ABN 51 108 230 995

SHORT FORM PROSPECTUS

For the issue by way of private placement of 4,350,000 fully paid ordinary shares in the capital of the Company at an issue price of $0.35 each to raise $1,522,500 (**Tranche 1 Offer**)

and

For the issue by way of private placement of 3,000,000 fully paid ordinary shares in the capital of the Company at an issue price of $0.35 each to raise $1,050,000 (**Tranche 2 Offer**)

The Tranche 2 Offer is subject to shareholder approval and is therefore a conditional offer. Please refer to Section 2.1 of this Prospectus for further details.

Important Notice

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to another document the information of which is deemed to be incorporated in this Prospectus.

Lead Manager to the Offers:
Argonaut Capital Ltd

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All amounts referred to in this Prospectus are in Australian dollars otherwise expressly stated.

Important Notice

This Prospectus is dated 31 August 2004.

A copy of this Prospectus was lodged with the ASIC on 31 August 2004. The ASIC takes no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 7 of this Prospectus.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, the Prospectus incorporates by reference information contained in a document that has been lodged with the ASIC.

This Prospectus refers to the disclosure document lodged by the Company with the ASIC on 17 June 2004 for the offer of 15,000,000 Shares at an issue price of 20 cents each to raise $3,000,000 (oversubscriptions of a further 1,500,000 Shares at an issue price of 20 cents each to raise a further $300,000 were offered) (**IPO Prospectus**). In referring to the IPO Prospectus, the Company:

(a) identifies the IPO Prospectus as being relevant to the offer of Shares under this Prospectus and containing information that will provide investors and their professional advisers information to assist them in making an informed assessment of:

 (i) the rights and liabilities attaching to the Shares; and

 (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Elixir;

(b) refers investors and their professional advisers to Section 3 of this Prospectus which summarises the information in the IPO Prospectus deemed to be incorporated in this Prospectus;

(c) informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus by contacting the Company at its registered office during normal business hours during the offer period; and

(d) advises that the information in the IPO Prospectus will be primarily of interest to investors and their professional advisers or analysts.

Timetable and Important Dates*

EVENT	DATE
Prospectus lodged with the ASIC and ASX	31 August 2004
Tranche 1 Offer	
Opening Date for Tranche 1 Offer	1 September 2004
Closing Date for Tranche 1 Offer	3 September 2004
Despatch of holding statements for Tranche 1 Offer	7 September 2004
Expected Date for Official Quotation of Shares under Tranche 1 Offer	9 September 2004
Tranche 2 Offer**	
Opening Date for Tranche 2 Offer	4 October 2004
Anticipated date of Meeting of Shareholders	5 October 2004
Closing Date for Tranche 2 Offer	8 October 2004
Despatch of holding statements for Tranche 2 Offer	11 October 2004
Expected Date for Official Quotation of Shares under Tranche 2 Offer	13 October 2004

* These dates are indicative only. The Directors reserve the right to vary dates without prior approval. As such, the date the Shares are expected to commence trading on ASX may vary.

** The Tranche 2 Offer is subject to Shareholder approval and is therefore a conditional offer. If Shareholder approval is not obtained, the Shares offered under the Tranche 2 Offer will not be issued.

1. CORPORATE DIRECTORY

DIRECTORS

Don Maloney
Non-Executive Chairman

Russell Langusch
Managing Director

Kent Hunter
Non-Executive Director

Michael Pedley
Non-Executive Director

COMPANY SECRETARY

Kent Hunter

AUSTRALIAN BUSINESS NUMBER

ABN 51 108 230 995

REGISTERED OFFICE

9A Agnew Way
SUBIACO WA 6008

CONTACT DETAILS

Tel: (08) 9382 3200
Fax: (08) 9388 8042

Email: admin@elixirpetroleum.com
Website: www.elixirpetroleum.com

SHARE REGISTRY *

Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
PERTH WA 6000

Tel: (08) 9221 7288
Fax: (08) 9221 7869

SOLICITORS TO THE OFFERS

Steinepreis Paganin
Lawyers & Consultants
Level 14, Citibank House
37 St Georges Terrace
PERTTH WA 6000

UK SOLICITORS

Watson, Farley & Williams
15 Appold Street
LONDON UK EC2A 2HB

AUDITOR *

Mack & Co
Level 2, 35 Havelock Street
WEST PERTH WA 6005

LEAD MANAGER

Argonaut Capital Limited
Level 29, 77 St Georges Terrace
PERTH WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names appear for information purposes only.

