elixir petroleum limited

and controlled entities

ABN 51 108 230 995

Interim Financial Report for the half-year ended

31 December 2014

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Corporate Directory

Directors

Mr Ray Barnes – Non Executive Chairman
Mr Dougal Ferguson – Managing Director
Mr Sam Willis – Non-Executive Director
Mr Mark O'Clery – Non-Executive Director

Company Secretary

Mr Nicholas Ong

Registered and Principal Administration Office

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Perth WA 6000

Barclays Bank plc
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Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Australia

Stock Exchange Listing

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Ticker Code: EXR

Website

www.elixirpetroleum.com

The Directors of Elixir Petroleum Limited present their report on the Consolidated Entity, consisting of Elixir Petroleum Limited ("the Company" or "Elixir") and the entities it controlled during the half-year ended 31 December 2014 ("Consolidated Entity" or "Group").

DIRECTORS

The names of the Directors of Elixir in office during the half-year and until the date of this report are:

Mr Ray Barnes	(Non-Executive Chairman) – *appointed 10 December 2014*
Mr Dougal Ferguson	(Managing Director)
Mr Sam Willis	(Non-Executive Director)
Mr Michael Price	(Non-Executive Director) – *resigned 31 December 2014*
Mr Mark O'Clery	(Non-Executive Director)

Unless otherwise stated, all Directors were in office from the beginning of the half-year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Operating and Financial Results

For the half-year ended 31 December 2014, the Group recorded an after tax loss of $243,714 (31 December 2013: loss of $204,890). During the half-year, the Group's primary focus was on the acquisition of the Petra Project in Colorado and securing further leases in the region, together with acquiring comprehensive geological and geophysical data sets prior to identification of drillable prospects on the leases. The Group continued to pursue the renewal of the Moselle Permit in France, but at this stage, is not dedicating any further financial resources towards the project until the renewal is granted.

The Directors continued to focus efforts on cost reduction across the business with all non-essential expenditure being eliminated from the business. All expenditure is now concentrated on advancing the Petra Project and providing shareholders with exposure to short to medium term cash flow generating opportunities, whether through exploration success in Colorado or other new business opportunities that may arise.

To assist in the funding of the acquisition and forward work programme, the Company undertook a placement and fully subscribed Share Purchase Plan (SPP) which raised $3.01 million (pre costs). The capital raising was well supported by both existing shareholders and new investors and allowed the Group to acquire an initial 50% Working Interest in over 14,000 net acres covering the Petra Project in Colorado. Since completion of the transaction, the Group has acquired a 50% Working Interest in a further 16,000 net acres, purchased approximately 280 kilometres of pre-existing 2D seismic data and acquired 35 kilometres of new proprietary 2D seismic data.

During the half year, the Company appointed Mr Dougal Ferguson, the previous Chief Executive Officer, to the position of Managing Director. The Board was also strengthened with the appointment of Mr Ray Barnes as non-executive Chairman. Mr Michael Price resigned as a non-executive director effective 31 December 2014.

At 31 December 2014, Elixir held cash on hand of $1,231,558 (30 June 2014: $783,889). The Group remains debt free.

STRATEGY

Elixir is an oil and gas exploration company with operations in the United States and France.

Elixir's strategy is to pursue opportunities in predominantly OECD countries which meet a number of the following criteria:

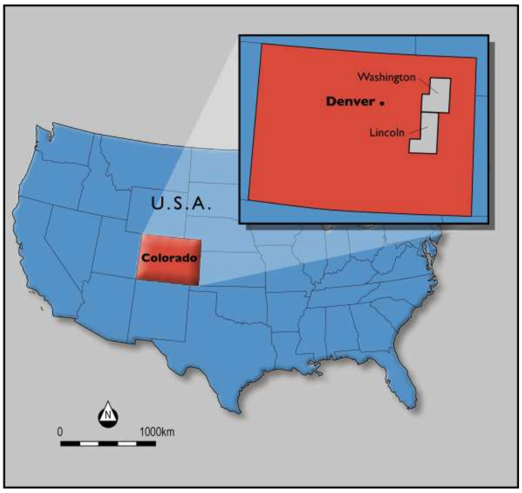
- Onshore, early stage, low cost exploration opportunities with moderate geological risk;
- Conventional or unconventional oil and gas reservoirs with near term cash flow possibilities;
- A portfolio of assets which exposes shareholders to multiple well drilling programs;
- Farm-in or farm-out potential to grow the portfolio and manage risk;
- Offer strategic partnerships for development projects to leverage opportunities; and
- Applying a combination of technical excellence, commercial innovation, speed and flexibility to grow the Group's portfolio and access new opportunities

Elixir has recently acquired the Petra Project in Colorado that meets some of these criteria. Details of the recent acquisition are provided in the Operations Review. The Company will continue to target additional projects that meet these criteria.

