



ASX RELEASE

30 October 2009

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

HIGHLIGHTS

- Successful completion of workover of Well #1 at Pompano
- Re-establishment of higher condensate production rates at High Island
- Marketing activities to commence on Block 211/12b (Tiger Prospect) UK North Sea
- Cash on hand at the end of the period of \$6.95 million

STRATEGY

Elixir is an internationally focused upstream oil and gas company with a diversified portfolio of offshore petroleum interests across the exploration, appraisal, development and production lifecycle.

Elixir's business strategy is to acquire interests in exploration licences with high impact potential, to work up prospects internally and to farm these out to industry to drill, typically on a promoted carry basis. Complementing this exploration strategy is the addition of lower risk oil and gas development projects with appraisal upside located in the shallow waters of the Gulf of Mexico. These projects typically demonstrate a short cycle time to production and provide cashflow for the Elixir Group.

The Board of Elixir considers it important to remain flexible in the pursuit of new business opportunities which are judged to be complementary to its existing business activities and able to deliver superior growth in shareholder value.

An update on the Group's operations for the September 2009 quarter is set out below.

DEVELOPMENT AND PRODUCTION

Gulf of Mexico

Project Name: High Island Project (Block 268A)
Location: High Island Area, Offshore Texas, USA
Ownership: 30% Working Interest (22.5% Net Revenue Interest)
Operator: Peregrine Oil and Gas, LP

The High Island field is located approximately 60 km offshore the Texas coast in the Gulf of Mexico. The field has been in production since September 2007 and has produced to date in excess of 3.8 billion cubic feet ("Bcf") of gas and over 107,000 barrels ("Bbls") of condensate (100% project).

Production uptime was 87% for the quarter with no safety incidents reported. The major contributor to platform downtime was a fire at a downstream installation on the HIOS gas pipeline system. The High Island field was shut-in for 10 days before production could be restored via a bypass around the damaged installation.

The following table summarises the production achieved from High Island during the period:

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| High Island 268A | Gas Production | | | | | Oil Production | | | | |
|------------------|------------------------|----------------------|------------------------------|-----------------------------|------------|-----------------------|----------------------|----------------------------|----------------------------|------------|
| | Total Sept Qtr (MMscf) | Total JunQtr (MMscf) | Avg Daily Sept Qtr (MMscf/d) | Avg Daily Jun Qtr (MMscf/d) | Change (%) | Total Sept Qtr (Bbls) | Total Jun Qtr (Bbls) | Avg Daily Jun Qtr (Bbls/d) | Avg Daily Jun Qtr (Bbls/d) | Change (%) |
| Project (100%) | 177.5 | 292 | 2.93 | 3.46 | -39% | 21,737 | 180 | 237 | 2.1 | 12,000% |
| Elixir (30% WI) | 53.3 | 88 | 0.59 | 1.04 | -39% | 6,521 | 54 | 70.9 | 0.6 | 12,000% |

The A-1 well was produced at reduced rates until the end of April, when the well was shut-in due to surface constraints limiting the drawdown that could be applied to the well. The operator of the field carried out surface modifications to production facilities that were designed to allow a greater pressure drawdown to be applied to the well, and the A-1 well was put back online on 6 July 2009. The ability to reduce the surface back pressure on the well has allowed condensate production to be re-established at higher rates, and the well achieved an average daily production rate over the reporting period of approximately 237 bbl/d.

The back pressure on Well A-2 has not been reduced in line with Well A-1 due to compressor volume constraints at the Maritech HI-442 platform where the High Island hydrocarbons are processed and exported. It is expected that improved production rates from Well A-2 will be achieved when additional capacity at the HI 442 platform becomes available.

Project Name: Pompano Gas Project (Block 446-L SE/4)
Location: Brazos Area, Offshore Texas, USA
Ownership: 25% Working Interest (18.125% Net Revenue Interest)
Operator: AnaTexas Offshore Inc.

The Pompano field lies within the Brazos Area and is approximately 12 km offshore the Texas coast and 150 km southwest of Houston. The field has two production wells, with each producing from two separate reservoirs. A third well drilled during Q3, 2008 has been temporarily suspended as a future sidetrack candidate. The field has produced approximately 3.7 Bcf of gas and 4,700 Bbls of condensate (100% project) since the commencement of production in May 2008.

The following table summarises the production data for the reporting period:

| Pompano Field – Brazos Block 446-L | Gas Production | | | | | Oil Production | | | | |
|------------------------------------|------------------------|----------------------|------------------------------|-----------------------------|------------|-----------------------|----------------------|----------------------------|----------------------------|------------|
| | Total Sept Qtr (MMscf) | Total JunQtr (MMscf) | Avg Daily Sept Qtr (MMscf/d) | Avg Daily Jun Qtr (MMscf/d) | Change (%) | Total Sept Qtr (Bbls) | Total Jun Qtr (Bbls) | Avg Daily Jun Qtr (Bbls/d) | Avg Daily Jun Qtr (Bbls/d) | Change (%) |
| Project (100%) | 250 | 263 | 2.72 | 3.43 | -5% | 14 | 14 | 0.2 | 0.2 | 0% |
| Elixir (25% WI) | 62.5 | 65.8 | 0.68 | 0.86 | -5% | 3.5 | 3.5 | 0.05 | 0.05 | 0% |

The field achieved 98% uptime during the reporting period with no safety incidents reported. The uptime was affected at the end of the reporting period when the Well #1 workover commenced on 19 September 2009 and the well was shut-in.

