

26 October 2015

ELIXIR TO ACQUIRE 57.5% IN PRODUCING PERTH BASIN CLIFF HEAD OIL FIELD

- **Agreement to acquire AWE Limited's 57.5% Working Interest in the producing Cliff Head Oil Field located in the Perth Basin**
- **Cliff Head currently producing approximately 1,500 bopd (~862 bopd net to AWE) and generates significant monthly revenue**
- **Numerous field life extension projects have potential to extend the current economic field life well beyond the current predicted 10 year life**
- **Minimal upfront acquisition cost of \$1 million with contingent payments over the next five years (capped at \$9 million in aggregate) based on net cash flow generation hurdles**
- **Acquisition provides Elixir shareholders with significant leverage to oil price upside**
- **Significant Working Interest (57.5%) allows flexibility to introduce new partner to fund field life extension capital program**
- **Elixir in the process of completing a small capital raising, which will include a Share Purchase Plan (SPP) to existing shareholders**

Elixir Petroleum Limited (ASX:EXR) is pleased to announce that it has signed an Agreement with AWE Limited (AWE) to acquire its 57.5% Working Interest in the Cliff Head Oil Field, located in the offshore Perth Basin.

This acquisition will be transformational to Elixir and catapults the Company into the ranks of only a handful of Western Australian ASX listed oil producers, providing shareholders with significant leverage to oil prices in addition to infield drilling, enhanced oil recovery potential and near field exploration and appraisal opportunities. This acquisition is the culmination of an exhaustive assessment of various opportunities that have been reviewed over the last 6-9 months and is consistent with the Company's previously stated objective of targeting low risk production and appraisal acquisitions in OECD countries.

The Cliff Head Oil Field is located about 300km north of Perth and is well known to Management and the Board, with both the Chairman and Managing Director having prior involvement in the asset in previous executive roles with Voyager Energy and ARC Energy respectively.

Cliff Head, the first commercial oil discovery in the offshore Perth Basin, was discovered in 2001 by a ROC Oil led Joint Venture, with first production commencing in May 2006. To date the field has produced over 14.5 million barrels and continues to produce at above originally forecast rates. The oil is produced through an offshore platform (CHA) with the fluids piped 14km to an onshore processing facility (Arrowsmith). Oil is then trucked to the BP Kwinana oil refinery south

ASX CODE: EXR

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Elixir Petroleum Limited

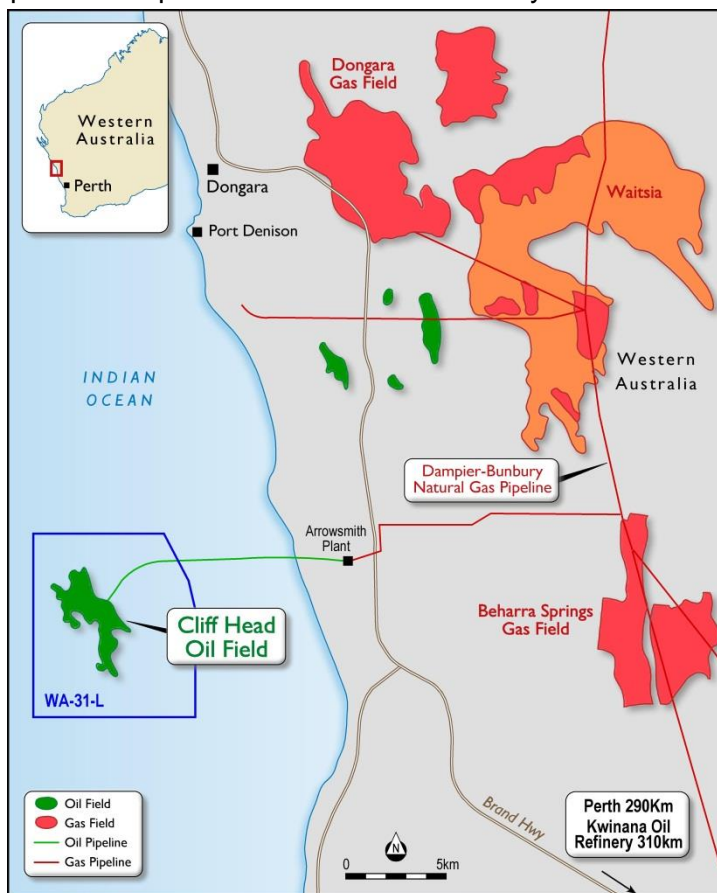
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of Perth. The Cliff Head Oil Field is operated by ROC Oil (a subsidiary of Fosun International Limited) who has been the Operator of the project since prior to the initial discovery well being drilled. ROC Oil has a small operations office in Perth providing the opportunity for Elixir to develop a close working relationship with the Operator.

For Elixir, the acquisition will transform the Company into one of only a handful of Western Australian ASX listed oil producers. The forecast cash flow together with the significant leverage to an even modest improvement in oil prices will provide Elixir with the ability to fund other exploration and new business activities, including the Company's low cost but high impact Petra Project in Colorado.

On completion of the acquisition, which has an effective date of 1 October 2015, Elixir will pay \$1M adjusted for any working capital differences between the effective date and completion. In addition, over the next five financial years, where the Cliff Head Oil Field generates net cash flow over and above \$3M net to Elixir, AWE will receive 25% of that excess net cash flow capped at \$9M in aggregate.

Based on Elixir's forecast oil prices, production profiles, operating and capital cost estimates, the cash flow generated from the remaining 2P reserves at Cliff Head is adequate to fund future abandonment of the field which is not scheduled to occur until 2026. Any increase in oil price, lowering of production costs or implementation of field life extension projects materially improve the economics and will likely extend the field life beyond 2026.



AWE has granted Elixir an exclusivity period in which to conclude its due diligence on the project. Upon expiry of the initial exclusivity period on 30 November 2015, Elixir will be required to pay a 10% non-refundable deposit to extend the exclusivity period to 24 December 2015. The acquisition is subject to the usual conditions precedent, including Elixir finalising technical and commercial due diligence, Elixir securing at least \$3M in funding and Elixir and AWE procuring all necessary regulatory and joint venture approvals and consents, with settlement of the acquisition expected to occur on or before 15 February 2016.

In conjunction with the acquisition, the Company will undertake a small capital raise together with an SPP to supplement working capital while Elixir progresses towards completing the acquisition. Further details of the capital raise and associated SPP will be announced in due course.

Managing Director, Mr Dougal Ferguson commented:

"It is extremely pleasing to secure such a transformational acquisition for Elixir in what has been a very challenging year for both the Company and our shareholders. For Elixir to secure an agreement to acquire a material producing asset with a minimal up-front acquisition cost is a testament to the hard work we have put in over the last 6-9 months in what has been a very difficult environment.

This acquisition is totally consistent with our stated objectives of seeking low risk production and appraisal assets and is a first step in the transition of our portfolio from purely exploration to a balanced mix of production, appraisal and exploration opportunities. Acquiring a 57.5% Working Interest in the Cliff Head Oil Field provides us with not only the ability to leverage ourselves to oil price but also the flexibility to introduce additional partner(s) at the right time if we feel the need to do so. Meanwhile, we fully expect our low cost but high impact Petra Project in Colorado will be able to be funded from the free cash flow generated from Cliff Head.

Acquiring Cliff Head is a 'game changer' for Elixir and with appropriate risk management going forward, will provide the Company with an excellent cash flow base for many years to come."

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For further information on Elixir Petroleum, please visit the Company's website at www.elixirpetroleum.com