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Company Announcements Platform
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SYDNEY NSW 2000
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LEOPARD UPDATE – WAIVER OF DRILL-OR-DROP COMMITMENT

Elixir Petroleum Limited (“Elixir”), the international oil and gas exploration and production company announces that the UK Department of Environment and Climate Change (“DECC”) has agreed to waive the “drill-or-drop” decision commitment date on Block 211/18b (Licence P.1381) (the “Licence”).

Background

The Licence was granted in late 2005 for an initial four year term, with a drill-or-drop decision required to be made by the end of the third year of the Licence term. If the well commitment was not made, the Licence would be relinquished at that point. If a well commitment was made, the well was required to be spudded prior to the end of the Licence term (being 21 December 2009).

As previously announced, the drill-or-drop decision date was extended by agreement with DECC to 21 April 2009. DECC has now agreed to waive the drill-or-drop commitment altogether. This means that a well is required to be spudded prior to 21 December 2009 in order to retain the Licence, and if this does not occur, the Licence will be relinquished at that date.

The Licence, which is located in the northern sector of the UK North Sea, contains the Leopard Prospect, one of the largest remaining undrilled oil targets in the North Sea, with a mean prospective resource estimate of approximately 350 million barrels.

Commenting on the announcement, Elixir’s Managing Director, Andrew Ross said:

“The granting of a waiver of the drill-or-drop decision date is a welcome development for Elixir and we appreciate the commercial approach that has been adopted by DECC in this matter. The waiver will allow us to continue the detailed discussions we currently have on foot with several interested parties with a view to securing a further partner to participate in the drilling of the Leopard Prospect.”

Ross also said: "Our renewed marketing efforts have been met with interest from a number of industry participants. Despite a marked softening in appetite for UKCS exploration witnessed in late 2008 and into early 2009, there now appears to be a growing appetite from those companies who are inclined to take the longer view and wish to participate in attractive prospects on reasonable terms and to also take advantage of unutilised rig capacity in the North Sea."

Yours faithfully,

Andrew Ross
Managing Director
Elixir Petroleum Ltd

Further information on Elixir can be found on the Company's website at www.elixirpetroleum.com

Information contained in this announcement with respect to the Licence, has been reviewed by Elixir's Executive Director - Exploration, Iain Knott, BSc, MSc, FGS, AAPG, who has had more than 25 years experience in the practice of geology, including more than 5 years experience in petroleum geology. Mr Knott consents to the inclusion in this announcement of the information in the form and context in which it appears.