

11 October 2016

COLORADO PETRA PROJECT UPDATE

- **Petra Project farm-in agreement extended to 30 June 2017**
- **Drilling scheduled for May 2017 on the Rodwell Prospect with Elixir now fully funded for drilling the initial exploration well**
- **Activity in the region increasing with a number of operators drilling and acquiring 3D seismic in the immediate vicinity**
- **New venture program recommenced**

Elixir Petroleum Limited (ASX:EXR) is pleased to announce that it has executed a Letter Agreement with its Petra Project partner (Apollo) to extend the term of the existing farm-in agreement to 30 June 2017. With new funding now in place, Elixir is in a position to be able to complete the farm-in and earn its full 50% working interest in the 30,000 net acres under lease.

To complete the farm-in, Elixir is required to fund an initial exploration well on the Petra Project. Drilling costs in Colorado have continued to fall and the expected dry hole cost of the circa 8,000 foot Rodwell Prospect is expected to be less than US\$500,000. The prospect has been defined from interpretation of existing regional data acquired by Elixir in late 2014 and two proprietary seismic surveys undertaken by Elixir in early 2015.

On 13 August 2015, the Company announced an initial Prospective Resource for the Rodwell Prospect of 2.5MMBBLs recoverable net to Elixir, which at WTI US\$50/bbl resulted in an un-risked net present value of US\$41.8M net to Elixir. Please refer to the announcement of 13 August 2015 for full details of the Independent Prospective Resource Report.

With oil prices having some level of stability around US\$50/bbl and drilling costs low, now is time to begin planning for a well to be drilled in the northern hemisphere spring of 2017. The Joint Venture has three drilling permits in place and no further significant regulatory approvals are required to commence drilling operations.

Managing Director, Mr Dougal Ferguson commented:

"We continue to benefit from our strong working relationship with our US partner which has allowed the Company to appropriately manage the timing of the Petra Project drilling. The Joint Venture continues to have strong belief in risk/reward profile of the Rodwell Prospect with other industry players increasing activity around us. We are pleased to be in a position to test this exciting oil prospect in around 6 months' time, whilst also having the necessary funding to kick off a reinvigorated new venture program."

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

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