

# Acquisition of the Petra Project, Colorado

New Management, New Project and New Focus

July 2014



*Drilling and production activity on nearby Great Plains field*

**Dougal Ferguson**  
**Chief Executive Officer**

**(ASX:EXR)**

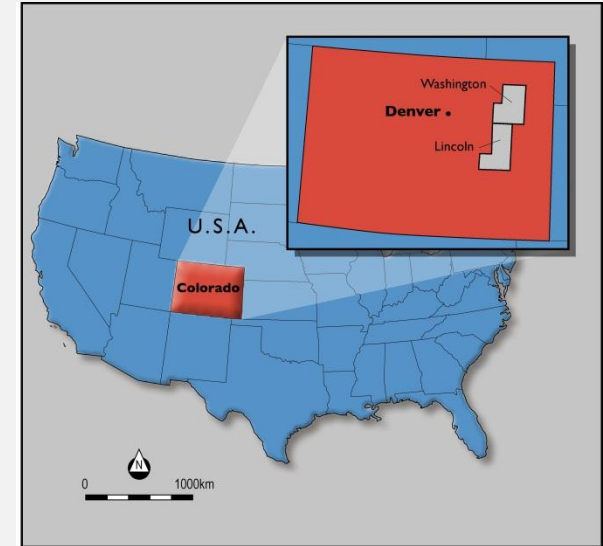
# Investment Highlights

- ✓ New conventional US (Colorado) oil play in proven hydrocarbon basin, opened-up by recent nearby discoveries
- ✓ Low cost vertical exploration wells, 2-3 month payback with very low decline rates
- ✓ Strong alignment with local US Operator with proven execution capability
- ✓ Simple operating environment conducive to high levels of activity
- ✓ Free option to acquire 50% of unconventional oil leases on ground floor terms on second project in Colorado
- ✓ Retention of 100% of Moselle Project (France) maintains significant option value at low holding costs
- ✓ Experienced management and Board – backing the strategy through meaningful investment into Elixir
- ✓ Excellent exposure to additional deal flow through new management and new US relationships
- ✓ Very low Enterprise Value provides exceptional leverage at current prices

# Petra Project, Colorado

## Acquisition Overview

- Binding agreement to acquire a significant acreage position in a new conventional US oil play:
  - I. 50% Working Interest (~43.75% NRI) in 14,455 net acres on highly prospective Mississippian trend in Washington County, East Colorado, USA
  - II. 50% Working Interest (~43.75% NRI) in a broader Area of Mutual Interest (“AMI”) covering over 500,000 gross acres in Washington and Lincoln Counties; and
  - III. Exclusive option to acquire a 50% Working Interest (40% NRI) in second project in Colorado on ground-floor (heads-up) terms
- Upfront cost of only ~US\$700,000 to Elixir, to reimburse Apollo Operating LLC (“Apollo”) for leasing costs incurred
- Elixir to fund first US\$1.5 million of agreed exploration costs by 30 June 2016, following which Elixir and Apollo will each fund 50% of future costs
- An active work program over the next 18 months will include:
  - purchase and acquisition of new and existing 2D or 3D seismic; and
  - no less than 2 exploration wells in 2015
- Acquisition is subject to standard conditions precedent including completion of due diligence by Elixir (refer ASX Announcement)



Beam pump located on nearby Great Plains field

# Elixir (ASX:EXR)

## Corporate Overview



Capital Structure	Current (million)	Pro-Forma* (million)
Ordinary Shares (ASX:EXR)	431	1,031
Unlisted Options (ex 1.0 - 1.5 cents)	15	27
Listed Options (ex 1.5 cents)	-	320
Performance Rights	1	31
Market Capitalisation (at 0.5c)	\$2.1	\$5.2
Cash	\$0.8 (30 June)	\$2.8
Enterprise Value	\$1.3	\$2.4

Pro-forma following completion of \$2.2 million placement and \$0.8 million share purchase plan, assuming fully subscribed with pro-forma cash post acquisition cost. Placement and SPP subject to shareholder approval. Subject to shareholder approval, Directors will subscribe to \$200,000 in the Placement.

