

# Leveraged for Growth

*Drill ready “Company maker” prospect in Colorado*

*August 2015*



**(ASX:EXR)**

# Investment Highlights

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- Strong alignment with local US Operator with proven execution capability
- Drill ready prospect in Colorado with Mean Prospective Resources of **2.5MMbbls** net to Elixir
- Success in Rodwell Prospect independently valued (un-risked) at up to **US\$41.8M** at US\$50/bbl oil (WTI) with value highly leveraged to oil price increases
- Regional activity imminent with Nighthawk Energy commencing drilling of **5 wells in September 2015**, with at least two further wells expected pre 30 June 2016
- **30% well cost reduction** expected on 2014 actual well costs (as quoted by Nighthawk) with dry hole costs expected to be less than US\$700,000
- 100% of Moselle Project (France) maintains significant option value with no holding costs
- Enterprise value of **less than \$2M** providing high leverage to exploration success
- Dedicated and invested management and Board
- Overheads stripped from business with cash G&A costs now less than \$600,000 per annum
- **Sundance Energy** new major shareholder at 11.8%

# Elixir Petroleum Limited (ASX:EXR)

## Corporate Overview



### Capital Structure

	Current (million)
Ordinary Shares (ASX:EXR)	1,031
Listed Options (ex 1.5 cents)	320
Unlisted Options (ex 1.0 -1.5 cents)	27
Performance Rights	15
Market Capitalisation (at 0.2c)	\$2.1
Cash (as at 30 June 2015)	\$0.6
Enterprise Value	\$1.5

### Shareholder Analysis

<b>Sundance Energy Limited</b>	<b>11.8%</b>
Directors	4.6%
Aurora Oil and Gas	2.7%
Argonaut	1.5%
<b>Top 40</b>	<b>42.1%</b>
Number of Shareholders	1,000

### Board & Management

<i>Ray Barnes</i>	Non Executive Chairman
<i>Dougal Ferguson</i>	Managing Director
<i>Mark O'Clery</i>	Non-Executive Director
<i>Sam Willis</i>	Non-Executive Director

### Budget and Cost Control – 2014/15

<b>Petra Acquisition Cost</b>	<b>\$0.8M</b>
<b>New Leases (50% Elixir)</b>	<b>\$0.5M</b>
<b>Data Acquisition (100% Elixir)</b>	<b>\$1.0M</b>
<b>G&amp;A</b>	<b>\$0.7M</b>
<b>Total</b>	<b>\$3.0M</b>
<b>Cash on Hand (30 June 2015)</b>	<b>\$0.6M</b>

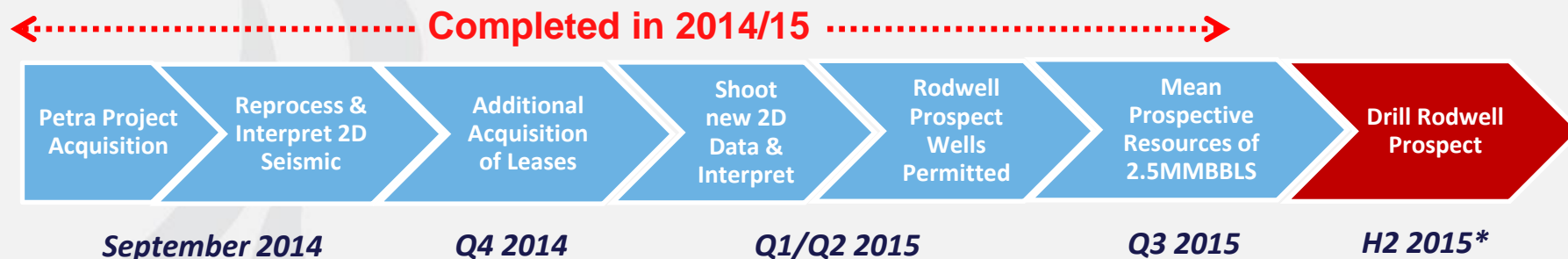
Strong focus on cost control and allocation of capital to exploration activities and key deliverables, with preservation of shareholder value an absolute priority in current tough market conditions.

