

29 April 2015

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2015

### HIGHLIGHTS

- **35km Bradman 2D seismic survey completed in February 2015 on time and under budget confirming conventional oil prospects within initial area of focus over Petra Project**
- **Simpson 2D infill seismic survey to commence shortly, designed to better define crest of conventional structures and optimal drilling locations and to determine resource potential of initial drill target(s)**
- **All field work and technical studies scheduled to be completed by the end of May 2015, with at least one prospect to be permitted and drill ready by Q3 CY2015**
- **Benefits of corporate overhead cost reduction programme realised**
  - ✓ **March quarter G&A costs 40% lower than previous quarter**
  - ✓ **Annual overheads tracking at less than \$750,000 per annum**
- **Approximately \$1M of cash on hand and no debt as at 31 March 2015**

### EXECUTIVE SUMMARY

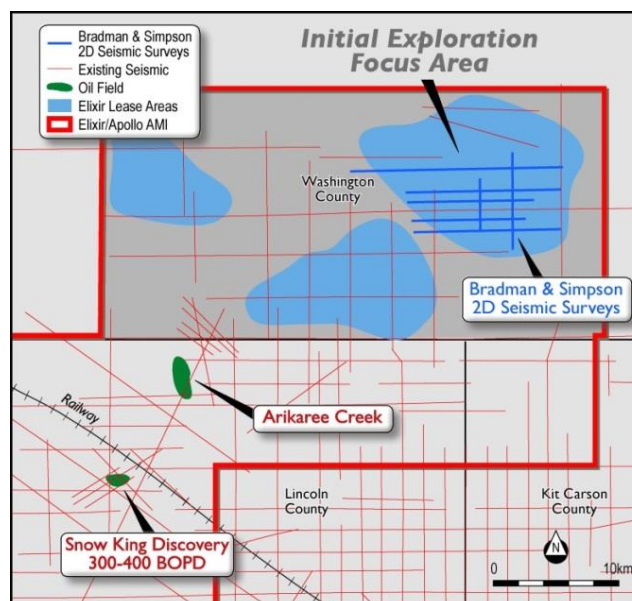
Elixir Petroleum Limited (**ASX:EXR**) (“Elixir” or “Company”) continues to focus on its principal asset, being a 50% Working Interest in approximately 30,000 net acres in an emerging new oil play in Washington County, Colorado (the “**Petra Project**”). The Company acquired the initial lease position on 4 September 2014 and has since acquired a substantial amount of data together with additional leases to mature the play and define drillable prospects.

Elixir also continues to pursue the renewal of the Moselle exploration licence onshore France. During the quarter, the Company came to an agreement with EGL, a French based coal seam gas company with respect to competing application areas adjacent to Moselle. Renewal of the Moselle permit remains a priority for the Company given the significant oil and gas resource potential that has been identified by Elixir and independently verified by RPS Energy Services Pty Ltd (“RPS”). However until such time as the renewal is granted, expenditure in France is being kept to a minimum.

The Company initiated a number of corporate cost saving measures during the previous quarter, including a reduction in non-executive Board fees. The benefits of these and other cost reductions has resulted in a significant reduction in corporate overheads this quarter and maintains the Board's

target of achieving annual overhead costs of less than \$750,000 per annum.

The Company had cash on hand at 31 March 2015 of just under \$1 million with no debt. Quarterly expenditure was principally concentrated on geological and geophysical activities including costs associated with the Bradman 2D seismic survey. The Simpson 2D seismic survey will commence shortly and is expected to be acquired, processed and interpreted by mid-May 2015.



**ASX CODE: EXR**

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## EXPLORATION ACTIVITIES

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

During the quarter, Elixir significantly advanced the Petra Project with the acquisition of the 35km Bradman 2D seismic survey over the strongest leads previously identified from the data set which was purchased late in 2014.

Elixir's leases 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 developed in recent years and are now in production.

Elixir is paying the first US\$1.5M of exploration costs on behalf of the Joint Venture and has largely completed the agreed work programme for the financial year ended 30 June 2015, which included the acquisition of new and existing seismic data. The 2014/15 budgeted work programme will be completed upon acquisition of the Simpson 2D seismic survey, bringing the total exploration expenditure for the financial year to around US\$650,000.

The budgeted work programme for the year ended 30 June 2016 includes the drilling of at least two relatively low cost exploration wells. Elixir will continue to contribute 100% of the costs of the agreed work programme until the agreed cap of US\$1.5 million is reached, after which both Apollo and Elixir will contribute 50% of the costs in accordance with their respective Working Interests.

As a result of the work programme undertaken to date, Elixir and Apollo have identified a structural complex within its leases and is now in the process of quantifying the prospective resources attributable to this feature. The results of the Simpson 2D will assist with the process of refining drilling locations within the acreage.

Elixir and Apollo continually review the forward work programme, always taking into consideration the current economic and oil price conditions and have an understanding that any work programme may be amended or deferred if necessary. Elixir and Apollo work together closely towards achieving a common goal and continue to have a strong relationship working in partnership on several new venture projects.

