shareholders;
- (v) The price of Texon Shares may fall, and Texon may not be able to fund its capital program, if the Acquisition Scheme is not implemented; and
- (vi) No superior proposal has emerged.

Those are some of the reasons you may choose to vote in favour of the Acquisition Scheme. However, Directors acknowledge that there are potential reasons why Texon Shareholders may choose to vote against the Acquisition Scheme. Those reasons are set out in full in the Acquisition Scheme Booklet. In brief, they include the following:

- (a) You may disagree with the Texon Directors' recommendation and the Independent Expert's conclusions;
- (b) Your interest in Texon's EFS assets will be diluted along with your exposure to any potential upside that may result from those assets;
- (c) You may consider that there is the potential for a superior proposal to be made to Texon in the foreseeable future;
- (d) The tax and other consequences of transferring your Texon Shares if the Acquisition Scheme is implemented may not suit your financial position; and
- (e) Texon Shareholders who receive the Acquisition Scheme Consideration and acquire Sundance Shares will become subject to risks associated with Sundance.

Directors continue to believe that the expected advantages of the Acquisition Scheme outweigh the Acquisition Scheme's potential disadvantages and, accordingly, we maintain our previously stated recommendation that the Acquisition Scheme is in the best interests of Texon shareholders.

Each Director intends to vote at the meeting in favour of the Acquisition Scheme in relation to the Texon ordinary shares held or controlled by them.

The Acquisition Scheme is now principally conditional on the following occurring:

- Texon Shareholders passing the Acquisition Scheme Resolution; and
- the Federal Court of Australia approving the Acquisition Scheme at the Second Court Hearing scheduled for Wednesday, 27 February 2013.

If that Court approval is obtained, the Acquisition Scheme is then expected to be implemented in accordance with the timetable set out in the Acquisition Scheme Booklet, which remains unchanged so that:

- the last day of trading in Texon shares on the ASX is this Wednesday 27 February 2013;
- the commencement of trading on the ASX of new Sundance shares issued as Acquisition Scheme consideration on a deferred basis is Thursday 28 February 2013;
- the record date for determining entitlements to the Acquisition Scheme Consideration will be 6.00pm on 6 March 2013; and
- the date of the implementation of the Acquisition Scheme and transfer to eligible Texon shareholders of Sundance shares is 8 March 2013.

In addition to the benefits already mentioned, the board believes that the merged company will have:

- The financial capability to exploit its extensive project inventory through its growing revenue, cash position and credit facility;
- Reserves and production with a high oil and liquids content;
- Extensive lease holdings containing numerous undrilled locations in leading USA resource plays;
- High working interests, which combined with an active 2013 drilling programme, will enable the Company to target substantial near term production growth;

an experienced management team with a track record of value adding transactions.

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