### Low Cost Asset Base

No commitments and virtually **no holding costs** on either Petra Project or Moselle Permit

# Achieving Milestones

***Proven Execution Capability: Continue to Deliver in 2016***



## 2016 Activity Focused on Low Risk Growth Opportunities

*Early Success Case – 2016 program will appraise Rodwell discovery and bootstrap development through early cash flow*

*Continue to target lower risk production and appraisal acquisitions in OECD countries*

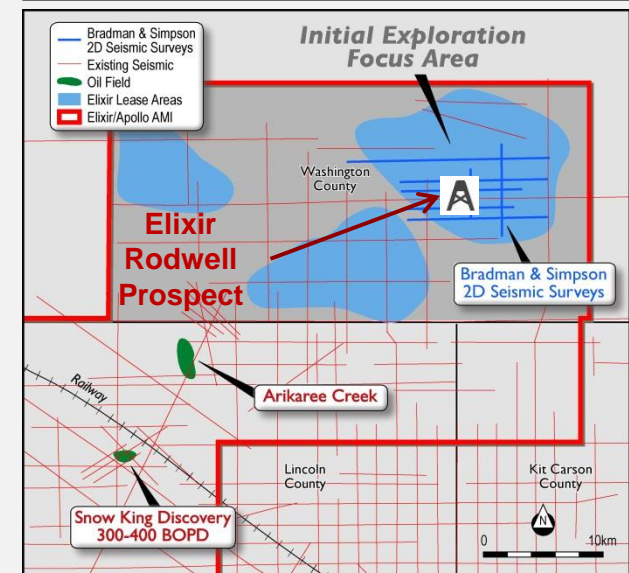
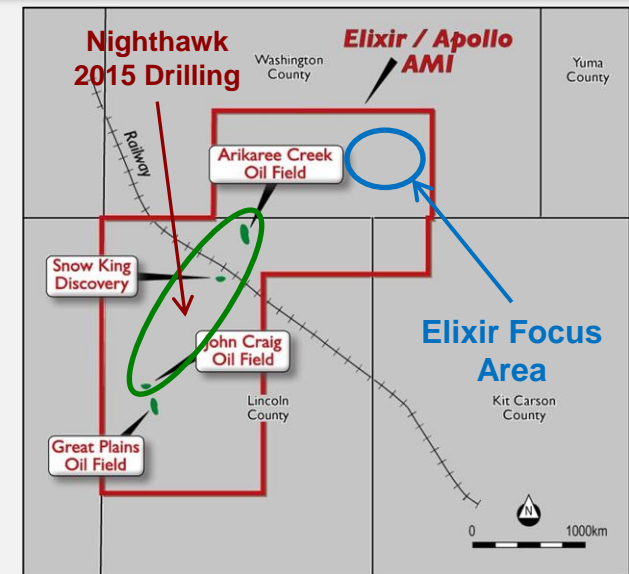
*Maintain lobbying of French Government for renewal of Moselle Permit*

\*Subject to suitable rig availability and joint venture approvals and WTI oil price

# Petra Project

## Focussed Exploration Program Delivering Results

- 50% Working Interest in **30,000 net acres** covering relatively new Mississippian and Pennsylvanian trend in Washington County, Colorado
- Long term leases with very low holding costs:
  - Generally expire **2018 and beyond** with extensions for 3-5 years
  - No seismic or drilling commitments
- Acquired over **250km** of regional seismic data
- Acquired two separate 2D seismic surveys totaling over **60kms of proprietary data**
- Processed and interpreted full data set identifying significant **“look alike” prospect** to Arikaree Creek
- Completed Independent Prospective Resources report (**Mean 2.5MMbbls Prospective Resource net to Elixir**) identifying a large number of **follow up locations** upon any initial success at the Rodwell Prospect