Throughout the reporting period production from Well #1 continued to be restricted due to sand forming bridges in the short and long completion strings which produce from the 6700 ft Sand and the B Sand

respectfully. The B sand has been shut-in since October 2008 and the 6700A ft Sand has only been producing at reduced rates.

Well #2 achieved an average flow rate in the September 2009 quarter of approximately 2.7 MMscf/d, with the majority of this originating from the deeper E Sand completion.

At the end of the reporting period the workover on Well #1 commenced. The planned operations included a clean out of sand from both strings, an isolation program for the B sand to prevent water cross flow from the deeper B2 sands and a chemical stabilisation of the 6700A sands to reduce sand production.

These operations were completed on 4 October 2009 and initial indications are that they were successful. At present the horizons are cleaning up and production is being limited whilst water rates are monitored. The latest information from the operator is that Well #1 is producing at approximately 3.5 mmscf/d and that total field production has increased to approximately 6 mmscf/d.

APPRAISAL

UK North Sea

Project Name: Mulle Prospect (Block 211/22b and 211/27d)
Location: Northern UK North Sea
Ownership: 40% Working Interest
Operator: DNO (UK) Limited

The Mulle accumulation lies in Block 211/22b on the south-western extension of the Osprey ridge and is adjacent to the proposed Causeway oil field development.

The operator of Block 211/22b has published a most likely contingent resource estimate for Mulle of 18 million barrels of oil. This equates to a most likely net contingent recoverable oil resource to Elixir of almost 7 million barrels. This resource estimate excludes the anticipated increase in resources from the award of Block 211/27d to the Mulle joint venture earlier in 2009, which contains a mapped southern extension to the field.

A number of changed conditions, including marked reductions in drilling and development costs combined with the recently announced fiscal incentive from the UK Treasury for small field developments, has prompted the joint venture to reconsider its options for the further appraisal of the field. The JV is considering a revised, phased work programme for potential farm-in partners with a view to re-marketing the project to industry in late 2009. The current licence term for Blocks 211/22b and 27d does not expire until 2011.

During the quarter a marine services contractor was retained to recover the wellhead from well 211/12b-5 on Block 211/12b. It is anticipated that this recovery operation will occur in early November 2009.

EXPLORATION

UK North Sea

Project Name: Tiger Prospect (Block 211/12b)
Location: Northern UK North Sea
Ownership: 100% Working Interest
Operator: Elixir Petroleum (Europe) Limited

Block 211/12b is located in the northern sector of the UK North Sea, approximately 160 kilometres north east of the Shetland Islands, in a water depth of approximately 186 metres. The Block contains a newly mapped prospect named Tiger, which lies 5 kilometres to the east of the Magnus field. The Magnus field

was brought into production in 1983 by BP with an in-place volume of approximately 1.5 billion barrels of oil.

The target reservoir in the Tiger prospect is the Magnus Sandstone Member, over 500 feet of which was encountered in Well 211/12b-15. This well was drilled down dip of the Tiger Prospect in 1992. The equivalent sands in the nearby Magnus Field have excellent porosity and permeability characteristics. Evidence from the 211/12b-15 well also indicates the presence of a nearby hydrocarbon column. Reservoir presence and hydrocarbon charge for the Tiger prospect are considered to be very low risk.

Elixir has now completed various technical studies in relation to the Tiger prospect. It is expected that the marketing of the prospect to industry will commence in Q4 2009. The Block has a licence term of 4 years with a drill-or-drop decision required by February 2012.

Project Name: Leopard Prospect (Block 211/18b)
Location: Northern UK North Sea
Ownership: 56% Working Interest
Operator: Elixir Petroleum (Europe) Limited

Block 211/18b is a traditional licence which was awarded in the 23rd UKCS Seaward Licensing Round in December 2005. The licence is located in the northern sector of the UK North Sea and contains the Leopard prospect.

Efforts to secure another farminee in order to largely cover Elixir's cost exposure in the proposed Leopard well are ongoing with a number of companies assessing the opportunity following renewed marketing efforts. The company is also reviewing the potential to drill the Leopard prospect from a nearby fixed production platform by extended reach drilling techniques (ERD).

We remain hopeful that despite a more difficult farmout market in the UK, Elixir will secure an additional farmin partner prior to the end of the year which will allow the Leopard well to be drilled. If an additional partner cannot be secured, the licence is likely to be relinquished at that time.

Gulf of Mexico

Project Name: Red Fish Prospect (Block 479-L N/2 and NE/4)
Location: Brazos Area, Offshore Texas, USA
Ownership: 25% Working Interest (18.125% Net Revenue Interest)
Operator: AnaTexas Offshore Inc.

