

31 January 2017

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2016

HIGHLIGHTS

- New ventures program accelerated following completion of corporate restructure
- Cash of approximately \$2.2M at 31 December 2016 with no debt and low cash burn
- Planning ongoing for fully funded drilling of conventional oil prospect on the Petra Project in mid-2017
- Small but key lease positions continue to be acquired over core area of Petra Project
- Legal action commenced against French Government for non-renewal of Moselle Permit with initial court hearing scheduled for 1 February 2017

EXECUTIVE SUMMARY

During the quarter Elixir Petroleum Limited (**ASX:EXR**) (Elixir or Company) continued with an active new ventures program and management has reviewed a significant amount of projects during the quarter. Several of these opportunities have progressed beyond scoping studies and discussions are ongoing on a number of potential transactions.

Elixir remains fully funded for its upcoming conventional oil exploration well in Colorado and planning is continuing towards an expected spud date of the Rodwell-1 well in mid-2017. Small but key lease positions continue to be acquired (at low cost) in the core of the Petra Project area.

The Company commenced legal action against the French Government during the quarter following the continued non-renewal of the Moselle Permit. The initial court hearing is scheduled for 1 February 2017.

BUSINESS DEVELOPMENT ACTIVITIES

With the restructure complete, management has increased its focus on identifying and reviewing new ventures projects that have the potential to create value for the Company's shareholders.

Projects being considered range from high impact, exploration targets through to development and appraisal opportunities, both in the United States and other predominantly OECD countries.

Projects outside of the oil and gas sector are also being considered where compelling investment opportunities exist.

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

The Petra Project remains in good standing with Elixir and its partner progressing plans to drill the Rodwell-1 prospect in mid-2017. With funding in place, Elixir is able to complete the farm-in and earn its full 50% working interest in the approximate 30,000 net acres under lease.

To complete the farm-in, Elixir is required to fund an initial exploration well on the Petra Project. The anticipated dry hole cost of the circa 8,000 foot Rodwell Prospect is expected to be less than US\$500,000. The prospect was identified 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 above US\$50/bbl and drilling costs remaining low, the Operator has continuing to progress planning for a well to be drilled in the northern hemisphere spring/summer of 2017. The Joint Venture has three drilling permits in place and no further significant regulatory approvals are required to commence drilling operations.

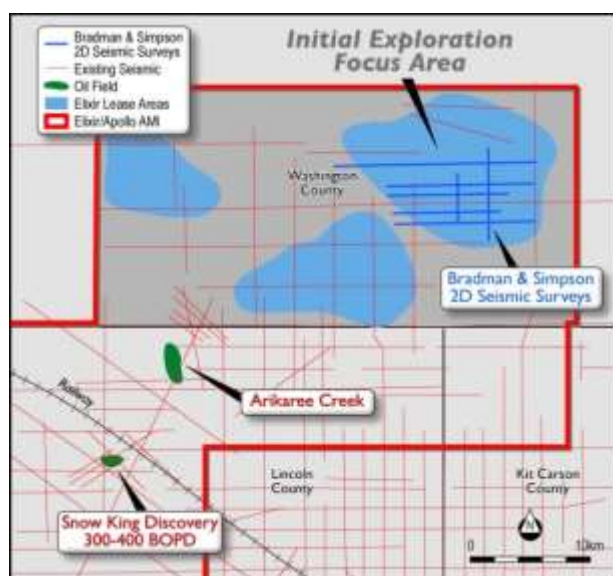
EXPLORATION ACTIVITIES

ASX CODE: EXR

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Elixir continues to monitor activity in the region and more recently has become aware of a number of private companies both permitting and drilling wells in the immediate vicinity of the Company's leases.

Elixir and its Joint Venture partner continue to engage in discussions with other parties to join the group to help fund an expanded exploration programme, but given the low cost of the initial exploration well and the significant investment made to date by Elixir on the acreage, any proposal needs to be compelling for the Company and its shareholders.

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

Following on from the success of several third parties that have taken action against the French

Government with respect to the non-renewal or failure to grant extensions of exploration permits in France, Elixir has commenced a low cost legal action to uphold its legal right to extend the permit for a further five-year term.

A successful action may result in Elixir receiving some financial consideration in the form of penalties payable by the French Government should the relevant Ministers continue to refuse to renew the Moselle Permit. Alternatively, the relevant Ministers may award Elixir a renewal of the Moselle Permit for a second five-year term allowing Elixir to recommence the farm-out of the significant conventional oil and gas prospects already identified within the Moselle Permit.

Elixir's French lawyers filed the actions on 4 January 2017 and an initial court hearing is scheduled for 1 February 2017.

CORPORATE AND FINANCIAL

Quarterly expenditure, cash position and capital structure

As at the end of the quarter, the Company had approximately \$2.2M in cash.

During the quarter, the Company concluded an unmarketable parcel share sale facility resulting in the Company reducing its shareholder numbers from over 1,000 to approximately 475 through the sale of approximately 1.4 million shares on ASX.

The reduction in the absolute number of shareholders will further reduce administrative costs and provided small shareholders with a facility in which they could sell their small shareholding in a cost effective manner.

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2016

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

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 DECEMBER 2016

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

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