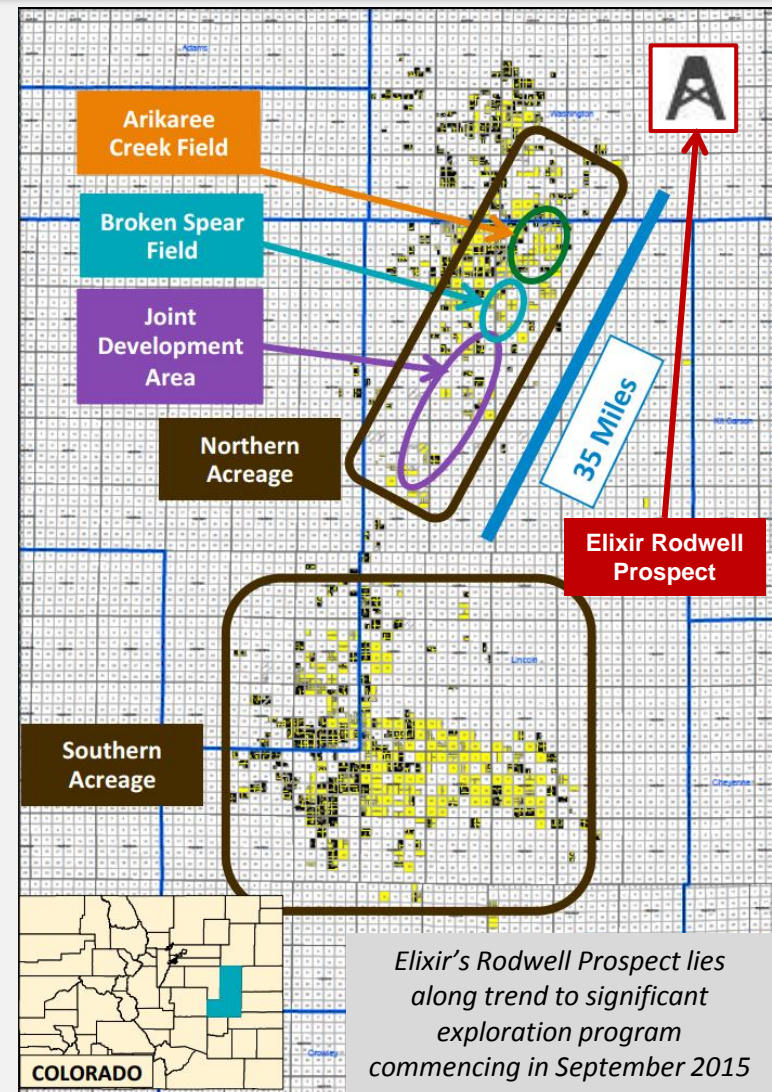




# Petra Project

## Rodwell Prospect on trend with 2015 Nighthawk Drilling Program

- Nighthawk entered Joint Development Area with Cascade in January 2015 by committing to drill **6 exploration wells prior to 30 June 2016**
- 4 exploration wells to be drilled pre 31 December 2015, with two more wells pre 30 June 2016
- 3D seismic program completed in early 2015 with multiple drilling prospects identified
- Transaction valued this non-producing acreage at **US\$1,000 per acre** based on farm-in metrics
- Elixir acreage trends to the north east ending just beyond the Rodwell Prospect
- Other operators in the area also permitting wells and **further drilling activity** in the region may occur
- Elixir has **no firm drilling commitments** in any of its leases and if necessary, can hold its strategic position for several years at minimal cost



Base Map Source: Nighthawk Energy plc, Corporate Presentation, August 2015

# Petra Project

## Partnering with Experienced Operator – Apollo Operating LLC



- Apollo is a private company with a small group of investors who are **Denver based industry professionals**
- Apollo is **aligned with Elixir** both financially and technically to drive project success and activity
- **Apollo has paid 50%** of all leasing costs post acquisition (approx. US\$450,000) – further aligning Elixir and Apollo
- Elixir funding the first **US\$1.5 million** of exploration expenditure with ~US\$680,000 already funded by Elixir to date on seismic data, reprocessing and interpretation
- Agreement with Apollo for **at least two** exploration wells with second well equally funded by Elixir and Apollo
- Over 60kms of new 2D seismic acquisition completed since acquiring the Petra Project all acquired **within budget**
- Drilling may be “piggy backed” with Nighthawk program thereby **reducing costs and risk** of rig “shakedown” issues



