

30 October 2015

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 30 SEPTEMBER 2015****HIGHLIGHTS**

- **Agreement to acquire AWE Limited's 57.5% Working Interest in the 1,500 BOPD Cliff Head Oil Field located in the Perth Basin**
- **Minimal upfront acquisition cost of \$1 million with contingent payments over the next five years (capped at \$9 million in aggregate) based on net cash flow generation hurdles**
- **Exclusive no cost option period to 30 November 2015 to complete financial and technical due diligence on Cliff Head**
- **Cliff Head acquisition will provide Elixir shareholders with significant leverage to oil price upside in addition to field life enhancement projects**
- **Prospective Resource report concluded for Petra Project in Colorado with Mean Prospective Resources of 2.5MMBO recoverable net to Elixir**
- **Rodwell Prospect permits approved and farm-in agreement extended to 31 December 2016 provides flexibility on drilling timetable on Petra Project**
- **Elixir in the process of completing a small capital raising, which will include a Share Purchase Plan (SPP) to existing shareholders raising up to \$618,000**

EXECUTIVE SUMMARY

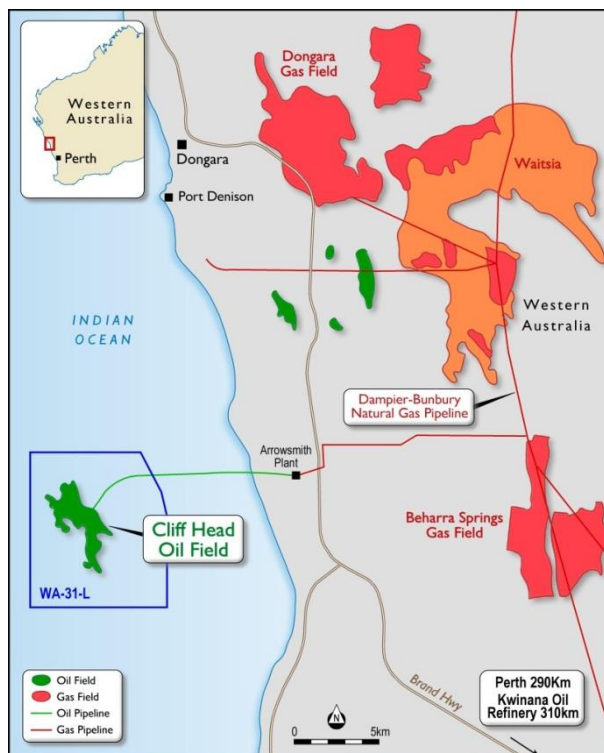
On 26 October 2015, Elixir Petroleum Limited (**ASX:EXR**) (Elixir or Company) announced it had entered into an agreement with AWE Limited (AWE) to acquire its 57.5% Working Interest in the near shore Cliff Head Oil Field in the Perth Basin.

This acquisition will be transformational to Elixir and will catapult the Company into the ranks of only a handful of Western Australian oil producers listed on ASX, providing shareholders with significant leverage to oil prices in addition to infield drilling, enhanced oil recovery potential and near field exploration and appraisal opportunities. The acquisition is consistent with the Company's previously stated objective of targeting low risk production and appraisal acquisitions in OECD countries.

On completion of the acquisition, Elixir will pay an upfront consideration of \$1M, effective 1 October 2015. In addition, over the next five financial years, where the Cliff Head Oil Field generates net cash flow over and above \$3M net to Elixir, AWE will receive 25% of that excess net cash flow capped at \$9M in aggregate.

The acquisition is subject to the usual conditions precedent, including Elixir finalising technical and commercial due diligence, Elixir securing at least

\$3M in funding and Elixir and AWE procuring all necessary regulatory and joint venture approvals and consents, with settlement of the acquisition expected to occur on or before 15 February 2016.

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During the quarter the Company also completed its independent Prospective Resources report for the Petra Project resulting in Mean Prospective Resources of 2.5MMBO of net recoverable oil to Elixir over its Rodwell Prospect in Washington County, Colorado. The Rodwell Prospect has been permitted and is currently 'drill ready'. In addition, the Company secured a six month extension to 31 December 2016 with its Petra Project partner to ensure that in the current low oil price environment, the partners are not obliged to drill a well in the next six months.

On 28 October 2015, the Company announced it had concluded a small placement and also announced a Share Purchase Plan open to all existing shareholders. This capital raising will provide up to \$618,000 in new funding and will be used to progress the Cliff Head acquisition and for general working capital purposes. Included in this funding is a further \$50,000 in cash to be provided by Directors as part of the capital raising, subject to shareholder approval.

The Company announced that its Annual General Meeting will be held on 30 November 2015.

BUSINESS DEVELOPMENT ACTIVITIES

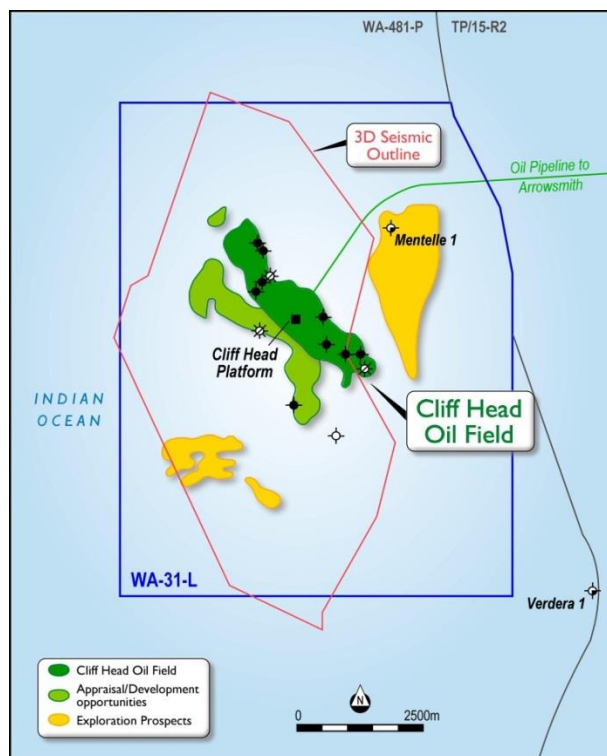
Project Name: Cliff Head Oil Field
Location: Perth Basin
Ownership: 57.5%

