

25 July 2014

## ACQUISITION OF OIL PROJECT AND CAPITAL RAISING

- Acquisition of 50% Working Interest in 14,455 net acres in emerging Colorado Oil Play (“Petra Project”)
- AMI covering over 500,000 acres incorporating the Petra Project in Denver Julesburg Basin
- Minimum of two low cost, high impact exploration wells to be drilled in 2015
- Option to acquire 50% Working Interest in Niobrara unconventional oil project
- Funding secured with Hartleys Limited as Broker to the Offer

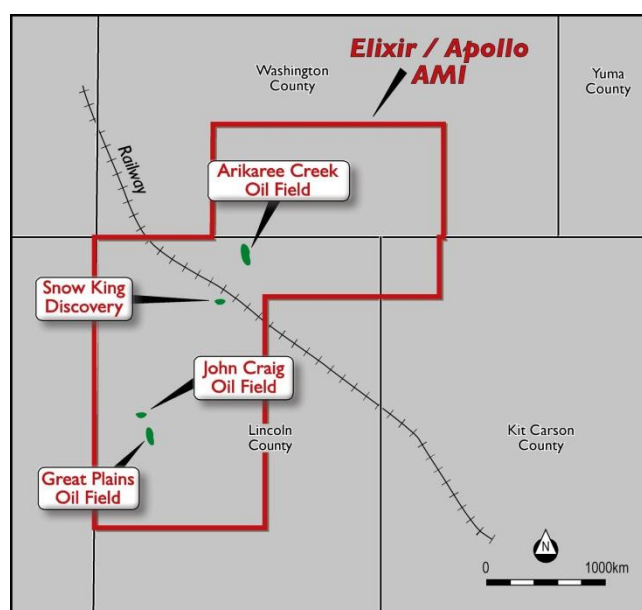
Elixir Petroleum Limited (“Elixir” or the “Company”) (**ASX:EXR**) is pleased to announce it has signed a binding agreement to acquire a 50% Working Interest in 14,455 net acres (7,228 net to Elixir) in an emerging new oil play in Washington and Lincoln Counties, Colorado. The Company has also entered into an Area of Mutual Interest (“AMI”) agreement covering an area of over 500,000 acres incorporating the acquired acreage which also encompasses the recent discoveries and subsequent oil field developments by several companies including UK listed Nighthawk Energy plc (**AIM: HAWK.L**). In addition, Elixir has secured an option to acquire a 50% Working Interest in the greater Wattenberg Area containing the prolific Niobrara/Codell unconventional oil resource play (“**Wattenberg Project**”) on ground floor terms.

### Transaction Summary

Elixir will acquire a 50% Working Interest (~43.75% net revenue interest) in 14,455 net acres for approximately US\$700,000 from a private Denver based company, Apollo Operating LLC (“**Apollo**”). As part of the consideration, Elixir will pay the first US\$1.5M of exploration costs on behalf of the joint venture, which will include initial seismic acquisition and interpretation together with two exploration wells scheduled for 2015. The agreed budget for an initial two year work program is US\$3 million which post expenditure of the initial US\$1.5 million by Elixir, will be funded equally by Elixir and Apollo. Following completion of the farm in works Elixir will retain its 50% interest in the leases which have an initial term of five years with the option to extend for a further five years. There are no drilling or seismic commitments on the leases.

Elixir and Apollo have agreed an AMI over some 26 Townships incorporating the acquired land which equates to a total land area of over

500,000 acres. During the tenure of the AMI, Elixir will have the opportunity to participate in all leasing and upstream oil and gas transactions within the AMI on the same terms as Apollo.

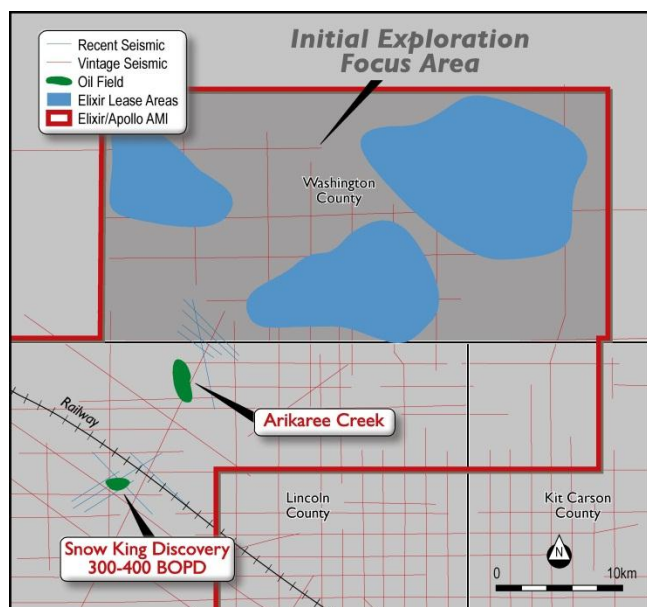
**ASX CODE: EXR****[www.elixirpetroleum.com](http://www.elixirpetroleum.com)****Elixir Petroleum Limited**