*Seismic line across crop fields on Elixir leases.  
Shoe for scale!*



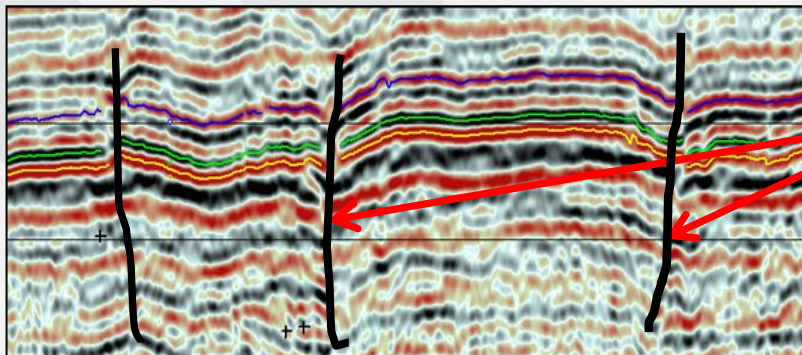
*Vibroseis acquisition vehicle – Simpson 2D*



# Geoscience Driven Exploration

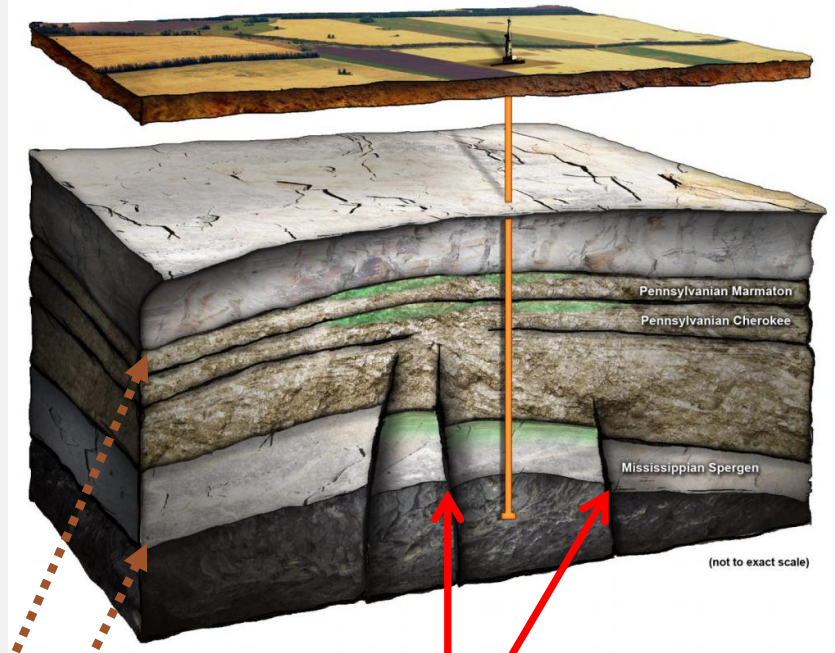
## Exploring With Science – not just the Drill Bit

- Over 250 kms of existing 2D seismic data purchased and reprocessed
- Reprocessed data has identified **clear structuring**, critical for conventional traps
- Over 60kms of new **proprietary 2D seismic** data acquired over main lead
- Independent Prospective Resource report has identified up to **5 potential stacked reservoirs**
- Two principal reservoirs volumetrically assessed with the **Mississippian Spergen** and the **Pennsylvanian Cherokee A** main targets



Large structures identified and confirmed with new proprietary 2D seismic

Seismic data owned or controlled by Seismic Exchange, Inc.; interpretation is that of Elixir Petroleum Group.



Source: Nighthawk Energy plc,  
Corporate Presentation, August 2015

The presence of **deep basement faulting** is considered a key ingredient to success in this exploration play, proven by the geological setting of the discoveries at Arikaree Creek and Broken Spear fields



# Independent Prospective Resources Report

*Using field analogue data to generate realistic valuations*



Reservoir Interval	Low (MBO)	Best (MBO)	High (MBO)	Mean (MBO)	Probability of Geological Success
Mississippian <sup>1</sup>	275	1,196	5,216	2,076	24%
Cherokee A <sup>2</sup>	110	320	950	434	19%
Aggregate <sup>3</sup>				2,511	

1. Probabilistic outcome for entire structure
2. Probabilistic outcome for mapped Cherokee closures
3. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate