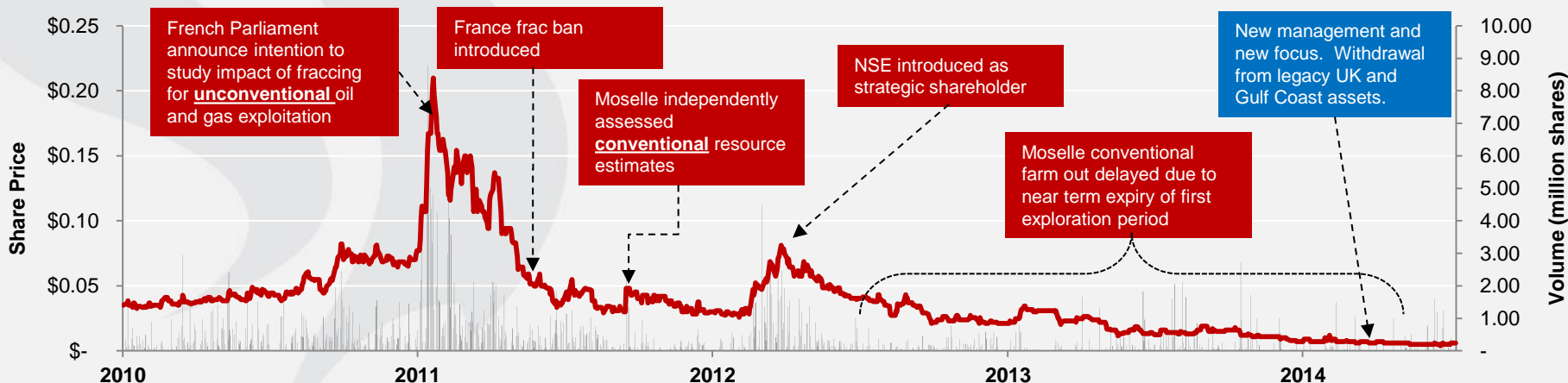
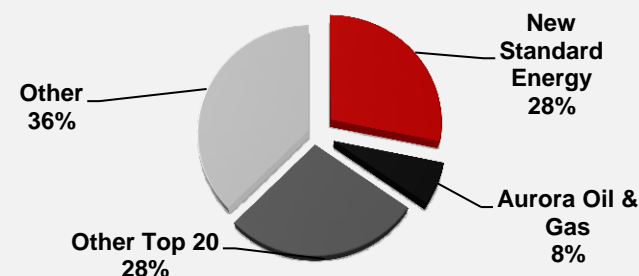
As part of the Placement and SPP, Elixir will issue up to 320 million listed options with an exercise price of \$0.015 and expiry date of 30 September 2016. Non-executive Directors of Elixir will be issued with 12 million options with the same exercise price as the capital raising options, subject to shareholder approval. In addition, the CEO will be appointed Managing Director and be issued 30 million Performance Rights that vest subject to a number of performance hurdles

## Board & Key Management

Sam Willis	Non Executive Chairman
Dougal Ferguson	Chief Executive Officer *
Mark O'Clery	Non-Executive Director
Michael Price	Non-Executive Director

\* To be appointed Managing Director following completion of capital raising and acquisition

## Major Shareholders (pre-capital raising)



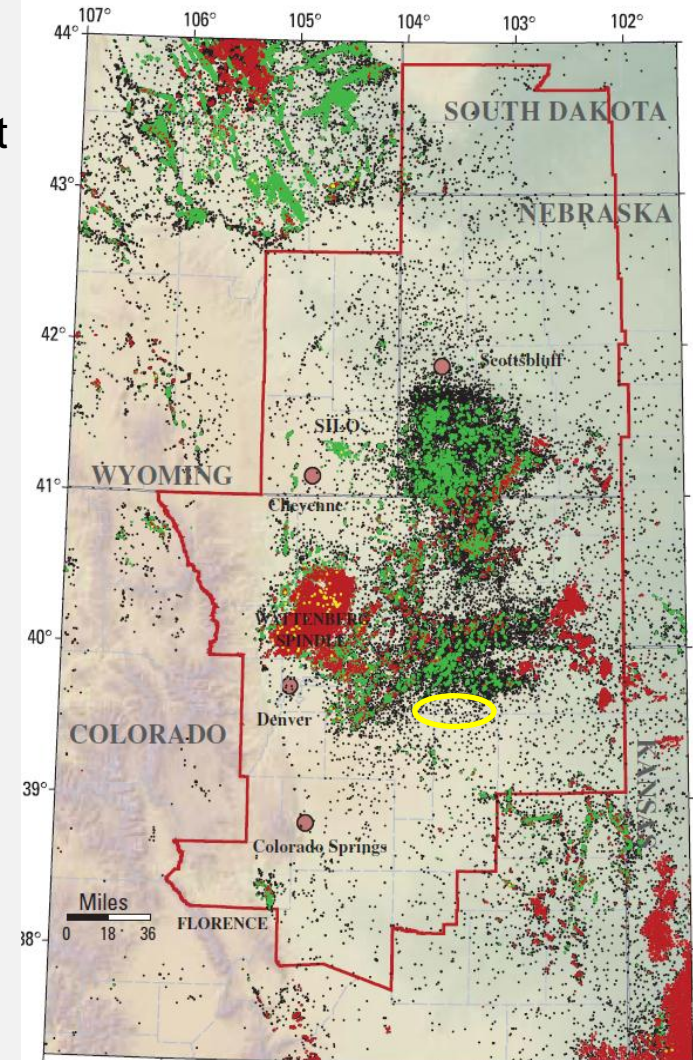
# Petra Project

An Attractive Exciting new Oil Project



## Shallow, Conventional Oil, Cheap Entry

- ✓ New, successful and lightly explored play concept in the Mississippian and Pennsylvanian
- ✓ Proven, repeatable, conventional oil discoveries
- ✓ Low cost vertical wells – exploration wells ~\$1M (uncompleted)
- ✓ Low cost operating environment
- ✓ Multiple stacked objectives
- ✓ High productivity wells delivering 2-3 month payback on success
- ✓ Low decline rates from successful discoveries
- ✓ Structures shown to be identifiable from 2D data
- ✓ Low leasing costs (\$25-\$50/acre)
- ✓ Strong project partner aligned with Elixir to maximise value from Petra Project



