

30 April 2018

**QUARTERLY ACTIVITIES REPORT FOR THE  
PERIOD ENDED 31 MARCH 2018****HIGHLIGHTS**

- **The acquisition of Golden Horde Limited (GOH) for 79 million Elixir shares subject now only to award of a Production Sharing Contract (PSC) in Mongolia**
- **PSC extends for over 7 million acres (28,000 km<sup>2</sup>) in a proven coal basin in the South Gobi desert considered prospective for Coal Bed Methane (CBM) and adjacent to the Chinese border**
- **Technical work progressing on Project Khiimori with initial 2D seismic planning well advanced and scheduled to commence soon after the award of the PSC**
- **PSC terms finalised during the quarter and award of the PSC now only subject to Mongolian Cabinet approval**
- **Management visited Ulaanbaator in early March and met with Mongolian Mining Minister at the “Invest Mongolia” conference in Hong Kong on 19 April 2018**
- **Application for a three year exceptional extension for the recently renewed Moselle Permit lodged on 5 April 2018**
- **Stringent management of quarterly expenditures pre acquisition of Golden Horde with cash of approximately \$2.7 million and no debt as at 31 March 2018**

**EXECUTIVE SUMMARY**

During the quarter ended 31 March 2018, Elixir Petroleum Limited (**ASX:EXR**) (Elixir or the Company) continued to advance its geological understanding and future exploration plans for the potentially transformational acquisition of GOH.

The optioned acquisition, secured for \$25,000 through to 30 September 2018, provides Elixir with an exclusive right to acquire GOH for 79 million shares if the PSC is awarded to GOH and other conditions precedent are met by both Elixir and GOH (the Acquisition).

The PSC area (named Nomgon IX) covers over 7 million acres, lies adjacent to the Chinese border, and is ideally placed for future gas sales both locally and into the extensive Northern China gas transmission and distribution network.

On 19 January 2018, Elixir hosted a workshop with a group of Brisbane based CBM technical experts. The expert group reaffirmed the Company's view that the key ingredients exist for a potentially large scale CBM project in the South Gobi desert area of Mongolia. The workshop was a major step forward for the Company on its technical understanding of Project Khiimori and was the final step in Elixir completing its technical due diligence.

In early March 2018, Elixir and GOH management visited Ulaanbaator where they were advised at a government meeting that a formal resolution to award the PSC was expected to be considered by the Cabinet of Mongolia (“Cabinet”) in late March or early April 2018.

Elixir has subsequently confirmed that at Cabinet meetings held on 4 April and 25 April 2018, the resolution to award the PSC was on the Cabinet agenda for consideration. Elixir has been advised that at each of these meetings the resolution was deferred while the Mining Minister sought further background information on the resolution from his Ministry. This CBM PSC will be only the second one issued in the country with the only prior CBM PSC awarded 14 years ago under a previous law. Elixir and GOH are not aware of any reason the award of the PSC will not be approved by the Mongolian Cabinet.

On 5 April 2018, Elixir lodged an application for an exceptional extension of the term of the Moselle Permit. Given the extensive delays in receiving the renewal, the Company is seeking an exceptional extension of up to three years of the second term of the Moselle Permit.

As at the end of the quarter, the Company had approximately \$2.7 million in cash and no debt.

**NEW BUSINESS ACTIVITIES**

**Project Name:** Option to acquire GOH  
**Location:** Mongolia



*Location map of Nomgon IX PSC Area*

GOH was established in 2011 with the sole purpose of acquiring coal bed methane (“CBM”) rights (also known as Coal Seam Gas or CSG) in Mongolia in an area directly adjacent to the existing gas markets of Northern China. GOH has raised approximately \$1.25 million since its inception and undertook a detailed prospecting study of the PSC area prior to last year completing negotiations with the Mineral Resources and Petroleum Authority of Mongolia (“MRPAM”) on the commercial terms for a PSC. The MRPAM is a division of the country’s Ministry of Mining and Heavy Industry (“MMHI”), which in turn requires approval from the Cabinet before any formal execution of a PSC can be made.

During the current quarter, the few remaining outstanding items in the draft PSC were resolved to the satisfaction of the MMHI. On 4 April 2018 and 25 April 2018, the resolution for award of the PSC to GOH was on the Cabinet meeting agenda. Elixir understands the Minister determined he required more information before going ahead with the PSC grant. This CBM PSC will be only the second one issued in the country with the only prior CBM PSC awarded 14 years ago under a previous law. Elixir and GOH are not aware of any reason the award of the PSC will not be approved by the Mongolian Cabinet.

The Nomgon IX CBM PSC will be the first unconventional PSC issued pursuant to the country’s updated Petroleum Law passed by Parliament in 2014. Nomgon IX, which covers an area of over 7 million acres, lies near to the Chinese border and is ideally placed for future gas sales both locally and into the extensive Northern China gas transmission and distribution network. In addition to Chinese gas demand, Mongolia currently has no gas production, there is a strong political desire to replace high emission coal

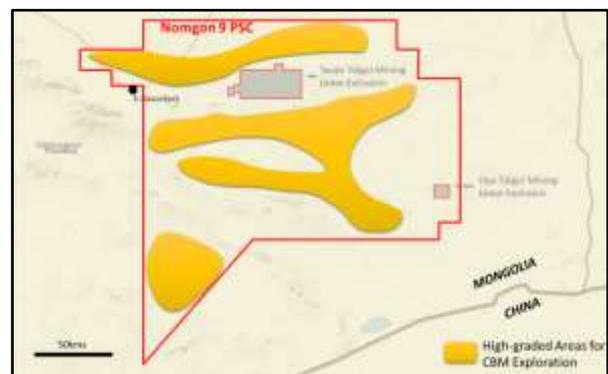
power, and heat generation with low emission clean-burning gas fired generation. With the potential to find and develop multiple Tcfs of gas from CBM in the PSC area it is possible that both the Mongolian and Chinese markets can be supplied with Mongolian CBM.