OPERATIONS REVIEW

Colorado, USA

Colorado produces hydrocarbons from both conventional and unconventional reservoirs in a number of areas, including the plains to the south east of Denver in Lincoln and Washington counties. Several large private companies, together with AIM listed Nighthawk Energy plc (LSE:HAWK) have had success in recent years pursuing conventional Mississippian and Pennsylvanian reservoirs which have delivered wells capable of producing in excess of 500bbls/day.



Washington and Lincoln Counties – Colorado, USA

These wells which are relatively inexpensive to drill and complete, are capable of paying back within several months and are therefore highly attractive targets for a Company of Elixir's size. New exploration approaches have opened up this play and costs are low with dry hole drilling costs of approximately US$1M per well. Elixir's acquisition and subsequent lease purchases has secured a material 50% Working Interest in approximately net 30,000 acres in this emerging play which provides shareholders with significant leverage to exploration success.

The recent weakness in the oil price has changed the dynamic in the United States oil industry with many of the unconventional oil and gas projects becoming either uneconomic or marginal at the current lower oil prices. Many conventional oil targets, due principally to the low up front capital costs and low decline rates compared to unconventional resources, remain economic even below current prices and are continuing to attract capital as funding moves from uneconomic unconventional plays to economically robust conventional targets. Elixir is well positioned to capitalise on this recent change in capital allocation with an attractive lease position over this conventional oil play.

Petra Project (Elixir 50% Working Interest)

On 4 September 2014, Elixir acquired a 50% Working Interest in over 14,000 net acres in Washington County, Colorado, for an initial payment of approximately US$700,000. Pursuant to that agreement, Elixir is paying the first US$1.5M of exploration costs on behalf of the joint venture. The agreed work program included the acquisition of new and existing seismic data and the drilling of at least two exploration wells prior to 30 June 2016. Following completion of the committed expenditure, Elixir will retain a 50% interest in the leases which have no drilling or seismic commitments and long tenure.

The Company has signed an Area of Mutual Interest ("AMI") with its partner covering over 500,000 acres. Any acreage acquired within this AMI will be on a heads up, ground floor basis. Elixir's partner in Colorado is an experienced operator with a proven track record.

Geological and Geophysical Activities (100% carried by Elixir)

The Company has recently completed the acquisition of approximately 35 kilometres of proprietary 2D seismic data over one of the core areas of the Petra Project. This was the first field operations conducted by Elixir over the Petra Project and was completed without incident, on time and within budget.

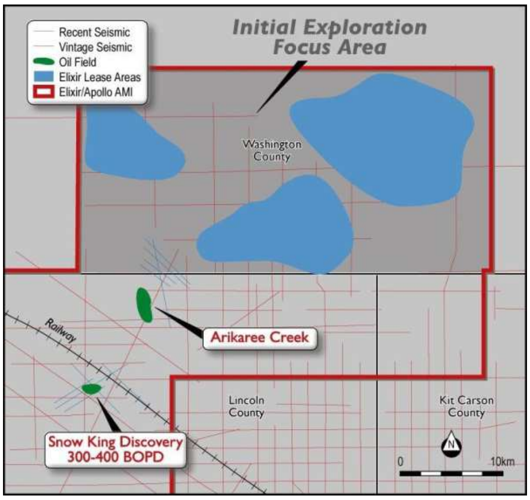
This new data adds to the Company's approximate 280kms of pre-existing 2D seismic data acquired from various seismic brokers over recent months. The majority of this data has now been reprocessed and interpreted by the Company. Elixir expects to have a fully integrated data set, including the newly acquired proprietary 2D seismic data, prior to 31 March 2015. The outcome of the interpretation of the dataset will drive the forward exploration program, which may include include a further small 3D seismic survey or a move straight to drilling operations.

