

22 October 2014

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

HIGHLIGHTS

- Acquisition of Petra Project in Colorado completed on 4 September 2014
- Over 10,000 net acres now secured adjacent to recent conventional oil discoveries
- Further acreage being pursued in core area
- 250kms of 2D data purchased and reprocessed over Petra Project
- Interpretation of 2D data underway with encouraging early results
- \$3 million of new capital secured including fully subscribed Share Purchase Plan
- Hartleys Limited research initiated and new website launched

EXECUTIVE SUMMARY

Elixir Petroleum Limited (**ASX:EXR**) ("Elixir" or "Company") announced on 25 July 2014 that it had signed a binding agreement to acquire a 50% Working Interest in an emerging new oil play in Washington and Lincoln Counties, Colorado including entering into an Area of Mutual Interest ("AMI") covering over 500,000 acres of the new play trend (together the "Petra Project"). The Company completed the transaction on 4 September 2014 together with securing additional funding of over \$3M through a placement and fully subscribed Share Purchase Plan ("SPP").

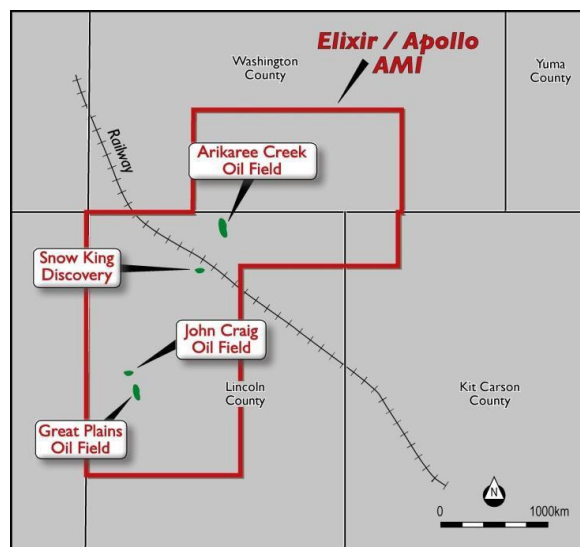
In addition to the Petra Project, the agreement included an option to acquire a 50% interest in leases acquired within the prolific Niobrara unconventional oil resource play, located in Weld County and named the "Wattenberg Option". Wattenberg leases are currently being secured by Elixir's partners (at no cost to Elixir) and final due diligence is currently being undertaken by the Company to determine whether or not it wants to participate in this opportunity.

Elixir continued to pursue the renewal of the Moselle exploration licence onshore France during the quarter with ongoing lobbying of the administration.

During the quarter, the Company secured over \$3M of additional capital through completion of a placement and SPP. Following completion of the acquisition of the Petra Project, the purchase of existing 2D data and payment of all

transaction costs, the Company has over \$2.3 million in cash and is well funded to pursue its objectives.

Mr Dougal Ferguson was appointed Managing Director on 4 September 2014, having previously been Chief Executive Officer from 1 May 2014 and a consultant to the Company prior to that. Mr Ferguson was responsible for identifying and implementing the acquisition of the Petra Project as well as securing the additional funding in conjunction with Hartleys Limited.



EXPLORATION ACTIVITIES

Project Name: Petra Project
Location: Colorado, USA
Ownership: 50% Working Interest

During the quarter, Elixir acquired a 50% Working Interest in over 14,400 net acres in Washington County, Colorado, for approximately US\$700,000. Pursuant to the agreement, Elixir will pay the first US\$1.5M of exploration costs on behalf of the Joint Venture. The agreed work program includes the acquisition of new and existing seismic data and the drilling of at least two relatively low cost exploration wells prior to 30 June 2016. Following completion of the committed expenditure, Elixir will retain a 50% interest in the leases which have no drilling or seismic commitments and long tenure.

New exploration thinking has opened up this play, where exploration costs are low with dry hole drilling costs of approximately US\$1M per well. Elixir's acquisition has secured a material foothold in this emerging play on attractive terms which provides shareholders with significant leverage to exploration success.