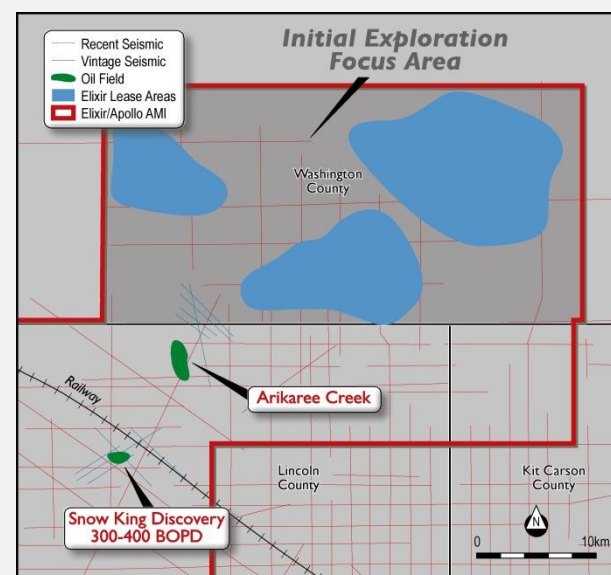
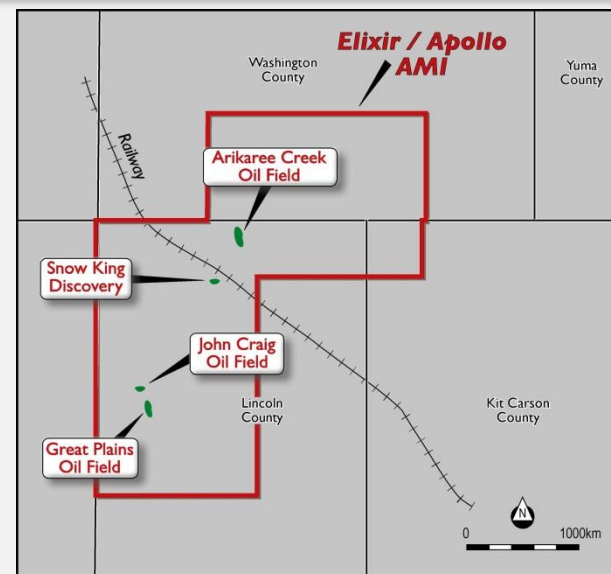
DJ Basin oil and gas wells. The area circled in yellow is the general location of the Elixir leases.

# Petra Project

## Exciting Land Position in New Conventional Play



- 50% Working Interest (~43.75% NRI) in 14,455 net acres on new Mississippian and Pennsylvanian trend in Washington and Lincoln Counties, Colorado, offsetting recent discoveries
- Long term leases:
  - 5 year primary terms (first primary term expires 2018)
  - 5 year extensions available
  - No seismic or drilling commitments
- Continued lease acquisition on a 50/50 basis within AMI targeting 25k-30k net acres
- Dedicated land men with excellent reputations and relationships in the area
- Ongoing discussions over greater DJ Basin area to source and acquire additional near term drilling opportunities



# Apollo Operating LLC

Quality US Partner Aligned with Elixir to Drive Project Success



- Apollo comprises a small but highly skilled team including two land men, a geophysicist, a drilling engineer and a petrophysicist
- Excellent proven track record with recent sale of a central Wattenberg field to Synergy Resources Corporation (**NYSE:SYRG**) for \$17 million in November 2013
- Apollo procured a substantial lease position in Washington County along trend following recent discoveries by Nighthawk Energy plc
- Apollo funded and provided all land man services for lease acquisitions to date totalling some US\$725,000
- Elixir management identified the same exploration play, sought out and has been negotiating with Apollo for several months
- A deal was struck with Apollo to participate at a Working Interest level including drilling of at least 2 exploration wells