The geological and geophysical activities undertaken form part of the agreed work program and the carried expenditure of US$1.5M. As at 31 December 2014, approximately US$400,000 of this carry has been spent by the Company. As at the date of this report, the Company has incurred closer to US$570,000 of the carried expenditure. The full carry is required to be spent prior to 30 June 2016.

Leasing Activities (50% cost to Elixir)

As of the date of this report, the Company has under lease approximately 15,000 net acres, being a 50% Working Interest in around 30,000 net acres. Land is acquired on a lease by lease basis and has been undertaken by the Company's Denver based partner. The majority of the leases are for an initial term of five years and have no drilling or seismic commitments. Lease costs continue to be approximately US$50/acre. The majority of the leasing activities are now complete and the focus is now on processing and interpreting the seismic data set and planning for drilling activities.

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.



Initial area of interest and approximate location of 30,000 net acre lease position in Washington County

Regional Exploration Activity

The 2015 calendar year will see an increase in activity in the region with a number of seismic surveys being planned together with further exploration drilling in the vicinity of the Petra Project. The recently announced transaction between Cascade Petroleum and Nighthawk Energy (AIM:**HAWK**) resulted in these companies pooling acreage and Nighthawk paying 100% of an estimated US$11.5 million dollar work program. This program consists of a 3D seismic survey and the drilling of six wells, to earn 50% of net 11,225 acres, and equate to a purchase price of approximately US$1,000 per acre. Elixir's acreage is approximately 40kms to the north-east of this area on similarly interpreted structural trends.

France

Moselle Permit (EXR 100%, Operator)

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. The Company does not intend to incur any significant expenditure on Moselle until the renewal is granted.

The Moselle Permit, acquired by Elixir in April 2010, is located in north-eastern France in the Saar-Lorraine Basin. The permit post renewal will be approximately 2,680 km2 in area, or over 500,000 acres, an area larger than the AMI in Colorado. The Moselle permit is one of the largest exploration permits prospective for both conventional and unconventional hydrocarbons in Western Europe. In mid-July 2011, legislation was enacted by the French Parliament prohibiting the use of hydraulic fracture stimulation, resulting in the unconventional prospectivity originally identified in the Moselle Permit not being able to be pursued at this time.

Political Environment in France

Unfortunately, the political will to progress oil and gas exploration in France remains fragmented. Various applications and requests for renewals are held up at the federal political level despite the recommendations of the local government and administrative bodies. At this stage, the Company is unable to predict when the renewal of the Moselle permit or the award of various other exploration permit applications will be granted.

The Company has recently lodged a "non-litigious' action with the French authorities to formally reject the government's position of its implicit rejection of the Moselle renewal, which occurred as a result of the passing of fifteen months since the date of application of the renewal was accepted by the administration. This process is standard procedure and is required in order to comply with the current extended timeframes of the renewal process.

The Company has lobbied extensively with both local politicians and the administrators since the renewal application for Moselle was lodged which has resulted in several communications between the federal ministers and the local politicians. Elixir is encouraged by these communications and is hopeful that some progress will be made over the coming months.

CORPORATE

Board and Management Changes

Since the end of the last financial year, the Board has been further restructured with the appointment of Mr Ray Barnes on 10 December 2014 as non-executive Chairman. Mr Barnes is a petroleum geoscientist with over 40 years' experience working with various companies including Ampolex, Apache, Voyager Energy and Oilex across multiple jurisdictions including the U.S.A., South America, Australia and Asia. Mr Michael Price resigned as a non-executive director effective 31 December 2014.

On 4 September 2014, the Company appointed Mr Dougal Ferguson as Managing Director. Mr Ferguson originally joined the Company in early 2014 initially as a consultant, then as Chief Executive before being appointed Managing Director following the completion of the acquisition of the Colorado assets and the recapitalisation of the Company. Mr Ferguson has over 22 years of experience in senior management positions in listed upstream oil and gas companies operating both domestically and internationally.

Changes in Capital Structure

In September 2014, the Company successfully raised approximately $3 million before costs via a placement ("Placement") and a fully subscribed Share Purchase Plan ("SPP"). The Placement resulted in the issue of 442,000,000 fully paid ordinary shares in the Company at $0.005 each and 221,000,000 Options exercisable at $0.015 on or before 30 September 2016. The Share Purchase plan resulted in the issue of 160,000,000 shares and 80,000,000 Options on the same terms as the Placement pursuant to a prospectus dated 4 August 2014. A further 20,000,000 Options exercisable at $0.015 on or before 30 September 2016 were issued to Hartleys Limited as part consideration for corporate advisory services in relation to the Placement.