Geological and Geophysical Activities (100% carried by Elixir)

During the quarter, the Company purchased 250kms of 2D data from Seismic Exchange Inc. This data has now been reprocessed and is currently being interpreted by the Company. Elixir expects to have a fully interpreted data set within the next month which will drive the future leasing and seismic data acquisition strategy. In addition, the Joint Venture participated in a small proprietary 3D seismic program over part of its lease position and now has possession of that data. These activities form part of the agreed work program and the agreed carried expenditure of US\$1.5M.

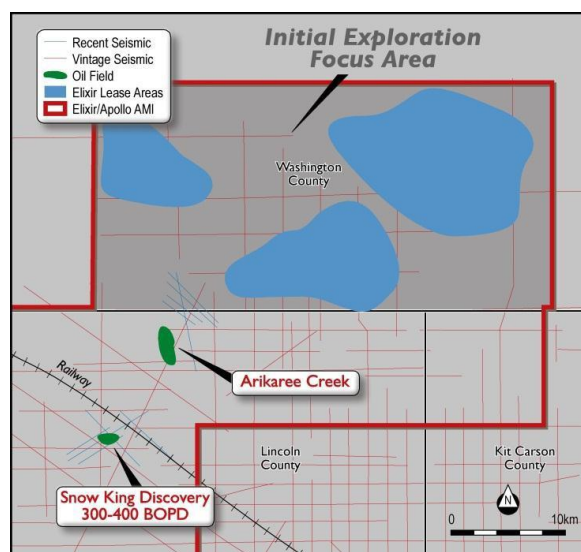
Leasing Activities (50% cost to Elixir)

During the quarter, the Joint Venture participated in the Colorado state lease sales and acquired an additional 4,480 net acres (50% Elixir). Further ongoing leasing outside of the state lease sales added another 1,740 net acres (50% Elixir), bringing the Company's total net acre position to over 10,000 net acres.

Leasing activities will continue into the next quarter as the Company completes its interpretation of the 2D seismic data acquired and is able to focus its leasing efforts on the most prospective acreage. Competition in the region continues to be strong with several new entrants pursuing this emerging oil play. Lease costs on a per acre basis have been increasing

which enhances the value of the lease position already secured by the Company.

The leases acquired follow a new trend in the Denver Julesburg Basin ("DJ Basin") which is targeting Mississippian and Pennsylvanian conventional structures (at a depth of ~2,500 metres) that have been successfully identified and drilled on 2D and 3D seismic in recent years. These discoveries have yielded some of the largest conventional oil discoveries onshore in the US in recent years and created substantial wealth.



Project Name: Moselle Permit
Location: North-eastern France
Ownership: 100% Working Interest

The renewal application for the Moselle Permit was lodged in September 2013 with the relevant French authorities. Elixir has committed to a second five year exploration period and with all obligations relating to the first exploration period previously being met, the Company awaits notification that the extension into a second exploration period has been granted. The Company does not intend to incur any significant expenditure on Moselle until the renewal is granted.

The Moselle Permit, acquired by Elixir in April 2010, is located in the Saar-Lorraine Basin. The permit is approximately 2,680km², or over 500,000 acres, in area. Moselle is one of the largest exploration permits in Western Europe prospective for both conventional and unconventional hydrocarbons.

BUSINESS DEVELOPMENT ACTIVITIES

Project Name: Wattenberg Option
Location: Colorado, USA
Ownership: Option over a 50% Working Interest

The Wattenberg Option provides Elixir with the exclusive option to participate in any leases acquired by its Denver based partner over an agreed area in the unconventional oil window within Weld County, Colorado. This Option provides the Company with exposure to one of the most successful unconventional oil plays in the USA on ground floor terms.

The initial strategy of our Denver based partner is to acquire up to 2,000 acres within the defined area with Elixir having an option over a 50% Working Interest delivered with a minimum net revenue interest of 40%. Elixir has a right (but not the obligation) to expand its lease position beyond 50% of 2,000 net acres should Elixir want to participate in an expanded acreage position.

During the quarter, significant progress has been made by Elixir's partner with respect to this project. Once the relevant leases are secured, Elixir will have 30 days to complete its own due diligence and during which time it must elect whether or not to participate.

CORPORATE AND FINANCIAL

Fund raising and cash position

During the quarter, the Company secured additional funding via a placement of \$2.2 million (before costs) through Hartleys Limited. The Company has also closed a fully subscribed SPP which raised an additional \$0.8 million on the same terms as the placement. The placement was heavily oversubscribed and received strong support from existing shareholders, new investors and the Board and management of Elixir.