## Apollo Wattenberg Development

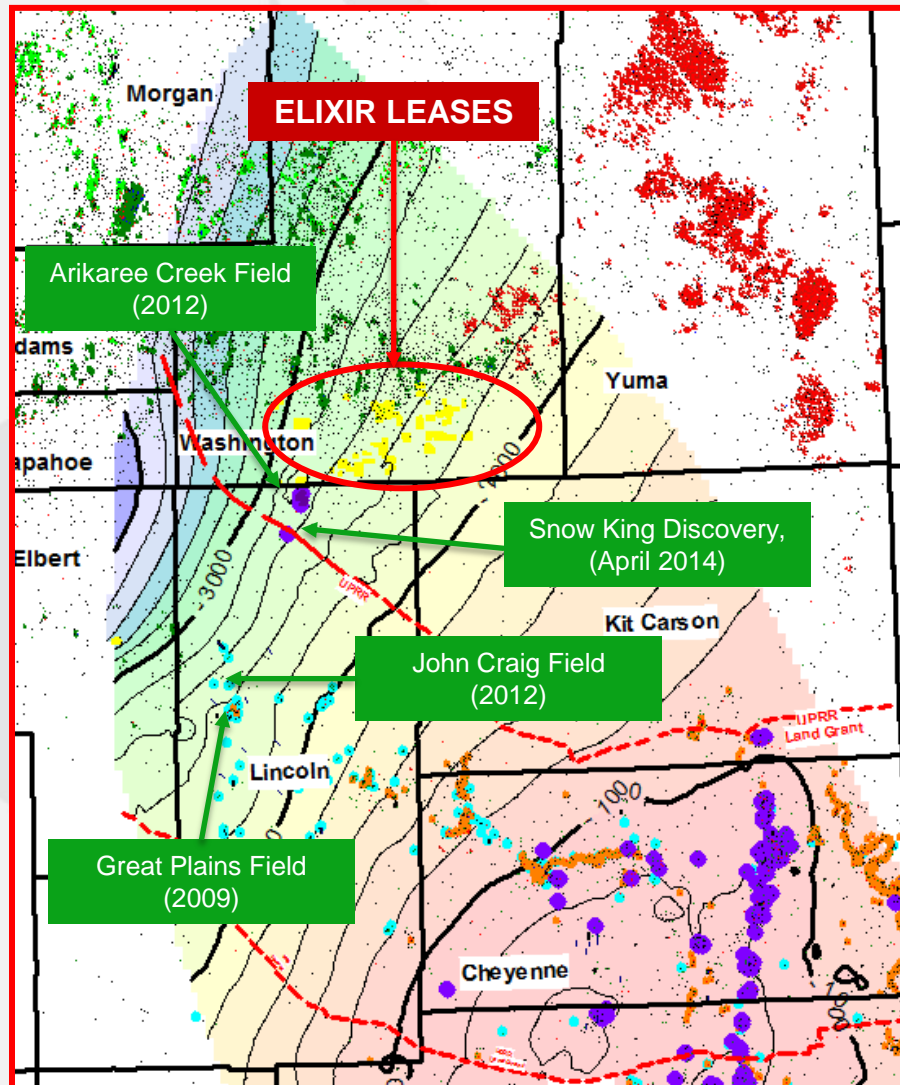


Pointing out the next deal....