Shareholders approved the issue of 4,000,000 Options to each of the Non-Executive Directors exercisable at $0.015 on or before 15 October 2016. Following his appointment as Managing Director, Mr Ferguson was issued with 30,000,000 Performance Rights pursuant to the Elixir Petroleum Executive Incentive Plan. The rights will vest over two years upon attainment of certain share price related hurdles. None of the above securities have vested as at the date of this report.

New Ventures

The Board continues to actively review new venture opportunities and has appointed a US based consultant to seek out new opportunities which may arise following the recent weakness in the oil price. In addition to these new US based opportunities, the Company will continue to actively pursue other transactions that have the potential to add significant value.

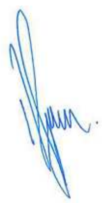
EVENTS OCCURRING AFTER REPORTING DATE

Other than as disclosed elsewhere in this half-year financial report, no event has arisen since 31 December 2014 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is included on page 7 of the half-year financial report. Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



DOUGAL FERGUSON
Managing Director

Perth, Western Australia
19 February 2015

Information contained in this report with respect to the Petra Project was compiled by Elixir or from material provided by the project operators and reviewed by Mr Mark O'Clery, a non-executive director of Elixir, who has had more than 25 years' experience in the practice of geology, including more than 5 years' experience in petroleum geology. Mr O'Clery consents to the inclusion in this report of the information in the form and context in which it appears.

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ELIXIR PETROLEUM LIMITED

As lead auditor for the review of Elixir Petroleum Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elixir Petroleum Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 19 February 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elixir Petroleum Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Elixir Petroleum Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elixir Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Elixir Petroleum Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elixir Petroleum Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to the matter disclosed in Note 6 in the half year financial report. There is uncertainty as to the recoverability of the exploration and evaluation expenditure asset of Elixir Petroleum (Moselle) Limited. The recoverability of the exploration and expenditure asset is dependent upon successful renewal of the second 5 year exploration period for the Moselle permit. This material uncertainty may cast significant doubt about the consolidated entity's ability to realise the asset at the values stated in the consolidated statement of financial position.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon future asset transactions, capital raising or other corporate activity. These conditions, as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue
Director

Perth, 19 February 2015

The Directors declare that:

(a) The consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i. Giving a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the consolidated entity;

ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that Elixir Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

DOUGAL FERGUSON
Managing Director

Perth, Western Australia
19 February 2015

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2014

		Consolidated	
	Note	**31-Dec-2014**	31-Dec-2013
		$	$
Profit (loss) on disposal of assets		**-**	(9,480)
Other income from continuing operations		**18,577**	15,012
Total Income		**18,577**	5,532
General and administrative costs	**(2)**	**(442,504)**	(424,278)
Depreciation, depletion and amortisation expense	**(2)**	**(238)**	(1,190)
Exploration and evaluation expense		**-**	(171)
Lease operating costs		**(23,581)**	-
Share based payment		**(42,062)**	(12,088)
Loss from continuing operations before income tax expense		**(489,808)**	(432,195)
Income tax expense / benefit		**-**	-
Loss from continuing operations after income tax expense		**(489,808)**	(432,195)
Loss from discontinued operations	**(8)**	**-**	(240,438)
Net loss for the period	**(3)**	**(489,808)**	(672,633)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**246,094**	467,743
		246,094	467,743
Other comprehensive income (loss) for the half-year		**246,094**	467,743
Total comprehensive income (loss) for the half-year		**(243,714)**	(204,890)
Total comprehensive income (loss) attributable to Owners of the parent – Elixir Petroleum Ltd		**(243,714)**	(204,890)
(Loss) per share for the half year attributed to the owners of Elixir Petroleum Ltd			
Basic and diluted loss per share (cents per share)		**(0.06)**	(0.17)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