PETROLEUM TENEMENTS HELD AS AT 30 SEPTEMBER 2014

	% Interest	Tenement	Location
Held at end of quarter	100%	Moselle Permit	North-eastern France
	50%	Petra Project	Colorado, USA
Acquired during quarter	50%	Petra Project	Colorado, USA
Disposed during quarter	-	-	-

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 30 SEPTEMBER 2014

	Farm-in / Farm-out	% Change in Interest	Project
Held at end of quarter	50%	50%	Petra Project
Acquired during quarter	50%	50%	Petra Project
Disposed during quarter	-	-	-

At the end of the reporting period the Company held cash on hand of approximately \$2.31 million.

Board and Management

On 4 September 2014, the Company appointed Mr Dougal Ferguson as Managing Director. There was no change to Mr Ferguson's previously disclosed remuneration package other than the issue of 30 million Performance Rights pursuant to the Elixir Petroleum Executive Incentive Plan which will vest over two years upon the attainment of certain share price related hurdles.

Mr Ferguson has over 22 years of experience in senior management positions in listed upstream oil and gas for both domestic and international companies. Mr Ferguson has held senior positions with Salinas Energy Limited, ARC Energy Limited, Adelphi Energy Limited and Discovery Petroleum Limited, whilst also spending seven years in London with Premier Oil plc and Hess Corporation and has gained broad commercial and technical experience working in business development and commercial roles.

Hartleys Research Initiated

On 1 October 2014, Hartleys Limited initiated research on Elixir following its recent acquisition and re-capitalisation. The research note is available on the Company's website at www.elixirpetroleum.com

New Website

The Company has recently launched a new website which includes information on the recent acquisition as well as a general update on activities. The website is 'smart phone' enabled and provides investors with a simplified, easy to read summary of the Company. We invite all stakeholders to join our mailing list by subscribing on the website.

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Elixir Petroleum Limited

ABN

51 108 230 995

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(266)	(266)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(208)	(208)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
		(467)	(467)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) petroleum leases	(764)	(764)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) petroleum leases	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other ⁽¹⁾	(69)	(69)
		(833)	(833)
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(1,300)	(1,300)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,300)	(1,300)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,010	3,010
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	(187)	(187)
	Net financing cash flows	2,823	2,823
	Net increase (decrease) in cash held	1,523	1,523
1.20	Cash at beginning of quarter/year to date	784	784
1.21	Exchange rate adjustments to item 1.20	3	3
1.22	Cash at end of quarter	2,310	2,310

- (1) Other cash flows from investing activities relates to the final amounts paid to dispose of the High Island project including all outstanding legal fees and insurance costs.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	137
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Directors' fees, salaries and professional consultancy fees. All are on arms-length commercial terms	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

2

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	308
4.2 Payment for Petroleum Leases	312
4.3 Production	-
4.4 Administration	209
Total	829

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,060	184
5.2 Deposits at call	1,250	600
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,310	784

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Petra Project (Colorado)	Working Interest in over 10,000 net acres in Washington County	Nil
				50%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
	+securities			
	(description)			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	1,033,278,356	1,033,278,356	
7.4	Changes during quarter			
	(a) Increases through issues	602,000,000	602,000,000	\$0.005
	(b) Decreases through returns of capital, buy-backs			\$0.005

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)				
7.6	Changes during quarter Not applicable				
7.7	Options Executive Incentive Options	15,000,000	-	Exercise price \$0.01	Expiry date 30 April 2017
7.8	Issued during quarter Listed Options (EXRO) Class A Director Options Class B Director Options	321,000,000 6,000,000 6,000,000	321,000,000 - -	Exercise price \$0.015 \$0.015 \$0.015	Expiry date 30 September 2016 15 October 2016 15 October 2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Rights Issued During Quarter to Managing Director	1,000,000 15,000,000 15,000,000	- - -	- - -	6 May 2015 31 July 2015 31 July 2016
7.12	Debentures (totals only)				
7.13	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

(Managing Director)

Print name:

Dougal Ferguson

Date: 22 October 2014

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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