



25 August 2014

## **ADDITIONAL COLORADO LEASES SECURED NEW PROPRIETARY 3D SEISMIC ACQUIRED**

- **50% Working Interest in additional 4,480 net acres acquired in the Colorado State Lease Sale at an average of US\$60/acre**
- **Strong competition for acreage with growing interest in the region from several new entrants**
- **New proprietary 3D acquired over 640 net acres as part of a larger survey within 10kms of the Arikaree Creek oil field**
- **SPP offer closing 5.00pm WST on Friday 29 August**

Elixir Petroleum Limited ("Elixir" or the "Company") (**ASX:EXR**) is pleased to announce it has acquired a further 2,240 net acres in the emerging new oil play in Washington County, Colorado, ("**Petra Project**"). Elixir, in conjunction with its Denver based partner, acquired the leases through participation in the Colorado State Lease Sale which was undertaken via an online auction process. The additional leases acquired complement and are adjacent to existing leases within the core area of the Petra Project, resulting in an increase in the concentration of and the overall land position of Elixir to approximately 9,500 net acres. The Company continues to actively lease in the region together with its Denver based partner.

Elixir also recently participated in the acquisition of a proprietary 3D seismic shoot over an area which includes a 640 acre section on owned leasehold approximately 10kms north of the Arikaree Creek discovery of UK listed Nighthawk Energy plc (**AIM: HAWK.L**). Nighthawk has recently announced it has signed a US\$100M debt facility with Commonwealth Bank of Australia for continued development of its discoveries in the area.

Pursuant to the agreement with the operator that acquired the 3D seismic, Elixir will pay approximately US\$40,000 and be entitled to a full fold volume of data acquired to the east of the 640 acre section, resulting in access to data covering some 1,600 acres. The 3D will provide a cheap and early look at 3D seismic quality in the area which will greatly assist in the future planning of new seismic programs (2D or 3D) intended for early 2015.

The Company would like to remind shareholders that the Share Purchase Plan ("SPP") announced on 4 August pursuant to the prospectus closes at 5.00pm on Friday 29 August 2014. Please contact the Company if you have any questions or queries with respect to the SPP.

For further enquiries, please contact:

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The Company's website is currently being updated. Please refer to [www.asx.com.au](http://www.asx.com.au) for recent announcements.

**ASX CODE: EXR**

**[www.elixirpetroleum.com](http://www.elixirpetroleum.com)**

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## **Background Information**

Elixir will acquire from its Denver based partner, a 50% Working Interest (~43.75% net revenue interest) in 14,455 net acres for approximately US\$700,000 which includes an AMI over some 26 Townships incorporating the acquired land. This equates to a total land area within the AMI 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.

Elixir will pay the first US\$1.5M of exploration costs within the AMI which will include initial seismic acquisition and interpretation together with two exploration wells scheduled for 2015. Following completion of the farm-in expenditure, Elixir will retain its 50% Working Interest in the leases which have an initial term of five years with many having an option to extend for a further five years, with no drilling or seismic commitments.

## **Petra Project**

The Petra Project is an attractive new opportunity:

- Targeting 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. 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.