elixir petroleum limited

Consolidated statement of financial position
As at 31 December 2014

	Note	Consolidated 31-Dec-2014 $	Consolidated 30-Jun-2014 $
Assets			
Current assets			
Cash and cash equivalents		**1,231,558**	783,889
Trade and other receivables		**718,521**	620,547
Other assets		**43,432**	21,782
Total current assets		**1,993,511**	1,426,218
Non-current assets			
Oil and Gas Properties	**(4)**	**-**	-
Plant and equipment		**1,668**	1,906
Deferred exploration and evaluation expenditure	**(6)**	**2,966,722**	1,000,000
Total non-current assets		**2,968,390**	1,001,906
Total assets		**4,961,901**	2,428,124
Liabilities			
Current liabilities			
Trade and other payables		**82,960**	242,219
Provisions	**(5)**	**560,966**	484,816
Employee leave provisions		**10,046**	-
Total current liabilities		**653,972**	727,035
Total liabilities		**653,972**	727,035
Net assets		**4,307,929**	1,701,089
Equity			
Contributed equity		**69,510,228**	66,721,736
Reserves		**9,848**	(298,308)
Accumulated losses		**(65,212,147)**	(64,722,339)
Total equity		**4,307,929**	1,701,089

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

elixir petroleum limited

Consolidated statement of changes in equity

For the half-year ended 31 December 2014

Consolidated	Contributed Equity $	Option Premium Reserve $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2014	66,721,736	-	8,178	(306,486)	(64,722,339)	1,701,089
(Loss) for the half-year	-	-	-	-	(489,808)	(489,808)
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	-	246,094	-	246,094
Total comprehensive income (loss) for the half-year	**-**	**-**	**-**	**246,094**	**(489,808)**	**(243,714)**
Transactions with owners, in their capacity as owners						
Issue of options	-	20,000	22,089	-	-	42,089
Shares issued during the half-year	3,010,000	-	-	-	-	3,010,000
Share issue costs	(221,508)	-	-	-	-	(221,508)
Performance rights issued	-	-	19,973	-	-	19,973
Total Transactions with owners	2,788,492	20,000	42,062	-	-	2,850,553
Balance at 31 December 2014	**69,510,228**	**20,000**	**50,240**	**(60,392)**	**(65,212,147)**	**4,307,929**
Balance at 1 July 2013	64,972,576	1,773,184	10,932	(568,555)	(61,889,466)	4,298,671
(Loss) for the half-year	-	-	-	-	(672,633)	(672,633)
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	-	467,743	-	467,743
Total comprehensive income (loss) for the half-year	**-**	**-**	**-**	**467,743**	**(672,633)**	**(204,890)**
Transactions with owners, in their capacity as owners						
Lapse of performance rights	-	-	(5,796)	-	5,796	-
Lapse of options	-	(1,773,184)	-	-	1,773,184	-
Shares issued during the half-year	1,848,338	-	-	-	-	1,848,338
Share issue costs	(99,178)	-	-	-	-	(99,178)
Performance rights issued	-	-	12,088	-	-	12,088
Total Transactions with owners	1,749,160	(1,773,184)	6,292	-	1,778,980	1,761,248
Balance at 31 December 2013	**66,721,736**	**-**	**17,224**	**(100,812)**	**(60,783,119)**	**5,855,029**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 31 December 2014

	Note	Consolidated 31-Dec-2014 $	31-Dec-2013 $
Cash flows from operating activities			
Receipts from sales		**-**	61,543
Payments to suppliers and employees		**(481,166)**	(816,020)
Payments for exploration		**-**	(172)
Net cash (outflow) from operating activities		**(481,166)**	(754,649)
Cash flows from investing activities			
Payments for acquisition of petroleum leases		**(1,285,946)**	-
Payments for capitalised exploration and evaluation		**(599,797)**	(112,667)
Proceeds from sale of assets		**-**	(754,947)
Interest and other receivables		**22,987**	11,614
Net cash (outflow) from investing activities		**(1,862,756)**	(856,000)
Cash flows from financing activities			
Proceeds from issues of shares		**3,010,000**	1,848,338
Share issue costs		**(221,505)**	(99,177)
Net cash inflow from financing activities		**2,788,495**	1,749,161
Net increase in cash and cash equivalents		**444,573**	138,512
Cash and cash equivalents at the beginning of the period		**783,889**	984,995
Effect of exchange rate changes on foreign currency denominated cash balances		**3,096**	15,741
Cash and cash equivalents at the end of the period		**1,231,558**	1,139,248

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of Preparation

(a) Statement of compliance

These financial statements are general purpose financial statements for the half-year reporting period ended 31 December 2014, which have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Elixir Petroleum Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting period.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by the Group. The 30 June 2014 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

(b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the consolidated entity to continue as a going concern is dependent upon future asset transactions, capital raising or other corporate activity. Elixir has been able to successfully execute such transactions and raise capital in the past and may be required to do so again in the future to supplement working capital requirements.