2. DETAILS OF THE OFFERS

2.1 Offers

Tranche 1 Offer

By this Prospectus, the Company invites the parties set out below (or their nominees or associates) to subscribe for a total of 4,350,000 Shares at an issue price of $0.35 per Share payable in full on application to raise $1,522,500:

(a) NCL Smith & Williamson;

(b) Golden Prospect plc; and

(c) City Natural Resources High Yield Trust plc.

Tranche 2 Offer

By this Prospectus, the Company invites RAB Energy Fund Limited to subscribe for 3,000,000 Shares at an issue price of $0.35 per Share payable in full on application to raise $1,050,000.

The Tranche 2 Offer is subject to Shareholder approval and is therefore a conditional offer. If Shareholder approval is not obtained, the Shares offered under the Tranche 2 Offer will <u>not</u> be issued.

All of the Shares under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

2.2 Purpose of the Offers

The purpose of the Offers is to raise $2,572,500 (not including the expenses of the Offers). The funds raised by the Offers of $2,572,500 will be applied towards anticipated increased exploration expenditure requirements in the UK North Sea and to meet the expenses of the Offers.

2.3 Purpose of this Prospectus

The purpose of this Prospectus is to qualify the Shares proposed to be issued under the Offers for relief from the secondary trading restrictions contained in the Corporations Act.

2.4 Sophisticated Investors in the United Kingdom

This Prospectus is only being distributed in the UK to:

(a) persons who have professional experience in matters relating to investments falling within Article 19(1)(a) of the Financial Services and Markets Act UK 2000 (Financial Promotion) Order 2001 (**Financial Promotion Order**); or

(b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(1)(a) of the Financial Promotion Order.

It is not intended to be distributed or passed on, directly or indirectly, to any other class or persons.

2.5 Application for Shares

Applications for Shares must be made using the appropriate Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of $0.35 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

Completed application forms and accompanying cheques must be forwarded to:

By Mail		By Hand Delivery
C/- Argonaut Capital Limited GPO Box Z553 PERTH WA 6001		C/- Argonaut Capital Limited Level 29, Allendale Square 77 St Georges Terrace PERTH WA 6000

Cheques should be made payable to "Elixir Petroleum Limited – Placement Acount" and crossed "Not Negotiable". Completed Application Forms must reach one of the addresses set out above by no later than the specified Closing Date.

Alternatively completed application forms can be facsimiled to +61 8 9225 5511 and funds electronically transferred to:

Elixir Petroleum Ltd Application Funds Account

ANZ Bank
530 Collins St, Melbourne, Australia
BSB : 016 002
A/c : 8374 81424
SWIFT : ANZBAU3M

2.6 Minimum Subscriptions

The minimum subscription for the Tranche 1 Offer is $1,522,500 (being the full subscription pursuant to the Tranche 1 Offer) and the minimum subscription for the Tranche 2 Offer is $1,050,000 (being the full subscription pursuant to the Tranche 2 Offer). If the minimum subscriptions are not raised within 4 months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

2.7 Allotment of Shares

Allotment of Shares will take place as soon as practicable after the respective Closing Dates for the Offers. Application moneys will be held in a separate subscription account until allotment. This account will be established and kept by the Company in trust for each applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment takes place and each applicant waives the right to claim any interest.

If Shareholder approval is obtained for the Tranche 2 Offer, the Shares offered under the Tranche 2 Offer will be allotted and issued as soon as practicable after receipt of that Shareholder approval.