The Cliff Head Oil Field is located about 300km north of Perth and was the first commercial oil discovery in the offshore Perth Basin discovered in 2001 by a ROC Oil led Joint Venture, with first production commencing in May 2006. To date the field has produced over 14.5 million barrels and continues to produce at above originally forecast rates. The oil is produced through an offshore platform (CHA) with the fluids piped 14km to an onshore processing facility (Arrowsmith).

Oil is trucked to the BP Kwinana oil refinery south of Perth. The Cliff Head Oil Field is operated by ROC Oil (a subsidiary of Fosun International Limited) who has been the Operator of the project since prior to the initial Cliff Head discovery well being drilled. ROC Oil has a small operations office in Perth which provides the opportunity for Elixir to develop a close working relationship with the Operator.

AWE has granted Elixir an exclusivity period in which to conclude its due diligence on the project. Upon expiry of the initial exclusivity period on 30 November 2015, Elixir will be required to pay a 10% non-refundable deposit to extend the exclusivity period to 24 December 2015. The acquisition is subject to the usual conditions

precedent, including Elixir finalising technical and commercial due diligence, Elixir securing at least \$3M in funding and Elixir and AWE procuring all necessary regulatory and joint venture approvals and consents, with settlement of the acquisition expected to occur on or before 15 February 2016.



The Operators estimated remaining reserves are around 3.7 MMBBLS (gross) with an expected remaining economic field life of 10 years.

Elixir has commenced detailed technical and commercial due diligence on the project and expects to be in a position by 30 November to commit to the next period of exclusivity and close the transaction in the early part of 2016.

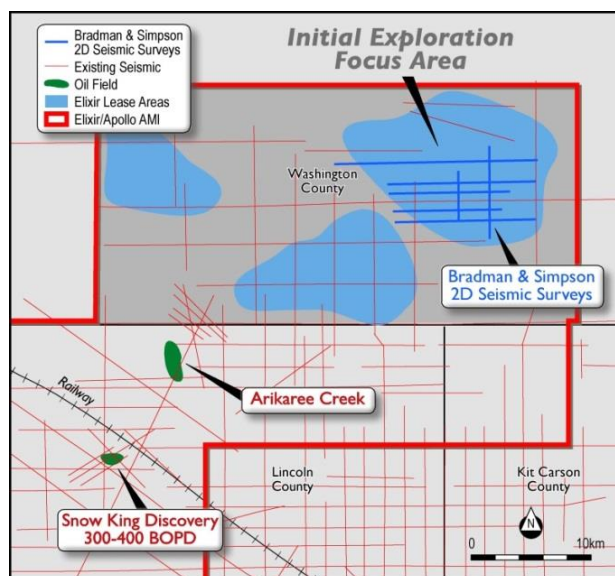
EXPLORATION ACTIVITIES

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

During the quarter, Elixir concluded all near term expenditure on the Petra Project with the release of an independent Prospective Resources report which confirmed the Rodwell Prospect had Mean Prospective Resources of 2.5MMBO of net recoverable oil to Elixir.

The Rodwell Prospect is drill ready with drilling permits in place and many of the long lead time approvals received. Elixir and its partners have also agreed to extend the term of the farm-in agreement by a further six months to 31 December 2016 to allow the Joint Venture additional flexibility

with respect to the timeframe required to drill the initial exploration well under the agreement.



Elixir and Apollo continually review the timing of the forward work programme, always taking into consideration the current economic conditions and oil price. Elixir and Apollo continue to work together to achieve the common goal of drilling up the Petra Project in a timely and efficient manner and also continue to jointly review various new venture projects.

Geological and Geophysical Activities (100% carried by Elixir)

There was no significant activity during the quarter.

Drilling Activities (100% carried by Elixir up to agreed cap)

Recent information has indicated that the expected cost of the initial exploration well, on a dry hole basis, will be in the region of US\$550,000. This represents an approximate 20% reduction in costs since the same period last year.

Leasing Activities (50% cost to Elixir)

There was no significant activity during the quarter.

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 will not incur any expenditure on Moselle until the renewal is granted.

CORPORATE AND FINANCIAL

Quarterly expenditure and cash position

During the quarter, the Company's cash expenditure was in line with the previous quarter's forecast and is expected to be significantly less this quarter with no expenditure budgeted on the Petra Project or Moselle.

With the progression of the Cliff Head acquisition, it is expected that business development costs (due diligence costs) will increase this quarter, but corporate overhead costs will continue to reduce as the 50% cut in Director's fees and salaries takes effect from 1 October 2015 for a six month period.

Subsequent to the end of the reporting period the Company announced it had concluded a small placement and also announced a Share Purchase Plan open to all existing shareholders. This capital raising will provide up to \$618,000 in new funding and will be used to progress the Cliff Head acquisition and for general working capital purposes.

PETROLEUM TENEMENTS HELD AS AT 30 SEPTEMBER 2015

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

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 30 SEPTEMBER 2015

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

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