



12 November 2013

## **AGREEMENT TO EXIT HIGH ISLAND**

### **HIGHLIGHTS**

- Elixir has executed an agreement to transfer its interest in the High Island Project to Peregrine Oil & Gas LP, subject to regulatory approvals
- The transaction is in line with the Company's strategy of divestment of non-core assets
- The consideration payable is less than Elixir expects eventual abandonment costs to be

Elixir Petroleum Limited (ASX:EXR) ("Elixir" or "Company") is pleased to announce that through its wholly owned subsidiary Cottesloe Oil & Gas, LLC, it has executed a Purchase and Sale Agreement ("PSA") with Peregrine Oil & Gas, LP ("Peregrine") for the sale of its interest in the High Island Project, Block A-268 ("Project") located in offshore Texas, USA.

Due to decreasing production, low gas prices, high operating costs and relatively high holding costs (insurance etc), the Project has been cashflow negative for Elixir over the last financial year and will continue to be so unless additional costs are incurred in potentially performing a workover operation. The risked economics of such an operation are assessed by Elixir to be marginal even on a success basis. As such, and consistent with the Company's strategy to reduce expenditure on non-core assets, Elixir has negotiated an exit from the Project and has agreed to sell its entire 30% Working Interest to Peregrine.

Under the terms of the PSA, Elixir will pay funds into an escrow account held by US law firm Slattery Marino and Roberts, which will be released to Peregrine upon regulatory approval of the Working Interest transfer. After regulatory approval is received, Elixir will have no further interest in the Project and no obligation to contribute to any future plugging of wells, abandonment of facilities or ongoing insurance costs.

Elixir expects that the consideration payable is likely to be less than its share of future abandonment and is less than the abandonment liability provision for High Island in the Elixir financial statements. The Directors of Elixir consider this divestment transaction to be beneficial for shareholders, and it will also enable the Company to devote more time to its French assets and the sourcing / assessment of potential new opportunities.

Yours sincerely,  
**ELIXIR PETROLEUM LIMITED**

Nicholas Ong  
**Company Secretary**

For further information, please visit the Company's website at [www.elixirpetroleum.com](http://www.elixirpetroleum.com)