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INITIAL PETRA PROJECT WELL DRILLING IN AUGUST 2017

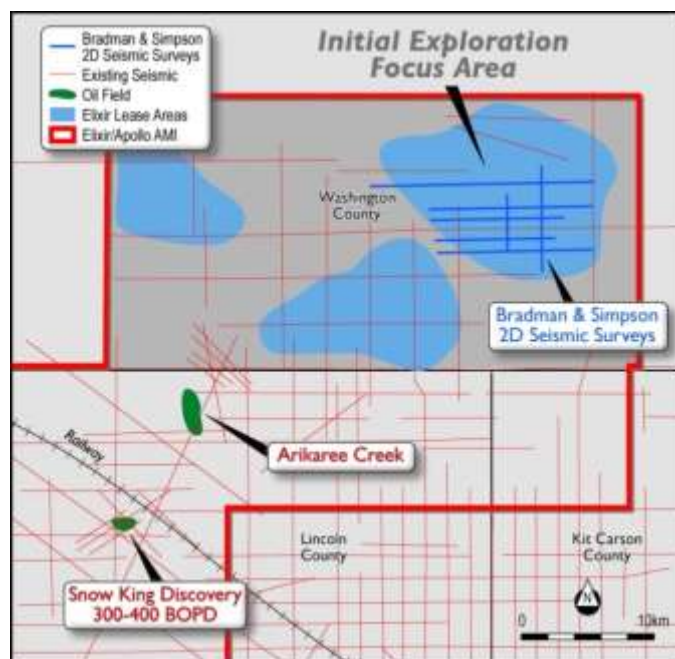
Elixir Petroleum Limited (ASX:EXR) is pleased to advise that it has executed a Joint Operating Agreement (“JOA”) to participate at a 25% Working Interest level in the drilling of the initial Petra Project conventional oil exploration well in Washington County, Colorado. Drilling is scheduled to commence in early August 2017.

The Rodwell 14-31 exploration well is targeting a 5MMBL conventional oil prospect in the immediate vicinity of several existing commercial oil discoveries and is economic even in the current low oil price environment.

The Board has determined that it is prudent for the Company to participate in the well at its already earned 25% Working Interest rather than pay a further promote to earn an additional 25% Working Interest in the area, as provided for in the original Sale and Purchase Agreement (“SPA”).

Consequently, Elixir’s share of the well cost reduces to approximately US\$125,000 on a dry hole basis and on a tested and completed basis, approximately US\$225,000. In the event of an oil discovery, Elixir will have sufficient funding for its share of any future wells and associated facilities.

Elixir also retains an overriding royalty of up to 7.5% of gross proceeds from the 25% Working Interest in the leases that will be assigned back to its joint venture partner (Apollo). Accordingly, Elixir will reduce its net acreage position in the Area of Mutual Interest by 50% to approximately 7,500 net acres.



Managing Director, Mr. Dougal Ferguson commented:

“We are pleased to have finalised our participation level in the upcoming exploration well and look forward to the commencement of drilling activity in early August with a prudent and manageable level of financial exposure for Elixir shareholders, whilst still retaining significant leverage for shareholders in a success case.”

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

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