



30 January, 2014.

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2013

HIGHLIGHTS

- Account of works done on the Moselle permit in 2013 and work programme for 2014 submitted to the relevant Minister.
- Transfer of interest in High Island Project to Peregrine Oil & Gas LP, subject to regulatory approvals
 - ✓ transaction is in line with Company's strategy of divestment of non-core assets
 - ✓ consideration payable is less than Elixir expects eventual abandonment costs to be
- Amended farmout agreement executed for Elixir's UK North Sea licence.

Elixir Petroleum Limited (**ASX:EXR**) ("Elixir" or "Company") holds interests in exploration licences onshore France and in the UK North Sea, and currently in a production lease located in the Gulf of Mexico.

A summary of the Company's activities for the December 2013 quarter is set out below.

EXPLORATION

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

As previously reported the Moselle Permit's initial five year exploration period expired on 20 January 2014. A renewal application was lodged in early September 2013 with the relevant French authorities in accordance with the process prescribed by the French Mining Code. Confirmation of receipt of all relevant documentation in relation to the Moselle renewal has been received from the regulatory body and Elixir is now awaiting further information regarding the progress of the renewal application.

Elixir has identified areas comprising approximately 50% of the permit which will be relinquished upon entering Moselle's second five year exploration term as required by the Mining Code. These areas cover the shallow flanks of the Saar-Lorraine Basin, with the acreage to be retained comprising approximately 2,660 km² of the central part of the basin and the areas considered most prospective for both conventional and unconventional hydrocarbons including all of the conventional structural prospects and leads mapped in the permit to date.

Permits are renewed based on maintaining the current period expenditure per kilometre per year which Elixir has committed to over the second five year exploration period. All obligations relating to the first exploration period have been met and the Company expects the extension into a second exploration period to be forthcoming in due course. During December 2013 the Company submitted a report on the works undertaken in the 2013 calendar year and the proposed work programme for the 2014 year to the relevant Minister consistent with the terms of the permit. It is noted that a considerable period of time is likely to elapse prior to the renewal extension being formally granted / approved due to the process involved.

A review of the French Mining Code was undertaken by a working group that lodged its report with the government in December 2013. The contents of the report are scheduled to be considered in the first quarter of 2014.

On 22 January 2014, the European Union adopted non-binding guidelines for shale oil and gas exploration to facilitate oil and gas extraction using hydraulic fracking by its Member States. These recommendations prescribe the minimum principles needed to support Member States who wish to carry out exploration and production of hydrocarbons using high volume hydraulic fracturing, while ensuring that the public health, climate and environment are safeguarded, resources are used efficiently, and the public is kept informed.

This proposal is part of a package of documents on future energy and climate policies being considered by EU governments that look to reconcile the need to protect the climate with demands to make the bloc more competitive at a time when energy prices in the U.S., its biggest trading partner, have sunk amid rising shale-gas output. The minimum principles proposed are voluntary but they are recognition of the economic benefits that could flow from accessing the unconventional oil and gas resources in Europe and of achieving a level of energy independence. To this end Britain are offering tax breaks and other incentives to open up its shale industry as North Sea oil and gas reserves decline with the government pledging millions of pounds to local authorities that approve shale developments as part of a drive to create jobs and attract investment.

Elixir continues to look to attract a farminee to progress the substantial conventional prospectivity of the Moselle project focussing on the three highest rated leads identified to date whilst acknowledging that the jurisdiction and regulatory environment (although evolving at a European Union level) continues to be challenging within France.

Project Name: Sunset Prospect (Blocks 12/18 and 12/19c)
Location: Inner Moray Firth UK North Sea
Ownership: 20% Working Interest

In September 2013, Elixir announced an amendment to the original farmout agreement (dated December 2012) with Adriatic Oil Plc (“Adriatic”) resulting in Adriatic acquiring an 80% participating interest in the licence in consideration for fully funding re-processing of the acquired 3D seismic data, and interpretation of the re-processed data. In addition, all costs related to any farm-out required to fulfil the licence’s drill or drop requirements before February 2014 will be borne solely by Adriatic. During the quarter, the amended farmout transaction was executed and approval of the attendant Working Interest transfer received from the UK Department of Energy and Climate Change.

Elixir will retain a 20% participating interest free carried until the drill or drop decision which is expected imminently.

