

29 November 2018

ALASKA ASSET SALE OPTION AGREEMENT

- **Elixir enters into binding option agreement with Entek Energy (ASX:ETE) for the sale of Elixir's 100% owned Alaskan acreage position**
- **Consideration of up to 200 million Entek shares on completion of the proposed transaction**
- **Consideration shares proposed to be distributed via an in-specie distribution to Elixir shareholders (subject to ASX waivers and shareholder approvals)**
- **Elixir shareholders expected to receive approximately one (1) Entek Share for every two (2) Elixir Shares upon completion of the proposed transaction**
- **Elixir to receive a \$50,000 option fee for the grant of the exclusive option, to be exercised on or before 31 January 2019**
- **Elixir and Entek Board and Management to be re-structured upon completion of the proposed transaction**

Elixir Petroleum Limited (ASX:EXR) is pleased to announce that it has executed a binding Terms Sheet with Entek Energy Limited (ASX:ETE) ("Entek") which grants Entek an exclusive option to acquire Elixir's Alaskan acreage position ("Option"). The Option may be surrendered by Entek anytime within the first 30 days of the Option period without penalty, but if not surrendered within 30 days and not exercised before 31 January 2019, Entek will be required to pay a further \$50,000 break fee to Elixir.

The proposed transaction is structured such that Entek will acquire Elixir's wholly owned subsidiary for up to 200 million shares, which Elixir then intends to distribute on a pro rata basis to Elixir shareholders. The number of consideration shares will be determined by taking 1.25 times the amount of expenditure by Elixir on the Alaskan acreage until completion and dividing the same by \$0.015, being the deemed issue price of Entek shares. The consideration represents a 25% uplift on amounts spent by Elixir to acquire and explore on the Alaskan acreage position.

The proposed transaction is subject to several conditions including the completion of due diligence and the exercise of the Option by Entek, shareholder approvals of both Entek and Elixir, and various ASX and other regulatory approvals. For more information on the conditionality and terms of the proposed transaction, please refer to Entek's ASX announcement made today and the Annexure to this announcement.

On completion of the proposed transaction Elixir shareholders will hold an approximate 40% interest in Entek, receiving approximately one (1) Entek share for each two (2) Elixir shares held (assuming the full 200 million Entek shares are issued). Elixir shareholders will retain direct exposure to the potential of Elixir's Alaskan acreage position in an already well funded ASX listed company. As at 30 September 2018, Entek reported cash of approximately \$4.2 million and no debt and no substantial expenditure commitments.

ASX ANNOUNCEMENT



If the proposed transaction completes, which is expected to occur in early 2019, it is proposed that Mr. Dougal Ferguson will be appointed the Managing Director of Entek and will cease his Managing Director role with Elixir. Dougal has over 30 years' upstream oil and gas experience based both overseas and in Australia and gas and is well credentialed to take the Alaskan business forward. Dougal has been instrumental in building Elixir's current asset portfolio and has been the Managing Director of Elixir since 2014.

Mr. Neil Young will join Elixir as Chief Executive Officer on completion of the Mongolian transaction which is expected to close within the next two weeks. Neil has previously worked with Santos and has significant experience in CBM business development activities and CBM commercialisation. Neil founded and is currently the Managing Director of Golden Horde Limited (GOH) which has a 100% working interest in the Nomgon IX CBM PSC.

The Nomgon IX CBM PSC has recently been the subject of an independent prospective resource report which verified the world class potential of the PSC area and which has been determined to have a risked prospective resource of over 7 TCF of gas (refer to Elixir's ASX announcement dated 19 November 2018 for more details and applicable cautionary statement). Elixir intends to exercise its option to acquire GOH following receipt of Elixir shareholder approval to issue 79 million Elixir shares to GOH shareholders, which was secured at yesterday's Annual General Meeting of Elixir.

Elixir's Managing Director, Mr. Dougal Ferguson commented:

"This proposed transaction with Entek provides Elixir shareholders with not only a shareholding in the giant Mongolian CBM resource play, but also a material exposure to our Alaskan portfolio via a substantial shareholding in Entek which is a well-funded oil and gas exploration company listed on ASX. This proposed transaction will allow both Elixir and Entek to focus their human and capital resources on the two individual projects.

If the transaction is completed, I look forward to joining Entek as its Managing Director following the transition of my duties at Elixir to Neil Young, who has the experience and expertise to take the high potential Mongolian CBM opportunity forward to commercialisation."

For further enquiries, please contact: **Dougal Ferguson**
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For further information on Elixir Petroleum, please visit the Company's website at www.elixirpetroleum.com

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Annexure – Conditions of the Proposed Transaction

The proposed transaction is subject to a number of conditions, including:

- Completion of full due diligence by Entek.
- Entek exercising the Option to acquire the Elixir subsidiary.
- Entek shareholder approval of the transaction at a general meeting anticipated in early 2019.
- Entek obtaining all necessary regulatory approvals to complete the proposed transaction.
- Entek remaining listed on ASX and not materially altering its capital structure and not having a material reduction in its cash on hand as at the date of completion.
- Compliance with all regulatory requirements in relation to the potential transaction, including in Australia and the United States.
- The transaction is to be the subject of an in-specie distribution by Elixir of the Entek consideration shares to Elixir's shareholders. This is subject to confirmation and/or waivers by ASX that the shares will not be classified as restricted securities for the purposes of the ASX Listing Rules and will otherwise be subject to ASX imposed escrow restrictions. Elixir will seek approval from its shareholders for the distribution in-specie and associated reduction in capital.
- Entek making an offer to Mr. Dougal Ferguson of the position of Managing Director of Entek.