ABN 51 108 230 995  
Level 2, 7 Ventnor Avenue  
WEST PERTH WA 6005, AUSTRALIA  
T: +61 8 9226 2111 F: +61 8 9226 2099 E: [info@elixirpetroleum.com](mailto:info@elixirpetroleum.com)

## Petra Project

The Petra Project is an attractive new opportunity due to the following key elements:

- Proven onshore oil play in low cost, low risk operating environment;
- Alignment with successful and experienced local Operator;
- Early mover lease position with potential to materially expand land bank;
- Cheap entry with the majority of money to be invested in exploration; and
- Material, highly commercial exploration success in surrounding areas.



The leases acquired follow a new trend in the Denver Julesberg Basin (“DJ Basin”) which is targeting Mississippian and Pennsylvanian conventional structures (depth of ~2,500 metres) that have been successfully identified and drilled on 2D and 3D seismic in recent years. These discoveries have yielded some of the largest conventional oil discoveries onshore in the US in recent years and created substantial wealth.

The previous focus of exploration in the area has been shallower Cretaceous aged “D” and “J” Sandstone units that have been prolific producers in the DJ Basin and remain a legitimate target for Elixir, but the real value is in the deeper conventional play which has not been greatly explored in the past. New exploration thinking has opened up this play and costs are low with dry hole drilling costs at around US\$1M per well. Elixir’s acquisition has secured a material foothold in this emerging play on attractive terms which provides shareholders with significant leverage to exploration success.

## Wattenberg Project

The Wattenberg Project provides Elixir with the exclusive option to participate in any leases acquired over an agreed area in the unconventional oil window within the Wattenberg area. This option provides Elixir with exposure to one of the most successful unconventional oil plays in the United States on ground floor terms. Neighbours such as Noble Energy, Encana and many other successful private companies operate in surrounding leases and are actively drilling and currently produce significant volumes of oil from horizontal wells drilled into the Niobrara and Codell formations.

The initial target is to acquire up to 2,000 acres within the defined area with Apollo delivering to Elixir a Working Interest of 50% and a minimum net revenue interest of 40%. In conjunction with Apollo, Elixir has a right (but not the obligation) to expand its lease position beyond 50% of 2,000 net acres should Apollo acquire a larger position and Elixir wants to participate.

The agreements with Apollo are subject to a number of conditions precedents which are considered standard for a transaction of this nature, including completion of due diligence by Elixir, and which are to be satisfied (or waived) by 31 August 2014 (or such later date agreed by the parties).

Settlement of the Apollo transaction is expected to occur on or around 8 September 2014.

## Funding Secured

The Company has secured funding for the Petra Project through Hartleys Limited by way of a \$2.2 million placement (“Placement”) which will complete contemporaneously with a Share Purchase Plan (“SPP”) to raise up to \$0.8 million on the same terms as the Placement. The Placement received strong support from existing shareholders, new investors and the Board and management of Elixir. The SPP will provide all eligible shareholders the opportunity to participate in the capital raise on the same terms as the Placement. Elixir’s major shareholder (New Standard Energy) is supportive of the transaction.

Both the Placement and SPP will be undertaken at 0.5c per share and for every two shares subscribed under both the Placement and the SPP, investors will be allocated an attaching option exercisable at \$0.015 on or before 30 September 2016.

The funding arrangements are subject to shareholder approval which will be sought at a General Meeting scheduled for 3 September 2014.

### **Appointment of Managing Director**

Subject to the approval of the funding arrangements and completion of the transaction, Mr Dougal Ferguson will be appointed Managing Director. Mr Ferguson has held the position of Chief Executive since 1 May 2014. Details of his remuneration package were disclosed in the quarterly report released on 30 April 2014.

There will be no change to Mr Ferguson's remuneration package other than the issue of 30 million Performance Rights to be issued pursuant to the Elixir Petroleum Executive Incentive Plan which will vest over two years upon the attainment of certain share price related hurdles. No Performance Rights will vest if the share price does not exceed \$0.01, with 50% vesting if the share price is equal to or greater than \$0.01 and 100% vesting if the share price is equal to or greater than \$0.014, with pro rata adjustment for a share price between \$0.01 and \$0.014. 50% of the Performance Rights will be measured on 31 July 2015, with the balance being measured against the share price hurdles on 31 July 2016.

### **Indicative Timetable**

The key indicative dates for the closing of the capital raise are as follows:

Record Date for SPP	24 July 2014
Dispatch Prospectus	4 August 2014
Closing Date for SPP	29 August 2014
Shareholder Meeting	3 September 2014
Issue Shares under SPP and Placement	5 September 2014

For further enquiries, please contact:

**Dougal Ferguson**  
*Chief Executive Officer*  
+61 (8) 9226 2111

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