(c) Asset Acquisition

On 4 September 2014, the Company acquired a 50% Working Interest in 14,322 net acres for cash consideration of US$699,583 (A$757,756) from Apollo Operating LLC, pursuant to a Sale and Purchase Agreement. As the acquisition is not deemed a business acquisition, the transaction has been accounted for as an asset acquisition.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

This interim financial report was approved by the Board of Directors on 19 February 2015.

2. Loss for the half-year

Loss for the half-year includes the following items which are significant because of their nature, size or incidence:

	Consolidated	
	31-Dec-2014	31-Dec-2013
	$	$
Depreciation of plant and equipment	**238**	1,190
General and administrative costs		
Corporate compliance costs	**34,790**	55,991
Corporate management	**243,257**	282,995
Administration & office	**164,457**	85,292
	442,504	424,278

3. Segment information

Management has determined, based on the reports reviewed by the Board of Directors that are used to make strategic decisions, that the Group has two reportable segments (2013: three) being oil and gas exploration in France and oil and gas exploration in the United States of America (USA). The Group's management and administration office is located in Australia.

	Consolidated	
	31-Dec-2014	31-Dec-2013
Reportable segment revenue	**$**	$
Revenue, including interest income, is disclosed below based on the reportable segment:		
Revenue from discontinued operations	**-**	30,345
Revenue from other corporate activities	**18,577**	5,533
	18,577	35,878
Reportable segment loss		
Loss is disclosed below based on the reportable segment:		
(Loss) from oil and gas exploration– UK	**-**	(172)
(Loss) from oil and gas exploration– France	**(15,966)**	-
(Loss) from oil and gas exploration - USA	**(47,231)**	-
(Loss) from discontinued operations	**-**	(240,438)
(Loss) from other corporate activities	**(426,611)**	(432,023)
	(489,808)	(672,633)

3. Segment information (continued)

	Consolidated	
Reportable segment assets	**31-Dec-2014**	30-Jun-2014
Assets are disclosed below based on the reportable segment:	**$**	$
Asset from oil and gas exploration– France	**1,083,195**	1,010,424
Asset from oil and gas exploration– UK	**-**	11,988
Asset from oil and gas production – USA	**2,653,246**	651,591
Assets from other corporate activities	**1,225,460**	754,121
	4,961,901	2,428,124
Reportable segment liabilities		
Liabilities are disclosed below based on the reportable segment:		
Liabilities from oil and gas exploration– France	**-**	37,050
Liabilities from oil and gas production – USA	**586,584**	528,502
Liabilities from oil and gas exploration– UK	**-**	11,852
Liabilities from other corporate activities	**67,388**	149,631
	653,972	727,035

4. Oil and gas properties

	Consolidated	
	31-Dec-2014	30-Jun-2014
	$	$
Producing projects		
At cost	**-**	14,929,867
Future restoration costs capitalised	**-**	665,528
Accumulated amortisation	**-**	(8,605,545)
Impairment	**-**	(6,989,850)
Net carrying amount	**-**	-

A reconciliation of movements in oil and gas properties during the period is as follows:

Balance at the beginning of the financial period	**-**	84,603
Additions	**-**	-
Amortisation expense	**-**	-
Foreign currency movement	**-**	-
Disposal	**-**	(84,603)
Net carrying amount	**-**	-

5. Provisions for Future restoration costs

	Consolidated	
	31-Dec-2014	30-Jun-2014
	$	$
Current provisions		
Balance at the beginning of the period	**484,816**	1,342,935
Amounts used	**-**	(842,559)
Foreign currency movement	**76,150**	(15,560)
Net carrying amount	**560,966**	484,816

6. Deferred exploration and evaluation

	Consolidated	
	31-Dec-2014	30-Jun-2014
	$	$
Opening balance	**1,000,000**	3,979,316
Capitalised expenditure [(i)]	**1,911,289**	216,216
Impairment	**-**	(3,424,067)
Foreign currency movement	**55,433**	228,535
	2,966,722	1,000,000

[(i)] Capitalised expenditure incurred during the period relates to the Petra Project acquisition as disclosed in note 7 and ongoing exploration activities performed on the Petra Project.