### ***Geological and Geophysical Activities (100% carried by Elixir)***

During the quarter, the Company completed the acquisition of the 35km Bradman 2D seismic survey on time and well under budget. The data was subsequently processed, integrated and interpreted with the previously acquired data set with a minimum of two oil prospects identified, one of a significant size.

The Joint Venture agreed a second infill 2D seismic survey was warranted in an attempt to further refine the data-set and allow exploration wells to be optimally located as near to the crest of the identified structures as possible. This survey, named the Simpson 2D, is due to commence shortly and the fully interpreted results are expected to be available towards the end of May 2015. Following completion of this work, the Company expects to be able to finalise its prospective resource calculations and determine the initial drilling location(s).

### ***Leasing Activities (50% cost to Elixir)***

During the quarter the Joint Venture did not undertake any significant leasing activities as it now has achieved its initial target and has a material foothold over a 50% Working Interest in approximately 30,000 acres. Elixir's current focussed exploration efforts only cover approximately 30% of its current leased lands.

The cost of Elixir's overall land position, including its initial acquisition cost, is approximately \$1.3 million. This equates to approximately US\$68/acre based on the net 15,000 acres that Elixir now holds under lease. Even in today's lower oil price environment, three year leases are being acquired in the area for approximately US\$50/acre. Unlike Elixir's core lease areas, much of this land does not have any recent proprietary seismic data coverage.

Many of Elixir's leases are five year leases with extensions for three to five years at the same or similar cost at the time of the extension, which is at the option of the lessee. The majority of Elixir's leases have remaining tenure under the initial term of at least three years with no annual rentals.

The most recent trade of nearby acreage with drillable prospects already identified through modern seismic, being the Nighthawk and Cascade transaction announced in January 2015, valued their lands at approximately US\$1,000/acre. Elixir's all in forecast cost to 30 June 2015, including all land and data acquisition, is approximately US\$112/acre.

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

A renewal application for the Moselle Permit was lodged in September 2013 with the relevant French authorities. Elixir continues to await notification that the extension into the second exploration period has been granted. The Company 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 the Saar-Lorraine Basin. The permit is approximately 2,680km<sup>2</sup>, or over 500,000 acres, in area. Moselle is one of the largest exploration permits in Western Europe prospective for both conventional and unconventional hydrocarbons.

In June 2013, Elixir commissioned an Independent Resources Report from RPS for three conventional prospects identified in the Moselle Permit. The report confirmed Elixir's technical work, and verified the potential for significant conventional prospective resources in each of the three prospects analysed.

The report from RPS estimated mean unrisksed prospective recoverable resources<sup>1</sup> of 861 Bcf for the three prospects (if entirely gas filled), or alternatively 805 Bcf of gas and 76 mmbbls of oil (if the Lower Triassic 'Paris Basin' reservoirs are oil filled).

The results of the RPS Independent Resources Report confirm the significant conventional resource potential in Moselle (incorporating both shallow oil and deeper gas potential), and the attractive risk profile of each of the prospects assessed.

(1) Statistical aggregation assuming that all sequences are successful. The probability of this occurring is the product of all risks and is likely to be extremely small.

## BUSINESS DEVELOPMENT ACTIVITIES

**Project Name:** New Business  
**Location:** USA  
**Ownership:** Not applicable

During the quarter, Elixir identified and reviewed a number of high quality opportunities which have become available as a result of companies repositioning their asset portfolios with the recent weakness in the oil price. None of these opportunities have yet reached a stage where the Company has agreed terms, but work continues on a number of projects that meet our criteria for the acquisition of low risk production/appraisal assets.

## CORPORATE AND FINANCIAL

### *Quarterly expenditure and cash position*

During the quarter, the Company's cash expenditure was significantly lower than the previous quarter as a result of the completion of the lease acquisition activities in late 2014.

Corporate overhead costs were extensively reviewed and the benefits of that review can be seen this period with a 40% reduction of corporate overheads quarter on quarter. Reductions included a reduction in the Chairman's fees (25%) and other non-executive director fees (20%). On an annualised basis, the corporate overhead for Elixir is tracking to be less than \$750,000 per annum which is one of the lowest in the sector for an active oil and gas exploration company.

At the end of the reporting period the Company held cash on hand of just under \$1 million and no debt.

### *Expiry of Share Options*

During the quarter, two million Class A Director options and two million Class B Director options expired following the resignation of Mr Michael Price on 31 December 2014. There were no other changes to the capital structure during the quarter.

## PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2015

	% Interest	Tenement	Location
<b>Held at end of quarter</b>	100%	Moselle Permit	North-eastern France
	50%	Petra Project	Colorado, USA
<b>Acquired during quarter</b>	-	-	-
<b>Disposed during quarter</b>	-	-	-

## INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 31 MARCH 2015

	Farm-in / Farm-out	% Change in Interest	Project
<b>Held at end of quarter</b>	50%	-	Petra Project
<b>Acquired during quarter</b>	-	-	-
<b>Disposed during quarter</b>	-	-	-

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