The Directors will determine the allottees of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the relevant Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the relevant Closing Date. Interest will not be paid on monies refunded.

2.8 Underwriting

The Offer is not underwritten.

2.9 Stock Exchange Quotation

Application for official quotation of the Shares by ASX will be made by the Company within seven (7) days of the date of this Prospectus.

If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be granted. In that circumstance, all applications will be dealt with in accordance with Section 724 of the Corporations Act.

2.10 Enquiries

If you have any questions concerning the Offer, please contact Kent Hunter, Company Secretary, by telephone on (08) 9382 3200, or contact your professional adviser.

3. INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS

3.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however, it incorporates by reference information contained in a document that has been lodged with the ASIC.

The information to be incorporated by reference into this Prospectus is summarised below in sub-section 3.2 and will primarily be of interest to investors and their professional advisers or analysts.

The Company informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the IPO Prospectus by contacting the Company at its registered office during normal business hours during the offer period. The IPO Prospectus will also be available by searching the ASIC's records in relation to Elixir, or by visiting the Company's website at www.elixirpetroleum.com.

3.2 Summary of Information Deemed to be Incorporated

Set out below is a summary of the information contained in the IPO Prospectus that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether, for the purposes of making an informed investment decision in relation to the Shares, they should obtain a copy of the IPO Prospectus.

The Sections referred to below are references to sections in the IPO Prospectus.

Section 2 - Company and Project Overview

Section 2 contains the following general information:

(a) a brief history of the Company;

(b) details of the United Kingdom Continental Shelf region of the North Sea in which the Company proposes to explore;

(c) details of the licensing reforms recently introduced by the United Kingdom Department of Trade and Industry;

(d) a brief history of Granby Enterprises Limited and details of the alliance arrangement with the Company;

(e) details of the Marquis Prospect; and

(f) a summary of the expenditure proposed to be made from the funds raised under the IPO Prospectus.

Section 3 – Board and Management

Section 3 contains information relating to each of the four directors of the Company and a statement of the corporate governance responsibilities of the Board.

Section 4 - Investment Risk

Section 4 notes that an investment in Elixir has risks reasonably expected of an investment in a business of its type. It details a number of factors that may impact on the success and future profitability of Elixir. The factors referred to are exploration success, operating risks, reserves and resource estimates, commodity price volatility and exchange rate risks, environmental risks, title risks, share market condition, competition, general investment risks and specific risks associated with the Company.

Section 5 – Independent Geologist's Report

Section 5 consists of the Independent Geologist's Report prepared by Mulready Consulting Services Pty Ltd. The Independent Geologist's Report describes the geological setting and the historical exploration carried out on the permits in which the Company has an interest in.

Section 6 - Independent Accountant's Report

This comprises the Independent Accountant's Report prepared by Rix Levy Fowler dated 16 June 2004. The Independent Accountant's Report was included in the IPO Prospectus to assist investors and their financial advisers in making an assessment of the financial position of the Company.

The Independent Accountant's Report contains the unaudited Statement of Financial Position and Statement of Financial Performance as at 9 June 2004 and pro-forma Statement of Financial Position and Statement of Financial Performance as at that date reflecting the position of the Company on the basis that various transactions, including the issue of all the Shares offered under the IPO Prospectus have been completed.

Based on the scope of their review, which was not an audit, the Independent Accountant stated that in their opinion the proforma financial information and the historical financial information, as set out in Appendix 1 and 2 to the Independent Accountant's Report, is presented fairly in accordance with generally accepted accounting principles as applied in Australia for reporting on financial information in a public offer document.

Section 7 - UK Solicitors' Report on Licence

Section 7 consists of a report prepared by Watson, Farley & Williams on the licence which Elixir has an interest in. The report details the interest of Elixir in the licence and the work obligations imposed under the licence.

