

31 July 2014

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 JUNE 2014

### HIGHLIGHTS

- **Acquisition of Petra Project in emerging oil play in Colorado, USA**
  - ✓ **Elixir acquiring a 50% Working Interest in 14,455 net acres**
  - ✓ **AMI covering over 500,000 acres with experienced local partner**
  - ✓ **Acquisition includes an option to acquire a 50% Working Interest in Niobrara unconventional oil project (Wattenberg Project)**
- **\$2.2 million Funding secured through Hartleys Limited**
- **Share Purchase Plan announced for existing shareholders**

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 14,455 net acres (7,228 net to Elixir) 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**.

In addition, the agreement included an option to acquire a 50% interest in leases acquired within the prolific Niobrara/Codell unconventional oil resource play, the **Wattenberg Project**.

The agreement is subject to a number of conditions precedents which are considered standard for a transaction of this nature, including completion of due diligence by Elixir. Settlement of the transaction is expected to occur on or around 8 September 2014.

Elixir continues to pursue the renewal of the Moselle exploration licence onshore France however the negotiation and documentation of the acquisition and associated funding commitments have been the prime focus of the Company during the June 2014 quarter.

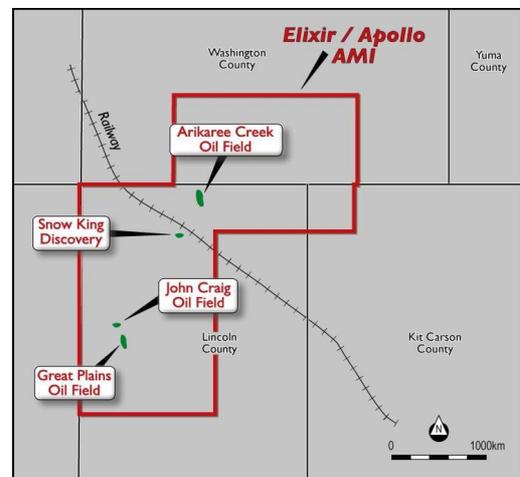
### EXPLORATION

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

Elixir will acquire a 50% Working Interest (~43.75% net revenue interest) in 14,455 net acres in Washington County for US\$701,290 from a private Denver based company (**Apollo**). As part of the consideration, Elixir will pay the first US\$1.5M of exploration costs on behalf of the joint venture, which will include initial seismic acquisition and interpretation together with two exploration wells scheduled for 2015.

The agreed budget for the initial two year work program is US\$3 million which, post expenditure of the first US\$1.5 million by Elixir, will be funded equally by Elixir and Apollo. Following completion of the committed expenditure, Elixir will retain a 50% interest in the leases which have an initial term of five years with the option to extend for a further five years. There are no drilling or seismic commitments on the leases.

Elixir has also entered into an AMI with Apollo over some 26 Townships incorporating the acquired land which equates to a total land area of over 500,000 acres. During the tenure of the AMI, Elixir will have the opportunity to participate in all leasing and upstream oil and gas transactions with Apollo within the AMI, ensuring strong alignment with a successful and experienced local Operator.



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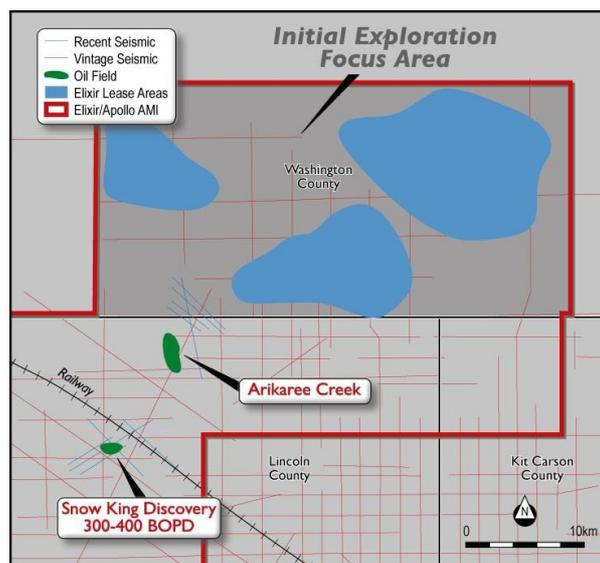
**www.elixirpetroleum.com**

### Elixir Petroleum Limited

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The new opportunity lies within a proven onshore oil play in a low cost and low risk operating environment providing a company of Elixir's size with material exposure and leverage to exploration success.

The leases acquired follow a new trend in the Denver Julesberg 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. The recent exploration successes (including Arikaree Creek) of AIM listed Nighthawk Energy plc, have focussed new attention on the region and the play.



The previous focus of exploration in the area has been shallower Cretaceous aged "D" and "J" Sandstone units that have been prolific producers in the DJ Basin and remain a legitimate target for Elixir, but the focus will be on the deeper conventional play which has not been greatly explored in the past.

New exploration thinking has opened up this play and costs are low, with dry hole drilling costs at around 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.

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

The Wattenberg Project provides Elixir with the exclusive option to participate in any leases acquired by Apollo over an agreed area in the unconventional oil window within the Wattenberg area of the DJ Basin. 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 target 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.

**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. Elixir continues to consider various opportunities to add value to the Moselle project including but not limited to seeking a partner to pursue the substantial conventional prospectivity identified within the permit. The Company does not intend to incur any significant expenditure on Moselle until the renewal is granted.