# Mississippian & Pennsylvanian Discoveries

## Opening of a New Play Trend

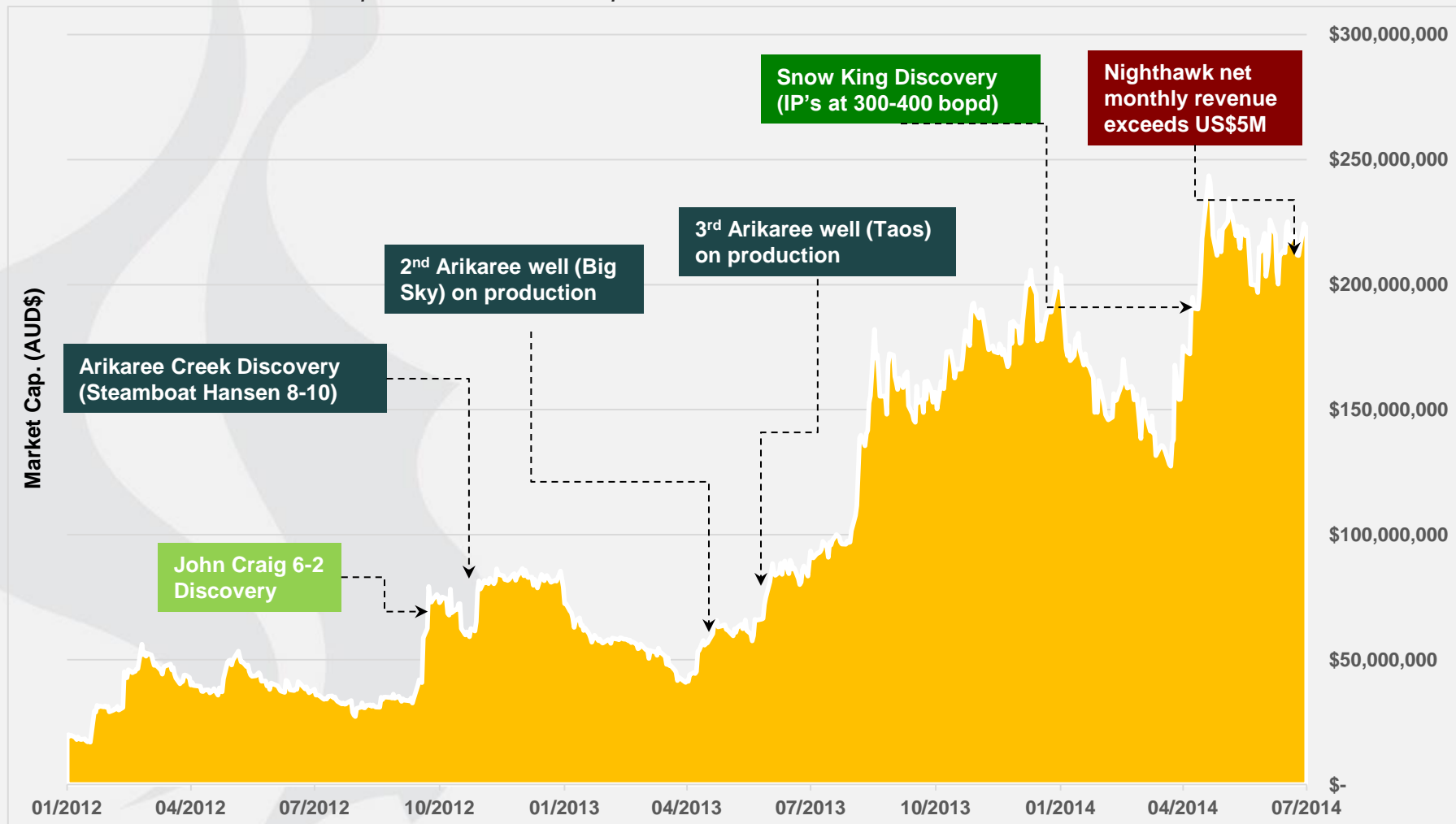


Significant conventional oil volumes discovered in recent years have opened up a new play trending south-west to north-east and proximate to the Petra Project. New fields discovered include:

- **Great Plains Field** – discovered in 2009 by Weipking-Fullerton (privately owned) and still being developed with extensive drilling in the area.
- **Arikaree Creek Field** – discovered in late 2012 by Nighthawk Energy plc with the Steamboat Hanson 8-10 well which opened the trend to the north and extended it from Pennsylvanian to Mississippian aged reservoirs. The field produces around 1,600bopd 38-degree oil from 9 wells.
- **John Craig Field** – discovered by Nighthawk in 2012 and now being appraised and developed with a further 4-6 wells being drilled and currently producing 250-300bopd.
- **Snow King Discovery** – the most recent discovery made in April 2014 again by Nighthawk and now also being appraised. Currently producing in the region of 300-400bopd.

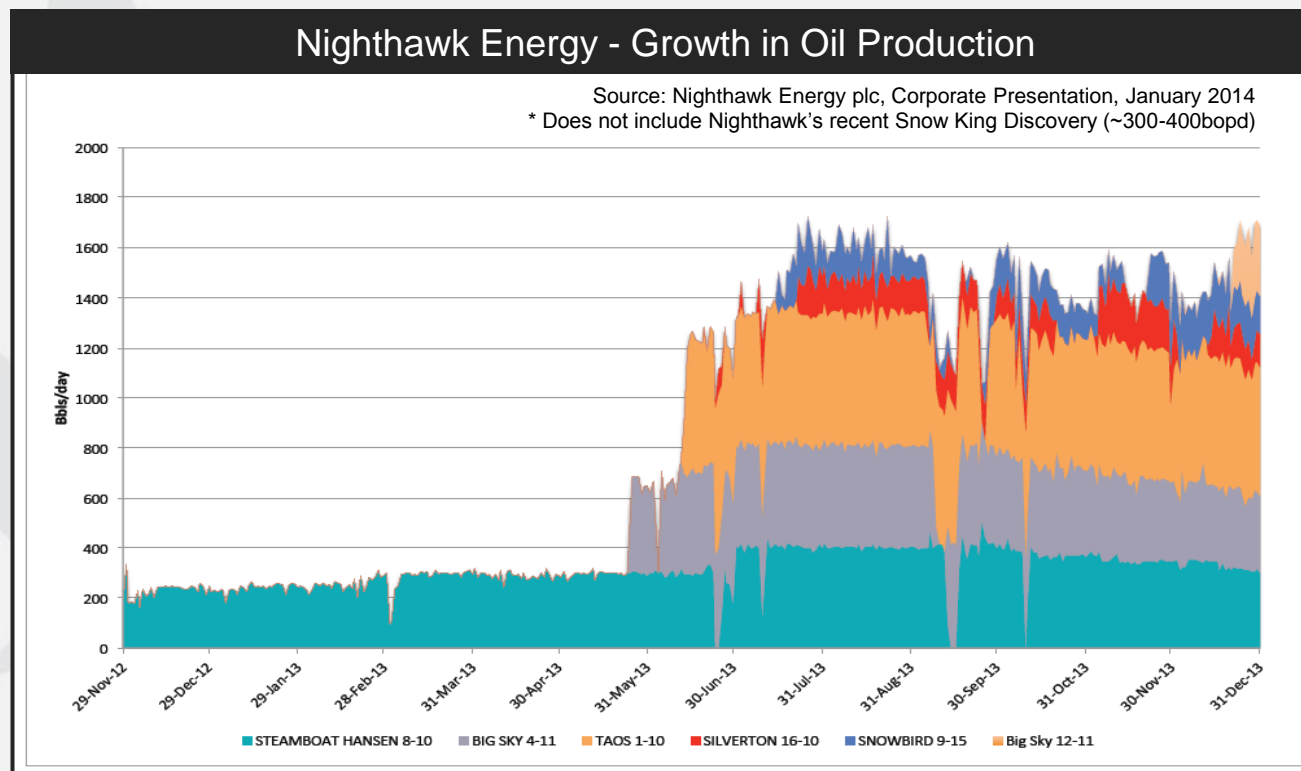
### Growth in Market Capitalisation Since Discoveries