The carrying value of the exploration and evaluation expenditure capitalised to the Moselle permit at period end is $1.05 million (inclusive of foreign currency movements). The Group recognised an impairment in the year ending 30 June 2014 of $3.42 million following the expiry of the Moselle permit on 19 January 2014. A renewal application for the permit was lodged in September 2013. The Group awaits notification that the extension into a second exploration period has been granted. The Group has not capitalised any expenditure to the Moselle permit since expiry in January 2014. The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective areas of interest.

7. Asset Acquisition

On 4 September 2014, the Group acquired a 50% Working Interest in 14,322 net acres for cash consideration of US$699,583 (A$757,756) from Apollo Operating LLC ("Apollo"), pursuant to a Sale and Purchase Agreement. Acquisition costs of US$14,453 were also incurred resulting in total costs of US$714,036. Details of the fair value of the assets acquired as at 4 September (in Australian dollars) as at the date of purchase are as follows:

	4-Sept-2014
	$
Purchase Consideration	
Cash	**774,340**
Net Assets Acquired	
Deferred exploration and evaluation (petroleum leases)	**774,340**

The Sale and Purchase Agreement with Apollo anticipates the Group will fund, in accordance with an agreed work program and budget, 100% of the first US$1,500,000 of exploration expenditures up to 30 June 2016. As at the date of this report, the Group has incurred approximately US$570,000 of the US$1,500,000 and has completed the majority of the first year's agreed work program to 30 June 2015.

In the event that the Group elects not to proceed with any further expenditure due to technical, commercial or other reasons, 50% of the share of the leases purchased by the Group pursuant to the Sale and Purchase Agreement will be re-assigned to Apollo resulting in Elixir being released from any further expenditure obligations whilst retaining a 25% ownership in those leases. Leases acquired since the acquisition (being a 50% Working Interest in approximately 15,000 net acres) are not subject to this re-assignment.

8. Discontinued Operations

There were no discontinued operations during the half year ended 31 December 2014. On 12 November 2013 the Group entered into a Purchase and Sale Agreement to dispose of its interest in the High Island Project. Financial information relating to the High Island Project from 1 July 2013 to 12 November 2013 is set out below:

		Consolidated
		From 1 July 2013 to 12 November 2013
		$
(a)	**Financial Performance**	
	Revenue	30,345
	Total expenses	263,792
	Gross loss	(233,447)
	Income tax expense	-
	Net loss attributable to discontinued operations	(233,447)
	Loss on disposal of discontinued operations	(6,991)
	Income tax expense	-
	Loss on disposal of after income tax	(6,991)
	Loss from discontinued operation	(240,438)

Information relating to the financial position of the High Island Project on disposal date (12 November 2013) is set out below:

(b)	**Carrying amounts of assets and liabilities:**	
	Oil and Gas Properties	84,603
	Trade debtors	-
	Total assets	84,603
	Trade Creditors	-
	Provision for restoration	842,559
	Total liabilities	842,559
	Net assets	(757,956)
(c)	**Cash flow information for the period 1 July 2013 to 12 November 2013**	
	Net cash outflow from operating activities	(183,158)
	Net cash inflow from investing activities	-
	Net cash inflow from financing activities	-
	Net decrease in cash generated by the discontinued operations	(183,158)
	Detail of the disposal of the discontinued operations:	
	Consideration paid	(764,947)
	Carrying amount of net liabilities sold	757,956
	Loss on disposal before income tax	(6,991)
	Income tax expense	-
	Loss on disposal after income tax	(6,991)

9. Share Based Payments

The Company has an established Executive Incentive Plan ("Plan") that allows executives and consultants to participate in either Performance Rights or Share Option allocations as determined by the Board from time to time. Details of the Executive Incentive Plan are disclosed in the Remuneration Report for the year ended 30 June 2014. During the half-year ended 31 December 2014 a grant was made to the Managing Director under the Plan. On 5 September 2014 shareholders approved the issue of Share Options to both non-executive Directors and the Company's advisors. These Share Options were not issued pursuant to the Plan. The terms and conditions of the grants made during the half-year ended 31 December 2014 are as follows:

A summary of the movements of all company Options and Performance Rights issued is as follows:

Grant Date	Number	Vesting Conditions	Exercise Price	Expiry Date
Share Options				
Non-Executive Directors				
5 September 2014 [i]	6,000,000 [a]	31-May-15	$0.015	15-Oct-16
5 September 2014 [i]	6,000,000 [b]	31-May-16	$0.015	15-Oct-16
Financial Advisors				
5 September 2014	20,000,000 [c]	Immediate	$0.015	30-Sep-16
Performance Rights				
Key Management Personnel				
5 September 2014	15,000,000 [d]	Share Price Hurdles [1]	None	31-Jul-15
5 September 2014	15,000,000 [e]	Share Price Hurdles [1]	None	31-Jul-16

(i) 4,000,000 options were issued to Michael Price, 50% vesting 31 May 2015 and 50% vesting after 31 May 2016. The options are due to be cancelled following Mr Price's resignation on 31 December 2014.