No significant additional activity was undertaken on this prospect in the September 2009 quarter.

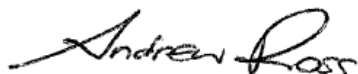
FINANCIAL SUMMARY AND OTHER MATTERS

At the end of the September 2009 quarter, Elixir held cash on hand of approximately \$6.95 million. Receipts from production in the September 2009 quarter were approximately \$333,000. The Elixir Group is debt free.

Please find attached the Company's Appendix 5B for the 3 month period to 30 September 2009.

Yours sincerely,

ELIXIR PETROLEUM LIMITED



Andrew Ross
Managing Director

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

Information contained in this report with respect to the High Island and Pompano Projects and the Red Fish Prospect, was compiled by Elixir or from material provided by the project operators and reviewed by I L Lusted, BSc (Hons), SPE , who has had more than 15 years experience in the practice of petroleum engineering. Mr Lusted consents to the inclusion in this report of the information in the form and context in which it appears.

Information contained in this report with respect to the UK North Sea Projects was compiled by Elixir or from material provided by the project operators and reviewed by the Elixir's Exploration Director, Iain Knott, BSc, MSc, FGS, AAPG, who has had more than 25 years experience in the practice of geology, including more than 5 years experience in petroleum geology. Mr Knott consents to the inclusion in this report of the information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

| |
|--------------------------|
| ELIXIR PETROLEUM LIMITED |
|--------------------------|

ABN

| |
|----------------|
| 51 108 230 995 |
|----------------|

Quarter ended ("current quarter")

| |
|-------------------|
| 30 September 2009 |
|-------------------|

Consolidated statement of cash flows

| | Current quarter | Year to date (3 months) |
|---|-----------------|----------------------------|
| | \$A '000 | \$A '000 |
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 333 | 333 |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (342) | (342) |
| (b) development | - | - |
| (c) production | (473) | (473) |
| (d) administration | (609) | (609) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 53 | 53 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other – Recovery from JV | 126 | 126 |
| Net Operating Cash Flows | (912) | (912) |
| 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 | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (912) | (912) |

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (912) | (912) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 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 | - | - |
| | Convertible Notes | - | - |
| | Less underwriting fee | - | - |
| | Issue Costs | - | - |
| | Net financing cash flows | - | - |
| | Net increase/(decrease) in cash held | (912) | (912) |
| 1.20 | Cash at beginning of quarter/year to date | 8,081 | 8,081 |
| 1.21 | Exchange rate adjustments to item 1.20 | (216) | (216) |
| 1.22 | Cash at end of quarter | 6,953 | 6,953 |

Payments to directors of the entity and associates of the directors

Payments to 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 | 231 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | Nil |

1.25 Explanation necessary for an understanding of the transactions

Payments include:
Directors' fees and salaries, and serviced office rental. All payments are on normal 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

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 | 235 |
| 4.2 Development | 350 |
| Total | 585 |

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 | 1,902 | 3,081 |
| 5.2 Deposits at call | 5,051 | 5,000 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 6,953 | 8,081 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|--------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | None | Nil | | |
| 6.2 Interests in mining tenements acquired or increased | None | Nil | | |

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

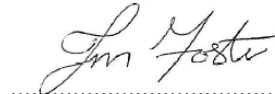
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security(cents) | Amount paid up per security (cents) |
|--|------------------|---------------|---------------------------------|-------------------------------------|
| 7.1 Preference +securities <i>(description)</i> | - | - | - | - |
| 7.2 Changes during quarter | | | | |
| (a) Increases through issues | - | - | - | - |
| (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 188,988,471 | 188,988,471 | Various | Fully Paid |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | - | - | | |
| (b) Decreases through returns of capital, buy-backs | - | - | | |
| 7.5 +Convertible debt securities | | | | |
| Convertible Notes | - | - | | |
| 7.6 Changes during quarter | | | | |
| (a) Increases through issues | - | - | | |
| (b) Decreases through securities matured, converted | - | - | | |
| 7.7 Options | | | <i>Exercise price</i> | <i>Expiry date</i> |
| Ambrian Options | 637,148 | - | \$0.60 | 16 May 2010 |
| Employee Options Tranche 1 | 1,750,000 | - | \$0.25 | 31 Mar 2011 |
| Employee Options Tranche 2 | 3,250,000 | - | \$0.30 | 31 Mar 2012 |
| Employee Options Tranche 3 | 2,750,000 | - | \$0.35 | 31 Mar 2013 |
| | 8,387,148 | | | |
| 7.8 Issued during quarter | - | - | <i>Exercise price</i> | <i>Expiry date</i> |
| | | | - | - |
| 7.9 Exercised during quarter | - | - | - | - |
| 7.10 Expired during quarter | - | - | - | - |
| 7.11 Debentures <i>(totals only)</i> | - | - | - | - |
| 7.12 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.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



..... Date: 30 October 2009

(~~Director~~/Company Secretary)

Print name:

Julie Foster