

2 May 2016

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 31 MARCH 2016****HIGHLIGHTS**

- **Significant progress made on agreement to acquire AWE Limited's 57.5% Working Interest in the Cliff Head Oil Field located in the Perth Basin ongoing**
- **Due diligence completed on all material aspects of the transaction**
- **Sale agreement drafted and currently being finalised**
- **Cliff Head acquisition will provide Elixir shareholders with significant leverage to oil price upside in addition to field life enhancement projects**

EXECUTIVE SUMMARY

On 26 October 2015, Elixir Petroleum Limited (**ASX:EXR**) (Elixir or Company) announced it had entered into an agreement with AWE Limited (AWE) to acquire its 57.5% Working Interest in the near shore Cliff Head Oil Field in the Perth Basin.

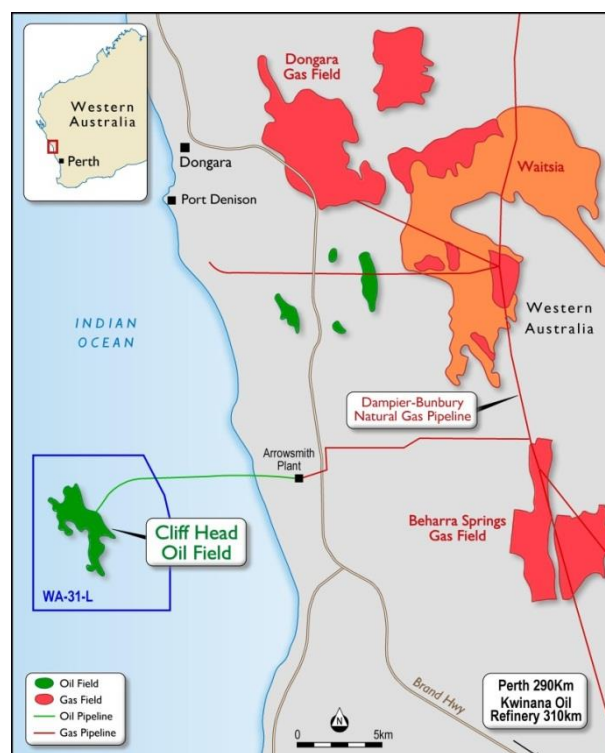
The signing of a definitive agreement has been delayed for several months due principally to the intervening period of low oil prices and general industry uncertainty that has made execution of the transaction agreement difficult for both Parties.

However in recent weeks there has been significant progress made with respect to resolution of the outstanding matters and revisions of the agreement to better reflect the current commercial climate.

The acquisition remains subject to final approval of both Parties and for that reason execution of the agreement remains uncertain at this point. From Elixir's perspective, the Board has signed off on the recently updated due diligence process and approved all material aspects of the transaction, subject only to finalisation and execution of the agreement between the Parties.

During the current quarter, the principal focus of management has been on the finalisation of the Cliff Head acquisition agreement and closing out the updated due diligence process. There have been no other significant activities undertaken.

On 25 February 2016 the Company lodged its Half Yearly Report and Accounts. As at 31 March 2016, the Company had cash on hand of \$521,000 and no debt. Expenditure during the quarter was limited with overheads being kept to the absolute minimum. Expenditures for the next quarter may be significantly different to the forecast if the Cliff Head acquisition proceeds.