The fair value of the Options and Performance Rights granted is deemed to represent the value of the services received over the vesting period.

	Non-Executive Directors [a]	Non-Executive Directors [b]	Financial Advisors [2][c]	Key Management Personnel [d]	Key Management Personnel [e]
Fair Value of Security at measurement date	$0.001	$0.001	$0.001	$0.0018	$0.0027
Share Price at Grant	$0.005	$0.005	$0.005	$0.005	$0.005
Exercise Price	$0.015	$0.015	$0.015	Nil	Nil
Expected Volatility	100%	100%	n/a	100%	100%
Option Life	2.12 years	2.12 years	2.07 years	0.90 years	1.90 years
Expected Dividends	Nil	Nil	Nil	Nil	Nil
Risk Free interest	2.51%	2.51%	n/a	2.64%	2.64%

(1) The Performance Rights will vest over two years upon the attainment of certain share price related hurdles. No Performance Rights will be issued 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 balancing being measured against the share price hurdles on 31 July 2016. The value of the Performance Rights has been calculated using Hoadley's Multiple Barrier share option pricing model.

(2) The financial advisor Options were valued based on the value of the corporate advice received in lieu of cash fees, being $20,000 or $0.001 per Option.

10. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2014 (2013: Nil).

11. Commitments and Contingencies

The Consolidated Entity has no material contingent assets or liabilities at reporting date and has no firm contractual commitments for expenditure not reflected in the financial statements.

	Consolidated	
	31-Dec-2014	30-Jun-2014
	$	$
Non-cancellable operation lease commitments		
Within one year	-	17,500
More than one year but less than five years	-	-
Total	-	17,500

Cottesloe Oil and Gas LLC (“Cottesloe”), a wholly owned subsidiary of the Group, was a party to a Joint Operating Agreement (“JOA”) with amongst others, Buccaneer Resources LLC (“Buccaneer”), a wholly owned subsidiary of Buccaneer Energy Limited on the Pompano Project (“Pompano”). During 2011 the Operator proposed activities at Pompano which Cottesloe declined to participate in thus impacting our status and future rights and obligations under the JOA. The remaining JV partners ultimately elected to shut in the wells and relinquish the two associated leases during 2012 with abandonment obligations remaining outstanding. The Company has become aware that Buccaneer has applied for and been granted Chapter 11 protection in the United States and Australia post the end of the 2014 financial year. It is unclear whether Cottesloe is still a party to the JOA, but if this is the case, there is the possibility that in the event of a default by Buccaneer on its share of the abandonment cost of the platform, associated infrastructure and the wells, then Cottesloe will potentially be liable for its increased proportionate share of the cost. Buccaneer states in its latest annual report that it has a 65% working interest in the Pompano project. Cottesloe’s only significant asset is a cash backed bond of US$575,000 in favour of the previous owner of the platform and associated infrastructure which can be called upon in the event Cottesloe defaults on its share of the abandonment costs of this infrastructure. The cash backed bond provided by Cottesloe does not extend to any costs of abandoning the wells. There is no parent company guarantee in place between the Company and any of the other co-venturers in the Pompano project and therefore there is limited recourse to the Company or any other subsidiary of the Group should a claim be made on Cottesloe for an amount in excess of its assets.

12. Fair Values of Financial Instruments

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

13. Events Occurring After Reporting Date

Other than as disclosed elsewhere in this half-year financial report, no event has arisen since 31 December 2014 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity.

14. Related Party Transaction

There have been no changes to related parties (other than the appointment of Mr Raymond Barnes as non-executive Chairman) or to related party transactions from those disclosed in the 30 June 2014 financial statements, other than the issue of director options as approved by shareholders and disclosed in the Share Based Payments Note 9.