*~\$20 Million to +\$220 Million in less than 2 Years*



### The Case for Conventional Oil

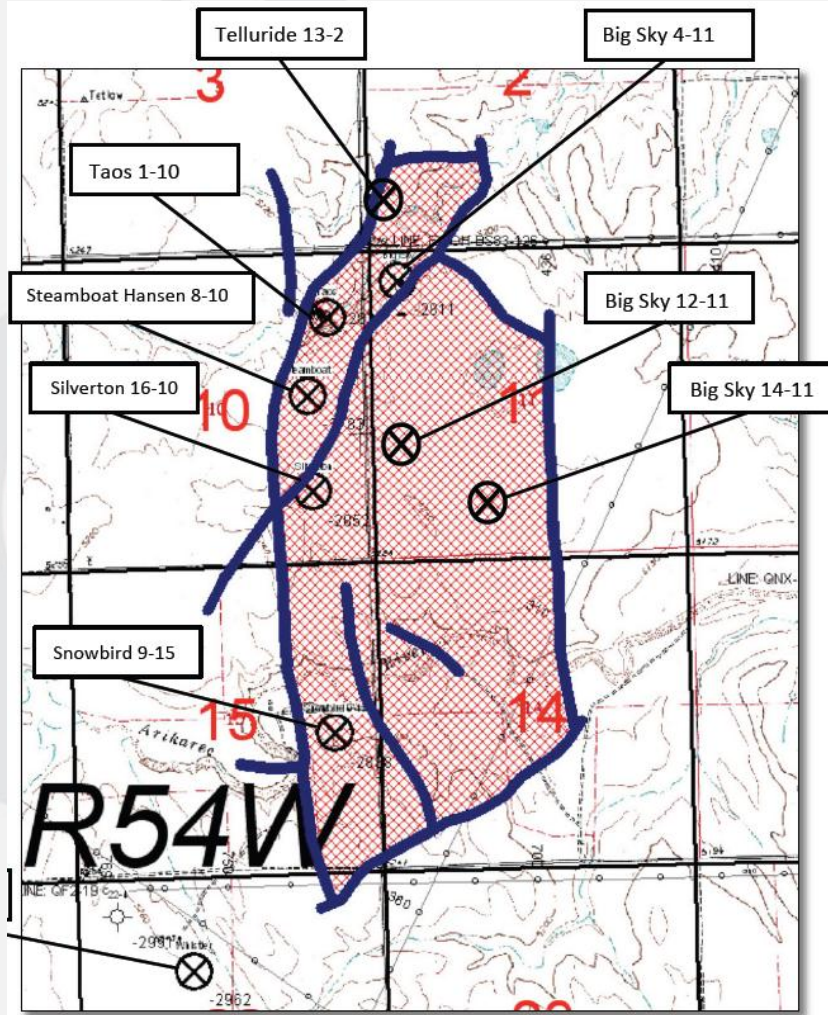
- ✓ Conventional reservoirs yield high productivity wells at sustained production rates
- ✓ Strong IP rates (up to 500 bopd) result in early cash flow providing early funding options
- ✓ Delivers high NPV's even for modest volumes ( <1mmbbls commercial)
- ✓ Payback of each well typically within 3 months
- ✓ Nighthawk currently producing +2,000 bopd with market value of \$220 million and monthly revenue in excess of US\$5M