Source: Independent Prospective Resource Assessment, August 2015

- Independent Prospective Resource Report completed in August 2015 with up to **5 stacked reservoirs** identified
- Two primary zones volumetrically assessed to contain Mean Prospective Resources of **2.5MMBO recoverable net to Elixir**
- Independent assessment has estimated an un-risked net present value of **US\$41.8MM net to Elixir** (**A\$55MM** at USD/AUD: 0.75 exchange rate) for the Mississippian and the Cherokee A formations using the Mean Prospective Resource assuming US\$50/bbl oil (WTI).
- Prospective Resource calculations confirm **overall prospect size** is analogous to nearby producing oil fields, Arikaree Creek and Great Plains
- Rodwell Prospect within core area of approximately **30% of total lease holding**

# Mississippian Play Economics

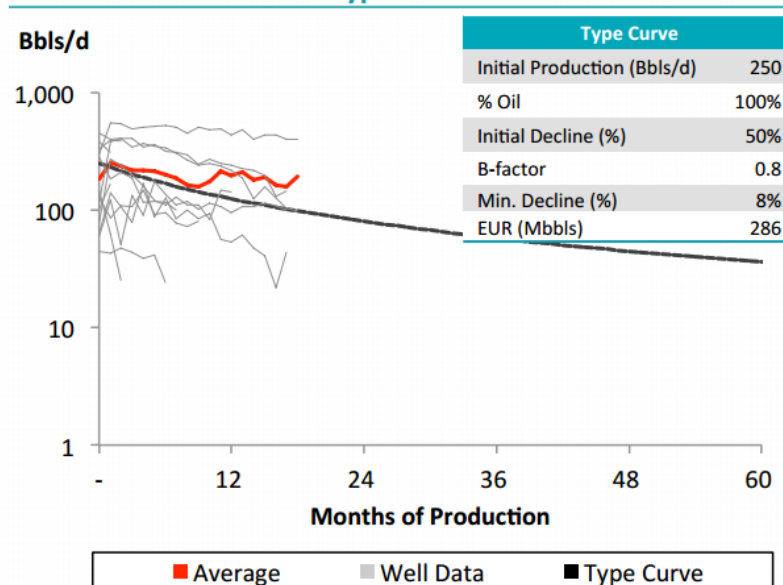
*Actual Nighthawk data – Elixir more conservative on EUR's*



## Assumptions

WI/NRI	100% / 82%
Well Spacing	40 acres/well
Depth	8,000' TVD
D & C Cost/Well	\$1.65 million
Gross (Net) EUR/Well	286 (234) MBbls
Fixed LOE, \$/Month	1,500
Variable LOE, \$/Bbl	4.40
Ad Valorem Tax	3%
Severance Tax	5%
Oil Differential (\$/Bbl)	(\$8.28)

## Type Curve



## Internal Rate of Return

Oil Price (\$/BBL)	D&C Cost				
	\$1,450	\$1,550	\$1,650	\$1,750	\$1,850
\$40	53%	45%	38%	32%	27%
\$50	112%	97%	84%	74%	65%
\$60	191%	165%	145%	128%	113%
\$70	293%	254%	222%	195%	173%
\$80	423%	364%	317%	279%	247%