Section 8 - Additional Information

Section 8 sets out additional information required to be disclosed in the Prospectus including:

(a) rights attaching to the Shares;

(b) interests of Directors of the Company, including share qualifications, remuneration and holdings;

(c) interests of persons named in the IPO Prospectus;

(d) details of the consents of persons named in the IPO Prospectus;

(e) details of material contracts entered into by the Company;

(f) expenses of the offer;

(g) a statement that the Company is not involved in any legal proceedings, nor are any proceedings pending or threatened against the Company;

(h) a statement that the acquisition and disposal of Shares in Elixir will have tax consequences;

(i) a statement that Elixir intends to incorporate a Bermudian Subsidiary;

(j) terms and conditions of the Options; and

(k) details of the Employee Incentive Scheme adopted by the Company.

4. COMPANY OVERVIEW

4.1 Overview and Reference to IPO Prospectus

A comprehensive overview of the Company is set out in the IPO Prospectus that was lodged with the ASIC on 17 June 2004 for the initial public offering of 15,000,000 Shares (oversubscriptions of a further 1,500,000 Shares were offered). Persons considering subscribing for Shares under this Prospectus should refer to Section 3 of this Prospectus for a summary of the information contained in the IPO Prospectus deemed to be incorporated in this Prospectus.

On 12 July 2004, the Directors resolved to allot and issue 16,500,000 Shares at an issue price of $0.20 cents each pursuant to applications received under the IPO Prospectus.

The Company now has 29,000,001 Shares and 6,625,000 options on issue.

Elixir was admitted to the Official List on 15 July 2004 with official quotation of its Shares commencing on 19 July 2004.

Under the ASX Listing Rules, 10,500,000 Shares and 6,625,000 options were subject to escrow restrictions. Accordingly, the Company has placed holding locks on these securities with the Company's Share Register. The numbers and periods of escrow are as follow:

(a) 1,475,000 Shares escrowed until 9 June 2005;

(b) 2,500,000 Shares escrowed until 12 July 2005;

(c) 6,525,000 Shares escrowed until 19 July 2006;

(d) 2,000,000 options (exercisable at $0.20 each on or before 30 June 2007) escrowed until 19 July 2006; and

(e) 4,625,000 options (exercisable at $0.50 each on or before 31 December 2007) escrowed until 19 July 2006.

The balance of the issued capital of the Company, being 18,500,000 Shares, are quoted and freely tradeable on ASX.

4.2 Pro-Forma Statement of Financial Position

Set out below is an unaudited Statement of Financial Position that has been prepared by management as at 19 July 2004. Also set out below is an unaudited Proforma Statement of Financial Position, prepared by management as at 19 July 2004, which incorporates the effects of the Tranche 1 Offer and the Tranche 2 Offer (including the expenses of the Offers).

ELIXIR PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 19 July 2004	Unaudited Pro-forma 19 July 2004 Completion of Tranche 1 Offer	Unaudited Pro-forma 19 July 2004 Completion of Tranche 2 Offer
CURRENT ASSETS			
Cash	3,265,515	4,700,088	5,695,951
Prepayments	71,766	71,766	71,766
Receivables	39,771	39,771	39,771
TOTAL CURRENT ASSETS	3,377,052	4,811,625	5,807,488
NON CURRENT ASSETS			
Exploration Expenditure	577,601	577,601	577,601
TOTAL NON CURRENT ASSETS	577,601	577,601	577,601
TOTAL ASSETS	3,954,653	5,389,226	6,385,089
CURRENT LIABILITIES			
Payables	133,910	133,910	133,910
TOTAL CURRENT LIABILITIES	133,910	133,910	133,910
TOTAL LIABILITIES	133,910	133,910	133,910
NET ASSETS	3,820,743	5,255,316	6,251,179
EQUITY			
Contributed Equity	3,871,751	5,306,324	6,302,187
Accumulated Losses	(51,008)	(51,008)	(51,008)
TOTAL EQUITY	3,820,743	5,255,316	6,251,179

Notes:

For the purposes of the above proforma statement of financial position, the total expenses of the Offers, being $142,064, have been allocated to the Tranche 1 Offer and Tranche 2 Offer as follows:

Description	**Tranche 1 Offer**	**Tranche 2 Offer**
Legal Fees	$5,000	Nil
Lead Manager Fees	$76,125	$52,500
ASX Fees	$4,792	$1,637
ASIC Fees	$2,010	Nil
Total	**$87,927**	**$54,137**

4.3 Activities Since Listing on ASX

As noted in this Prospectus, the Company listed on ASX on 15 July 2004. Since listing, the Company, along with its UK based partner, Granby Enterprises Ltd, have applied for a number of blocks in the current UKCS 22nd Licensing Round for which applications closed on 4 June 2004. The Company is hopeful of securing several blocks when they are released by the UK Department of Trade and Industry in early September 2004.

4.4 Circumstances or Matters Subsequent to the IPO Prospectus

Other than as stated in this Prospectus, the Company is not aware of any material matter or circumstance that would impact on the contents of the IPO Prospectus or the activities and prospects of the Company and be relevant to assist investors or their professional advisers making an informed assessment of relevant matters.

4.5 Effect of the Offers on the Company

Under the Offers, 7,350,000 Shares are available for issue and will be issued if the Offers are fully subscribed. The Shares will be issued for $0.35 each.

Upon completion of the Offers, the issued capital of the Company will comprise 36,350,000 Shares and 6,625,000 options.

After expenses of the Offers of approximately $142,064, the proceeds from the issue of the Shares will be approximately $2,430,436.

5. ADDITIONAL INFORMATION

5.1 Rights Attaching to Shares

The rights attaching to Shares in the Company are:

(a) set out in the Constitution of the Company, a copy of which is available for inspection during normal business hours at the registered business office of the Company; and

(b) in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and the general law.

The following are the more important rights, privileges and restrictions attaching to the Shares offered for subscription by this Prospectus:

(a) subject to any special rights or restrictions for the time being attached to any class or classes of shares in the Company (at present there are none), at a general meeting every shareholder present in person or by proxy, representative or attorney will have a vote on a show of hands and, on a poll, one vote for each Share held;

(b) each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Constitution or the Corporations Act;

(c) subject to any special rights of the holders of any shares as to a dividend (at present there are none), any dividend declared shall be payable on all Shares in proportion to the number of Shares held by the Shareholders;

(d) subject to the rights of holders of shares with special rights in a winding-up (at present there are none), on a winding-up of the Company all monies and property that are to be legally distributed among holders of shares will be distributed so that, to the greatest extent possible, the amount distributed is in proportion to the Shares held by shareholders respectively. At the commencement of the winding up, shares classified by ASX as Restricted Securities shall rank on a return of capital after all other shares; and

(e) subject to the Constitution and the Corporations Act, Shares are freely transferable.

5.2 Market Prices of Ordinary Shares

Official quotation of the Shares commenced on 19 July 2004 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded market sale prices of the Shares quoted on ASX during the period from commencement of official quotation to the date of this Prospectus were $0.46 on 31 August 2004 and $0.21 on 20 July 2004 respectively.

The last market sale price of the Shares on ASX on the last day that trading took place in these shares on the date of this Prospectus was $0.44 on 31 August 2004.

The Company has no options over Shares that are currently quoted on ASX.

5.3 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the Shares. Taxation consequences will depend on particular circumstances. Neither Elixir nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Shares in Elixir.

5.4 Overseas Participants

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation to buy Shares in the Company in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Prospectus is not for distribution in, or into the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan. The Shares in the Company have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Shares in the Company may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan.

This Prospectus should not be redistributed by recipients or distributed to persons with addresses in the United States of America, Canada, the Republic of South Africa, the Republic of Ireland or Japan. Any such distribution could result in violations of the laws of such countries

The Offers do not constitute a public offer of securities in the UK by virtue of the exemptions contained in Regulations 7(2)(a) and 7(2)(b) of the Public Offers of Securities Regulations 1995 (**POS Regs**). Accordingly, this Prospectus does not constitute a prospectus for the purposes of the POS Regs.