During the quarter, Elixir continued to plan the proposed exploration programme designed to unlock the value of Project Khiimori, including planning of an initial 2D seismic survey, targeting areas where it is expected the major coal seams that are prospective for CBM are in existence.

The approximate 200km of 2D seismic being planned will be acquired with the key parameter being to identify coals at depths between 300 to 1,000 metres below the surface, which is the depth window generally considered necessary for successful and productive CBM projects. The Company has been engaging with several contractors capable of acquiring the seismic and is currently refining the acquisition method, parameters and pricing to ensure that on ground exploration can commence as soon as possible after the award of the PSC.

The 2D seismic will assist Elixir in high grading the initial exploration areas and de-risking the intended initial well locations, but will also provide one of the first regionally extensive geological data sets that could potentially unlock large areas of previously unknown coal deposits (at depth) which could be ideal for CBM production.

During the quarter Nordic Geological Solutions (“NGS”) completed a field study in an area within the PSC where coals are present at surface. Although the area studied was not within the high graded prospectivity area (see map below), the fieldwork was useful for identification of surface outcrops of Permian sediments (in particular coals) and providing additional data to assist in the interpretation on the subsurface structuring.



*Elixir’s internally generated prospectivity map for the PSC Area.*



NGS field mapping (green dots) over previously discovered Tsagaan Tolgoi coal deposit.

Upon Mongolian Cabinet approval of the award of the PSC, Elixir intends to exercise its option to acquire GOH and commence on ground exploration activities as soon as possible. These activities (including acquiring 2D seismic mentioned above) include planning and drilling a minimum of four exploration wells over the first two years of the PSC term. Exploration drilling will deliver key data required to confirm gas content and understand permeability, one of the last remaining key technical elements of the play that needs confirmation.

Upon completion of the Acquisition, Mr Neil Young will join the Board of Elixir as an Executive Director and Chief Executive Officer (“CEO”). Neil has a business development and commercial background and is the Managing Director of GOH. He has worked in the energy industry for over 20 years, including being Manager Business Development at Santos where he was a key leader in the Santos team that put together much of the Australian east coast CSG acreage that the company now operates.

Neil identified the potential of Mongolia as a regionally significant gas supplier and set up GOH with experienced industry partners to pursue CBM in Mongolia, raising funds privately from high net worth investors. After several years of technical studies aimed at high grading the coal basins in Mongolia, GOH began negotiations with the MRPAM over Nomgon Block IX and GOH believes the rigorous process undertaken to get to this point will result in a PSC being awarded shortly.

## EXPLORATION ACTIVITIES

<b>Project Name:</b>	Moselle Permit
<b>Location:</b>	Northeastern France
<b>Ownership:</b>	100% Working Interest

During the quarter, Elixir completed its application for a three-year extension of the second exploration period, which if granted will extend the expiry of the second exploration period to 20 January 2022. In addition, Elixir has the right to apply for a third exploration period on expiry of the second exploration period, which will extend the term of the Moselle Permit for a further five years, subject to Elixir continuing to meet its license obligations within the second exploration period and a relinquishment of a further 25% of the total license area.

The application for the extension was lodged with the French authorities on 5 April 2018.

Should Elixir be granted a three-year extension of the second exploration period and is granted a third five-year exploration period, then Elixir could potentially retain the prospective area of the Moselle Permit until January 2027.

Elixir has recommenced desktop-based exploration activities and will reactivate its previous farm-out efforts for the Moselle Permit, which is considered prospective for both natural gas and oil. Elixir has previously mapped a number of conventional prospects and in 2013 was actively marketing these prospects for farm-out prior to this process being suspended following the extended delay in the renewal process

**EXPLORATION ACTIVITIES (cont.)**

**Project Name:** Petra Project  
**Location:** Colorado, USA  
**Ownership:** 25% Working Interest

There was no significant activity on the Petra Project during the quarter.

A number of non-core leases have expired and as at the end of the quarter, the Company had reduced its acreage position from approximately 7,500 net acres to 5,886 net acres.

**CORPORATE AND FINANCIAL*****Quarterly expenditure, cash position and capital structure***

As at the end of the quarter, the Company had approximately \$2.7 million in cash and no debt.

During the quarter, the Company's main expenditures were associated with the proposed Mongolian transaction.

General and administration were lower than usual during the quarter partly due to refunds in GST associated with costs in the prior quarter.

**PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2018**

	<b>% Interest</b>	<b>Tenement</b>	<b>Location</b>
<b>Held at end of quarter</b>	100%	Moselle Permit	North-eastern France
	25%	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 2018**

	<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>	-	-	-

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