## Net Present Value

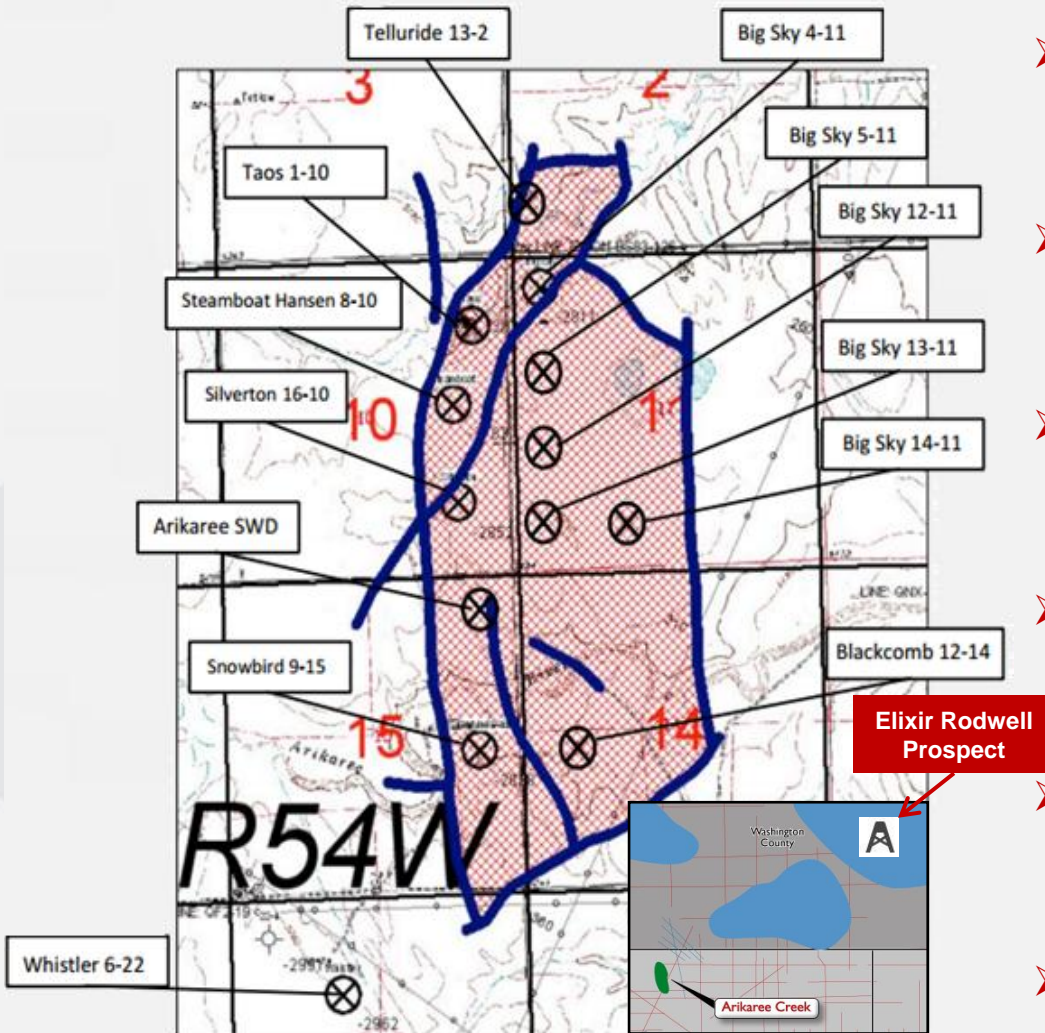
Oil Price (\$/BBL)	D&C Cost				
	\$1,450	\$1,550	\$1,650	\$1,750	\$1,850
\$40	\$1.7	\$1.6	\$1.5	\$1.4	\$1.3
\$50	\$2.9	\$2.8	\$2.7	\$2.6	\$2.5
\$60	\$4.2	\$4.1	\$4.0	\$3.9	\$3.8
\$70	\$5.5	\$5.4	\$5.3	\$5.2	\$5.1
\$80	\$6.8	\$6.7	\$6.6	\$6.5	\$6.4

Note: Type curve based on Mississippian (Spergen) producers in the Arikaree Creek field.

Source: Nighthawk Energy plc, Corporate Presentation, August 2015  
Numbers quoted are in \$US

# Arikaree Creek – Adjacent Field Analogue

*Similar size to Rodwell Prospect with deep basement faulting*



Structural map of the Arikaree Creek oil field

- Located **less than 25kms** south-west of the Rodwell Prospect, Arikaree Creek has been producing since 2012
- **Similar structural setting** to the Rodwell Prospect with deep north-south orientated basement faulting
- Initially discovered by the Steamboat Hansen 8-10 well, individual wells have produced at over **500bopd**
- **H1 2015** production of **1,950 bbls/day** from Arikaree and Broken Spear fields (previously Snow King)
- **4MMbbls of proved reserves** and 17.2MMbbls of 3P reserves as of May 2015 internal Nighthawk management estimate
- Nighthawk has **186,000 net acres** with sizable drilling inventory with drilling commencing in September 2015



# 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
- 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 partner(s) to fund ongoing work program through creative mechanisms
- Almost zero holding costs over this free option to a significant prospective European gas resource

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