# Nighthawk Energy plc

## Case Study – Arikaree Creek Oil Field

### Structural map of the Arikaree Creek oil field



- Located less than 5 miles south-west of the Petra Project, Arikaree Creek now has 9 producing wells all drilled since 2012
- Initially discovered by the Steamboat Hansen 8-10 well, individual wells have produced at over 500bopd
- Following the initial discovery well, MHA Consultants produced a CPR quoting STOIP of up to 4.89 million barrels and gross recoverable reserves of up to 755,000 barrels
- All wells drilled on the structure to date have been vertical wells producing under natural flow or on industry standard beam pumps resulting in low development costs
- Production rates are currently being managed by Nighthawk to avoid early water-coning

# Wattenberg Project

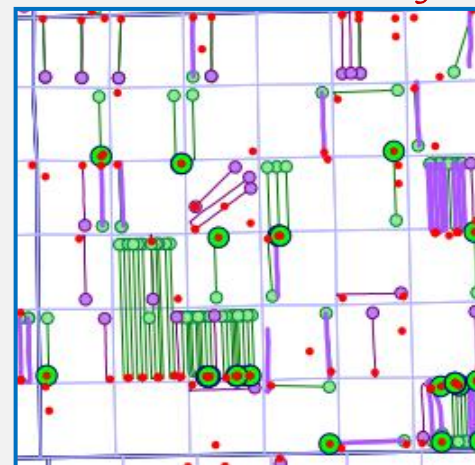
## Option Over this Burgeoning Resource Play

### Deal Summary

Net Land Position (up to)	1,000 acres
EXR expenditure to exercise option (up to)	US\$500,000
Working Interest	50%
Net Revenue Interest (NRI)	40%
Potential Contingent Resource	✓

- Free option over Wattenberg Project provides Elixir with exposure to the proven unconventional oil play in the region on heads-up (ground floor) terms
- Well costs are in the region of US\$4-5M and are typically fraced with IRR's of up to 150%
- Neighbours include Noble, Encana and other major players in the DJ Basin
- High Working Interest (50%) provides flexibility to bring in project partner(s) to fund
- Leasing discussions ongoing with option expected to be available for acceptance by Elixir no later than 1Q 2015

### Well Activity ~ Wattenberg Project Area



### Typical Development ~ Wattenberg



# Moselle, Onshore France

## Significant Value Potential

### Conventional Potential at Moselle – Top 3 Prospects Independently Verified by RPS

*Prospective Recoverable Gas Resources (Bcf) – Mean Estimate*

Prospect	Unrisked Total (if all sequences are successful) <sup>1</sup>	Probabilistic Total (given at least one success) <sup>2</sup>
Nancy East (4 sequences)	626 Bcf	235 Bcf (GPoS <sup>3</sup> 37%)
Bullseye <sup>4</sup> (6 sequences)	208 Bcf	55 Bcf (GPoS 50%)
West Chaumont <sup>4</sup> (1 sequence)	25 Bcf	25 Bcf (GPoS 25%)
<b>Total: Nancy East, Bullseye and West Chaumont</b>	<b>861 Bcf <sup>5</sup></b>	<b>157 Bcf <sup>6</sup></b> (GPoS 80%)

Significant unconventional resource potential in addition to this conventional potential