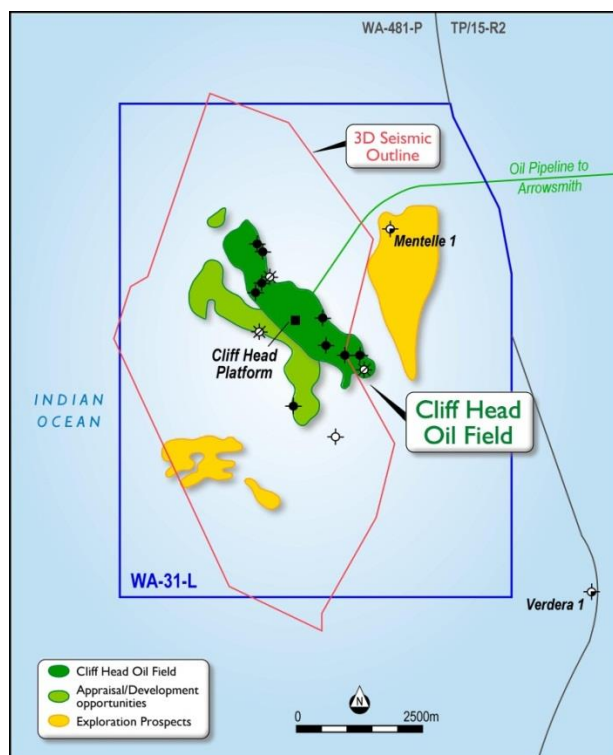
BUSINESS DEVELOPMENT ACTIVITIES

Project Name: Cliff Head Oil Field
Location: Perth Basin
Ownership: 57.5% when completed

The Cliff Head Oil Field, currently owned by AWE and ROC Oil, is located about 300km north of Perth and was the first commercial oil discovery in the offshore Perth Basin discovered in 2001 by a ROC Oil led Joint Venture, with first production commencing in May 2006. To date the field has produced over 14.5 million barrels and continues to produce at above originally forecast rates. The oil is produced through an offshore platform (CHA) with the fluids piped 14km to an onshore processing facility (Arrowsmith).

Oil is then trucked to the BP Kwinana oil refinery south of Perth. The Cliff Head Oil Field is operated by ROC Oil (a subsidiary of Fosun International Limited) who has been the Operator of the project since prior to the initial discovery well being drilled.

The Operators estimated remaining reserves are around 3.7 MMBBLS (gross) with an expected remaining economic field life of 10 years.



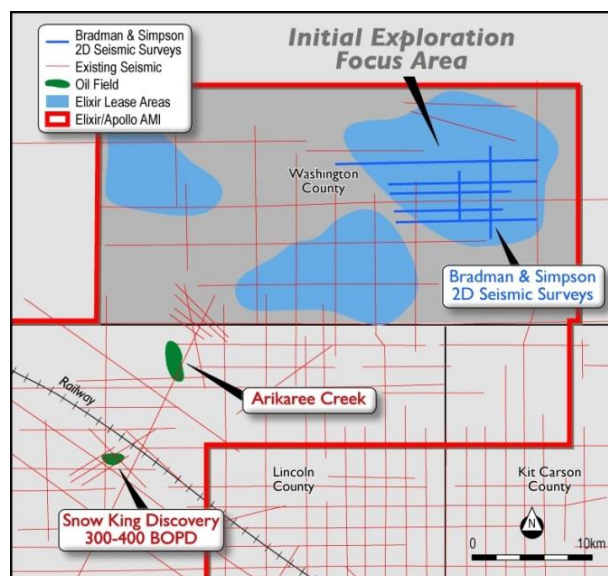
EXPLORATION ACTIVITIES

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

The Petra Project remains in good standing with Elixir and its partner agreeing to extend the term of the farm-in agreement to 31 December 2016 to allow the Joint Venture additional flexibility with the respect to the timeframe required to drill the initial exploration well under the agreement.

There have been no significant activities on Elixir's leases during the quarter, although there remains exploration activity being undertaken by other companies in the vicinity of the Company's lease position. A sustained increase in the oil price over US\$50/bbl is likely to see additional drilling activity in this conventional oil play which remains economic at prices well below US\$50/bbl due to its low capital costs and conventional (i.e. unstimulated) reservoir qualities.

Elixir has permitted several locations within its core area and together with its partner, is able to mobilise drilling in a very short period of time should the right economic conditions exist.



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

A renewal application for the Moselle Permit was lodged in September 2013 with the relevant French authorities. Elixir continues to await notification that the extension into the second exploration period has been granted. The Company will not incur any expenditure on Moselle until the renewal is granted.

Elixir's Moselle renewal application does not contemplate shale gas exploration as part of the renewal program, with the focus being on conventional gas and conventional exploration techniques.

CORPORATE AND FINANCIAL

Quarterly expenditure and cash position

As at the end of the quarter, the Company had approximately \$521,000 in cash and no debt. Corporate overhead costs continued to remain low during the current quarter as the 50% reduction in Director's fees and salaries continued through to 31 March 2016. Should the transaction to acquire Cliff Head proceed as planned, the forecast expenditures for next quarter will change significantly.

PETROLEUM TENEMENTS HELD AS AT 31 MARCH 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 MARCH 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