5.5 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

5.6 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at, an office of the ASIC. This includes the IPO Prospectus referred to in Section 3 of this Prospectus.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules since official quotation on 19 July 2004. As at the time of lodging this Prospectus the only such documents were:

Date	Details
19 July 2004	Elixir lists on ASX Today
22 July 2004	Becoming a substantial holder x 2
27 July 2004	Becoming a substantial holder
5 August 2004	Initial Director's Interest Notice x 4
9 August 2004	Company Presentation
10 August 2004	Change of Director's Interest Notice
13 August 2004	Company Update

26 August 2004	Trading Halt
30 August 2004	UK Institutional Placement

5.7 Material Contracts

Section 8 of the IPO Prospectus sets out contracts to which the Company is a party which were considered by the Directors as being material to enable investors to make an informed assessment of the shares being offered under the IPO Prospectus. Investors and their professional advisers are referred to that section of the IPO Prospectus in relation to material contracts.

A true copy of each of the material contracts referred to in the IPO Prospectus will be available for inspection at the Company's registered office during office hours.

5.8 Interests of Directors and Experts

A full disclosure of the interests of Directors, experts and promoters of and to the Company for the period commencing on incorporation of the Company and to the date of issue of the IPO Prospectus are set out in Section 8 of the IPO Prospectus and other than as set out below or elsewhere in this Prospectus, that information and disclosure remains current.

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

Directors	**Security**
Don Maloney	350,000 Shares 250,000 options exercisable at $0.20 on or before 30 June 2007
Russell Langusch	250,000 Shares 500,000 options exercisable at $0.20 on or before 30 June 2007
Kent Hunter	250,000 Shares 125,000 options exercisable at $0.20 on or before 30 June 2007
Michael Pedley	550,000 Shares 125,000 options exercisable at $0.20 on or before 30 June 2007

Steinepreis Paganin are the Solicitors to the Offers and will receive professional fees of approximately $5,000 for legal work undertaken by them in connection with this Prospectus.

Argonaut Capital Ltd is the Lead Manager to the Offers and will receive a capital raising fee of 5% of the amounts raised by the Offers, being $128,625.

5.9 Consents

The following persons have each consented to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

(a) Mulready Consulting Services Pty Ltd in relation to the Independent Geologist's Report in Section 5 of the IPO Prospectus and the reference to that report in this Prospectus. Mulready Consulting Services Pty Ltd has also consented to be named in this Prospectus as Independent Geologist to the Company. Mulready Consulting Services Pty Ltd has not authorised or caused the issue of any other part of this Prospectus.

(b) Rix Levy Fowler in relation to the Independent Accountant's Report in Section 6 of the IPO Prospectus and the reference to that report in this Prospectus. Rix Levy Fowler have also consented to be named in this Prospectus as Independent Accountant to the Company. Rix Levy Fowler have not authorised or caused the issue of any other part of this Prospectus.

(c) Steinepreis Paganin have consented to be named in this Prospectus as Solicitor to the Offers. Steinepreis Paganin have not authorised or caused the issue of any other part of this Prospectus.

(d) Argonaut Capital Ltd has consented to be named in this Prospectus as Lead Manager to the Offers. Argonaut Capital Ltd has not authorised or caused the issue of any other part of this Prospectus.

(e) Watson, Farley & Williams in relation to the Solicitor's Report set out in Section 7 of the IPO Prospectus and the reference to that report in this Prospectus. Watson, Farley & Williams have also consented to be named in this Prospectus as UK Solicitors to the Company. Watson, Farley & Williams have not authorised or caused the issue of any other part of this Prospectus.

5.10 Expenses of the Issue

The total expenses of the Offers are estimated to be $142,064 comprising legal and due diligence costs, other administrative expenses, including ASX quotation fees and ASIC fees.

6. AUTHORITY OF DIRECTORS

Each of the Directors of Elixir Petroleum Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act.