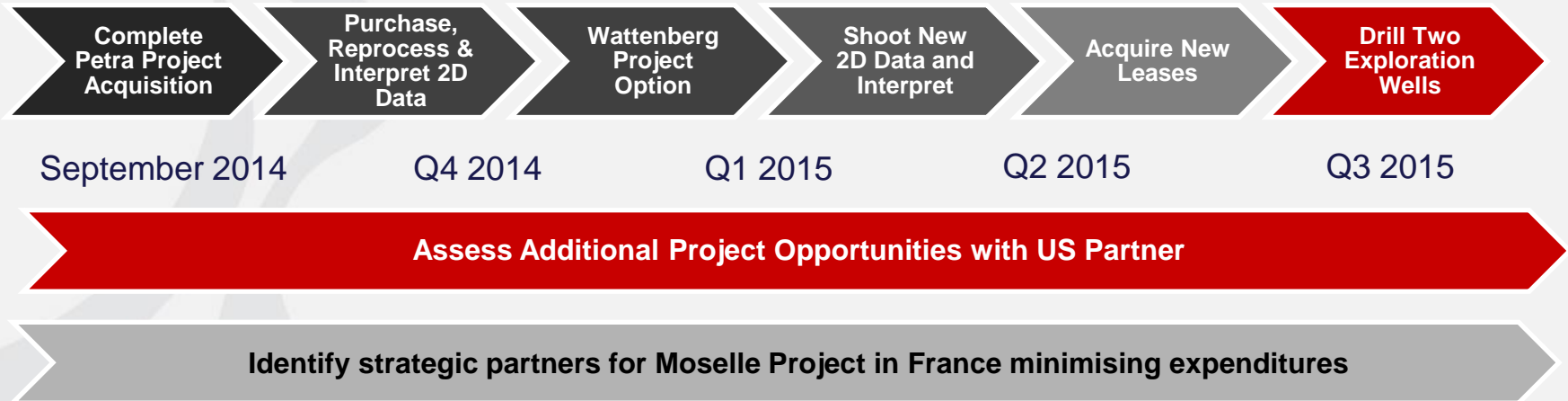


Continental Europe Pipeline Access Located in Moselle Area

- French policy continues to be focussed on renewable energy, but with commitments to reduce nuclear generation by half and continuing reliance on Russian gas, domestic exploration must become a priority
- 5 year renewal lodged with all prior commitments being met – renewal expected to be automatically granted in coming months
- Both conventional and unconventional potential exists. Conventional potential prospectivity independently verified by RPS in June 2013
- Short term objective – lobby Government to accelerate renewal process
- Short/medium term objective - seek partners to fund ongoing work program through creative mechanisms
- 18 month timeframe to progress – avoid protracted outcomes

# Forward Program

An Active Work Program with Meaningful Value Milestones



# Investment Summary

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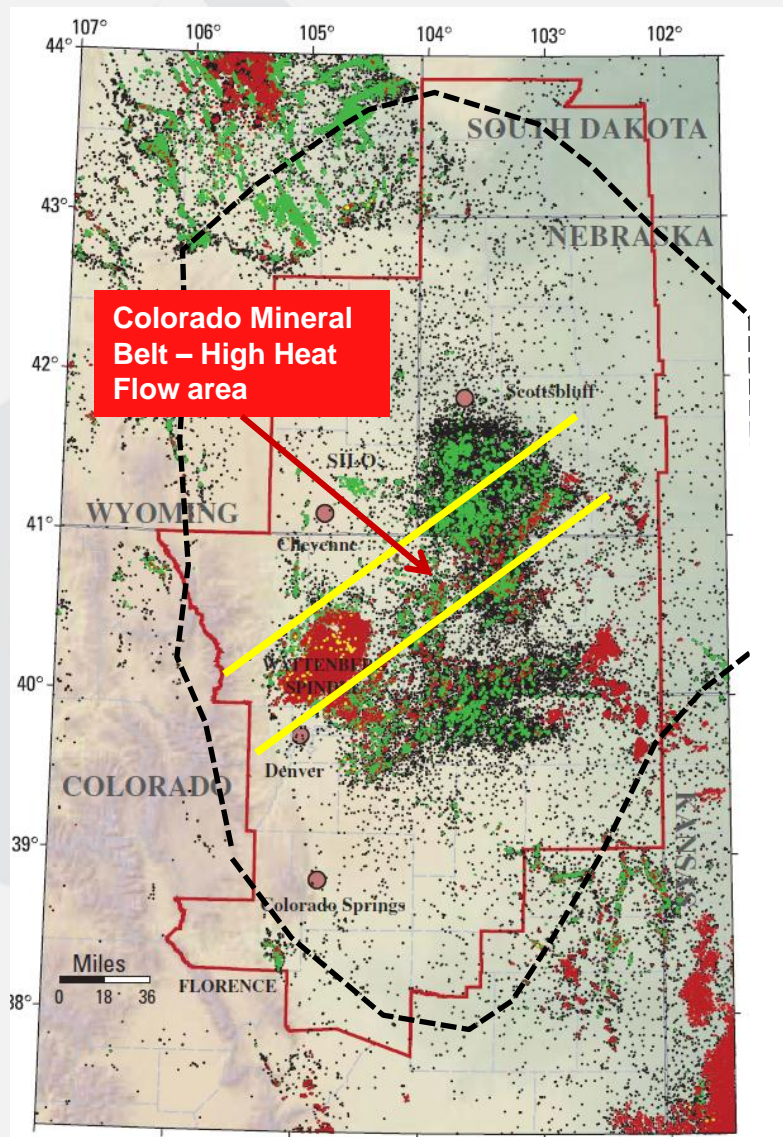
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Information contained in this report with respect to the Moselle Permit was compiled by Elixir and reviewed by Mr Mark O'Clery, B. Sc (Hons), a non-executive director of Elixir who has had more than 25 years' experience in the practice of petroleum geology. Mr O'Clery consents to the inclusion in this report of the information in the form and context in which it appears

# Contact Information

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- The Denver-Julesburg Basin province (black outline) spans SE Wyoming, western Nebraska, NW Kansas and eastern Colorado
- Activity has been primarily focused on the giant Wattenburg unconventional oil resource play, which produces large volumes of light oil from a NE-SW trending area of high heat flow known as the Colorado Mineral Belt
- The play encompasses the Cretaceous Niobrara and Codell formations and currently is being exploited with long horizontal wells with multi-stage slick-water fracs
- Above and below the Niobrara & Codell, hydrocarbons are produced from conventional structural and stratigraphic traps from multiple sand and limestone reservoirs of Cretaceous, Jurassic, Permian, Pennsylvanian and Mississippian aged strata
- Elixir's projects span both the conventional play in the Mississippian/Pennsylvanian and the proven unconventional play in the Niobrara/Codell