## FINANCIAL SUMMARY AND OTHER MATTERS

### Fund raising and cash position

The Company has secured additional funding via a placement of \$2.2 million (before costs) which was managed by Hartleys Limited. The Company has also announced a Share Purchase Plan ("SPP") to raise up to an additional \$0.8 million on the same terms as the Placement. The Placement was well

over subscribed and received strong support from existing shareholders, new investors and the Board and management of Elixir. The SPP will provide all eligible shareholders the opportunity to participate in the capital raise on the same terms as the Placement.

Both the Placement and SPP are being undertaken at 0.5c per share and for every two shares subscribed for under both the Placement and the SPP, investors will be allocated an attaching option exercisable at \$0.015 on or before 30 September 2016. Both the Placement and SPP will be subject to various shareholder approvals at a shareholder meeting scheduled for early September 2014. Elixir's major shareholder (New Standard Energy) is supportive of the transaction.

At the end of the reporting period the Company held cash on hand of approximately \$0.78 million. Post completion of the full capital raising and acquisition, the Company will be well funded and have the necessary capital required to undertake the initial exploration activities in Colorado and when appropriate, France.

### **Board and Management**

During the quarter, the Company appointed Mr Dougal Ferguson as Chief Executive Officer. Subject to completion of the recently announced Colorado transaction, Mr Ferguson will be appointed Managing Director. There will be no change to Mr Ferguson's previously disclosed remuneration package other than the issue of 30 million Performance Rights to be issued pursuant to the Elixir Petroleum Executive Incentive Plan which will vest over two years upon the attainment of certain share price related hurdles. No Performance Rights will vest if the share price does not exceed \$0.01, with 50% vesting if the share price is equal to or greater than \$0.01 and 100% vesting if the share price is equal to or greater than \$0.014, with pro rata adjustment for a share price between \$0.01 and \$0.014. 50% of the Performance Rights will be measured on 31 July 2015, with the balance being measured against the share price hurdles on 31 July 2016.

During the quarter, the Company advised that Mr Alan Watson had tendered his resignation from the Board and that Mr Sam Willis had taken up the role of Non-executive Chairman. The Board thanks Mr Watson for his contribution to Elixir over the past two and a half years and wishes him every success in the future.

### **PETROLEUM TENEMENTS HELD AS AT 30 JUNE 2014**

	<b>% Interest</b>	<b>Tenement</b>	<b>Location</b>
<b>Held at end of quarter</b>	100%	Moselle Permit	North-eastern France
<b>Acquired during quarter</b>	-	-	-
<b>Disposed during quarter</b>	30%	High Island Project	Gulf of Mexico, USA

During the quarter, the Company received final regulatory approval on the previously announced sale of the High Island Project.

### **INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 30 JUNE 2014**

	<b>Farm-in / Farm-out</b>	<b>% Change in Interest</b>	<b>Project</b>
<b>Held at end of quarter</b>	-	-	-
<b>Acquired during quarter</b>	-	-	-
<b>Disposed during quarter</b>	-	-	-

Please find attached the Company's Appendix 5B for the three month period to 30 June 2014.

Yours sincerely,  
**ELIXIR PETROLEUM LIMITED**

Dougal Ferguson  
**Chief Executive Officer**

For further information, please visit the Company's website at [www.elixirpetroleum.com](http://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 June 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(2) - (116)	(207) (234) (781)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	27
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(111)	(1,133)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
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 <sup>(1)</sup>	-	(779)
	-	(779)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(111)	(1,912)

+ 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)	(111)	(1,912)
	<b>Cash flows related to financing activities</b>		
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)	-	(126)
	<b>Net financing cash flows</b>	-	1,722
	<b>Net increase (decrease) in cash held</b>	(111)	(190)
1.20	Cash at beginning of quarter/year to date	898	985
1.21	Exchange rate adjustments to item 1.20	(3)	(11)
1.22	<b>Cash at end of quarter</b>	784	784

- (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	17
1.24	Aggregate amount of loans to the parties included in item 1.10	-

- 1.25 Explanation necessary for an understanding of the transactions

Director's fees and professional consultancy fees. All are on arms-length commercial terms. During the quarter, not all fees payable had been made. These were subsequently paid in July 2014.

### 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.

- 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
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### 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	750*
4.2 Development	-
4.3 Production	-
4.4 Administration	175
<b>Total</b>	<b>925</b>

\*This amount assumes that the completion of the Colorado Acquisition announced on 25 July 2014 occurs on or about 8 September 2014.

### 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	184	91
5.2 Deposits at call	600	807
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>784</b>	<b>898</b>

+ 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	High Island Project (USA Gulf Coast)	Working Interest disposed announced to ASX on 12 November 2013	30% Nil
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	<b>Preference securities</b>			
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	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	<b>+Convertible debt securities</b> <i>(description)</i>			

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	15,000,000	-	<i>Exercise price</i> \$0.01	<i>Expiry date</i> 30 April 2017
7.8	Issued during quarter	15,000,000	-	\$0.01	30 April 2017
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Performance Rights	1,000,000	-	-	6 May 2015
7.12	<b>Debentures</b> <i>(totals only)</i>				
7.13	<b>Unsecured notes</b> <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: ..... Date: 31 July 2014  
(Company secretary)

Print name: Nicholas Ong

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+ 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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