DEVELOPMENT AND PRODUCTION

Project Name: High Island Project (Block 268-A)
Location: High Island Area, Offshore Texas, USA
Ownership: 30% Working Interest (22.5% Net Revenue Interest)

During the quarter the Company announced that, through its wholly owned subsidiary Cottesloe Oil & Gas LLC, it has executed a Purchase and Sale Agreement (“PSA”) with Peregrine Oil & Gas LP (“Peregrine”) for the sale of the Company’s interest in the High Island Project, Block A-268 (“High Island”) located in offshore Texas, USA.

Due to decreasing production, low gas prices, high operating costs and relatively high holding costs (insurance etc), High Island has been cashflow negative for Elixir for a period of time and will continue to be so unless additional costs are incurred in potentially performing a workover operation. The risked economics of such an operation are assessed by Elixir to be marginal even on a success basis. As such, and consistent with the Company’s strategy to reduce expenditure on non-core assets, Elixir has negotiated an exit from High Island and has agreed to transfer its entire 30% Working Interest to Peregrine.

Elixir has paid funds into an escrow account held by a US law firm which will be released to Peregrine upon regulatory approval of the Working Interest transfer. After regulatory approval is received, Elixir will have no further interest in High Island and no obligation to contribute to any future plugging of wells, abandonment of facilities or ongoing insurance costs.

Elixir expects that the consideration paid is likely to be less than its share of future abandonment and is less than the abandonment liability provision for High Island in the Elixir financial statements. As such the Directors of Elixir consider this divestment transaction to be beneficial for shareholders, and it will also enable the Company to devote more time to its French assets and the sourcing / assessment of potential new opportunities.

FINANCIAL SUMMARY AND OTHER MATTERS

At the end of the reporting period and post the payment of funds to exit the High Island project the Company held cash on hand of approximately \$1.14 million. The Elixir Group remains debt free with modest commitments on its remaining assets.

Post the quarter ending the company affected the transfer of its share register to Security Transfer Registrars.

At the end of the quarter the Chief Operating Officer resigned his position to pursue other opportunities and accordingly, in early January 2014, the 2.5 million performance rights detailed in the attached Appendix 5B were cancelled in accordance with his employment contract. The Board has implemented a transitional plan to address both the immediate and future resourcing requirements for the Company.

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2013

	% Interest	Tenement	Location
Held at end of quarter	100% 20% 30%	Moselle Permit Sunset Prospect High Island Project	North-eastern France UK North Sea Offshore Texas, USA
Acquired during quarter	-	-	-
Disposed during quarter	55%	Sunset Prospect	UK North Sea

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 DECEMBER 2013

	Farm-in / Farm-out	% Change in Interest	Project
Held at end of quarter	-	-	-
Acquired during quarter	-	-	-
Disposed during quarter	Farm-out	55%	Sunset Prospect

Please find attached the Company's Appendix 5B for the three month period to 31 December 2013.

Yours sincerely,
ELIXIR PETROLEUM LIMITED

Nicholas Ong
Company Secretary

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")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	62
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(67) (17) (201)	(159) (206) (493)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	11
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(281)	(785)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other ⁽ⁱ⁾	(779)	(779)
	(779)	(779)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,060)	(1,564)

+ 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)	(1,060)	(1,564)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,848
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)	(6)	(126)
	Net financing cash flows	(6)	1,722
	Net increase (decrease) in cash held	(1,066)	158
1.20	Cash at beginning of quarter/year to date	2,181	985
1.21	Exchange rate adjustments to item 1.20	24	(4)
1.22	Cash at end of quarter	1,139	1,139

- (1) Other cash flows from investing activities relates to the amount paid to dispose of the High Island project. The amount paid represents less than the previously booked rehabilitation provision for the project.

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	53
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

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

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	79
4.2 Development	-
4.3 Production	-
4.4 Administration	162
Total	241

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	1,139	2,181
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,139	2,181

+ 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			

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	431,278,356	431,278,356	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Rights	500,000		-	22/4/14
		500,000		-	23/7/14
		1,000,000		-	22/10/14
		500,000		-	23/7/15
7.12	Debentures <i>(totals only)</i>				
7.13	Unsecured notes <i>(totals only)</i>				

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:

(Company secretary)

Date: 30 January 2014

Print name: Nicholas Ong

+ 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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