Dated the 31st day of August 2004

____

Signed for and on behalf of
ELIXIR PETROLEUM LIMITED
by Kent Hunter
Non-Executive Director

7. DEFINITIONS

Applicant means a person who submits an Application Form.

Application Form means the application form attached to or accompanying this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ACN 008 624 691).

Board means the Board of Directors unless the context indicates otherwise.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

CHESS means ASX Clearing House Electronic Subregistry System.

Company or **Elixir** means Elixir Petroleum Limited (ABN 51 108 230 995).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time.

Dollars or **$** means Australian dollars unless otherwise stated.

IPO Prospectus means the prospectus lodged by the Company with the ASIC and dated 17 June 2004.

Listing Rules or **ASX Listing Rules** means the official Listing Rules of ASX.

Offers mean the Tranche 1 Offer and the Tranche 2 Offer of Shares pursuant to this Prospectus, as described in Section 2.1 of this Prospectus.

Official List means the Official List of ASX.

Prospectus means this prospectus dated 31 August 2004 for the issue of 7,350,000 Shares.

Quotation and **Official Quotation** means official quotation on ASX.

Share means one fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time, Perth, Western Australia.

ELIXIR PETROLEUM LIMITED
ABN 51 108 230 995

Share Registrar Use Only

APPLICATION FORM

Before completing this Application Form, you should read the Prospectus dated 31 August 2004 and the instructions overleaf. No Securities will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.

I/We apply for

Shares at 35 cents per Share $

in ELIXIR PETROLEUM LIMITED or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of:

$ For the above Shares.

Full name (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town State Post code

Contact Name Telephone number – Business hours ( )

Telephone number – After hours ( )

CHESS HIN (where applicable) **E-mail Address**

Tax File Number or Exemption Applicant #2 Applicant #3

CHEQUE DETAILS

Drawer Bank BSB Amount of cheque

Declaration and Statements:

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We have received personally a copy of the Prospectus accompanied by or attached to this Application Form or a copy of the Application Form or a direct derivative of the Application Form before applying for Shares.

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Elixir Petroleum Limited and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO, OR ACCOMPANIED BY THE PROSPECTUS DATED 31 AUGUST 2004 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

(See application instructions overleaf)

This Application Form relates to the Offer of 7,350,000 Shares in Elixir Petroleum Limited pursuant to the Prospectus dated 31 August 2004.

APPLICATION FORMS
Applications must be made on the application form attached to this Prospectus. Please complete all parts of the application form using BLOCK LETTERS.

Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is an irregularity in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

PAYMENT
Applications for Shares must be accompanied by the application money of 35 cents per Share (in Australian currency). Cheques should be made payable to "Elixir Petroleum Limited – Placement Account" and crossed "Not Negotiable".

BROKER SPONSORED APPLICANTS
The Company is an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are already a Broker Sponsored participant in this system, you may complete this section or forward a signed Application Form to your sponsoring broker for completion prior to lodgement. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS
The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation office.

CORRECT FORM OF REGISTRABLE TITLE
Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Elixir Petroleum Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual *Use given names, not initials*	John Alfred Lee	JA Lee
Company *Use Company title, not abbreviations*	XYZ Pty Ltd	XYZ P/L XYZ Co
Trusts *Use trustee(s) personal name(s), Do not use the name of the trust*	Sue Lee <Sue Lee Family A/C>	Sue Lee Family Trust
Deceased Estates *Use executor(s) personal name(s)*	Jane Lee <Est John Lee A/C>	Estate of late John Lee
Partnerships *Use partners' personal names, do not use the name of the partnership*	John Lee and Michael Lee <John Lee and Son A/C>	John Lee and Son
Clubs/Incorporated Bodies/Business Names *Use office bearer(s) personal name(s), Do not use the names of the clubs etc.*	Michael Lee <XYZ Cricket Association A/C>	XYZ Cricket Association
Superannuation Funds *Use of name of trustee of fund, do not use the name of the fund.*	Jane Lee Pty Ltd <Super Fund A/C>	Jane Lee Pty Ltd Superannuation Fund