elixir
petroleum limited

ASX RELEASE

28 April, 2006

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 MARCH, 2006

HIGHLIGHTS

- Farm-out marketing campaign continuing for 22nd and 23rd Round licences
- Evaluation of 24th Round applications commenced
- Intensifying search for production or near term development projects
- Jaguar well intersects oil shows only in secondary objective.

ACTIVITY OVERVIEW

Operations

Forward Drilling Plans

The Company is adopting a three-pronged approach to generating new drilling activity within its North Sea exploration focus area.

Firstly an intensive marketing campaign along with alliance partner, Granby Oil & Gas, has been conducted over recent months to farm-out interests in the jointly-held 22nd Round licences in the Central North Sea. Several farm-in proposals are under consideration and it is hoped that at least one deal will be closed shortly which could lead to drilling activity later this year.

Secondly farm-out marketing of the Northern North Sea licences which host the Leopard and Panther prospects has commenced. Thirdly the Company continues to assess numerous farm-in opportunities where Elixir could secure an interest in other licence areas by well participation. In the latter case however, any farm-in deal will only be pursued after passing exhaustive technical due diligence.

The Company is targeting to participate in 1 or 2 more wells in the second half of 2006 with a further 2-3 wells next year.

24th Offshore UKCS Licensing Round

The latest annual offshore UK licensing round was announced in mid-March with applications for 24th Round licences due for submission by mid-June. More than 1,400 blocks are available in this latest round in the North Sea, Atlantic Margin and East Irish Sea through application for Traditional, Promote or Frontier Licences. The Company has already commenced work purchasing data and identifying prospective blocks for application in conjunction with two highly-credentialed partners. The actual licence offers are expected to be announced around mid-September.

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New Opportunities

Since its July 2004 IPO, Elixir has pursued a focused North Sea exploration strategy. Although the Company is yet to have success in this endeavour, the North Sea remains an attractive exploration province. After successfully establishing a UKCS portfolio offering a diverse array of exploration plays, Elixir intends to continue this strategy.

In addition the Company is actively seeking producing or near-production projects to add to the existing exploration asset base. Such projects would not only provide more diversity and balance to the Company's portfolio but also yield cashflow.

Other options are available to grow the Company in addition to through the drill bit and farmins. Two possible routes are via asset and corporate acquisitions. Areas of interest include the greater North Sea, Central Europe, North Africa and the Americas.

However this search is being conducted in a sensible, measured manner seeking assets with identified upside and ones that will add significant shareholder value. Most of the North Sea assets that have been put up for sale recently have been marketed by public auction. The Company would prefer to avoid this route to buy producing assets as the auction process often induces successful buyers to pay full or even overheated prices.

The successful addition of production would complement Elixir's higher risk exploration activity and reduce the dependence on capital markets to fund ongoing exploration.

UKCS Block 211/22b – Jaguar Well (EXR 40%)

Well 211/22b-5 located on the Jaguar prospect in Northern North Sea Block 211/22b was spudded by the semi-submersible rig *Bredford Dolphin* on 23 January 2006. The prospect was interpreted as an Upper Jurassic stratigraphic trap to the northeast of Shell's North Cormorant oil field. The underlying Middle Jurassic formation was a secondary objective.

The well was drilled to a total depth of 13,050 feet (3,977 metres). No indications of commercial hydrocarbons were seen in the primary Upper Jurassic target. However oil shows were observed over a 55 ft (17m) interval within the Middle Jurassic. Obtaining representative fluid samples proved difficult due to the low permeability of the formation. The well was subsequently plugged and abandoned.

Although the Jaguar well failed to intersect commercial volumes of hydrocarbons at this location, the results prove that a working hydrocarbon system exists in the licence. An extensive technical re-evaluation program is now underway. This will assess the remaining prospectivity in the Middle Jurassic at more favourable locations in the 50 sq km licence area as well as investigating the possibility of alternative locations for reservoir sands at the Upper Jurassic level.

Elixir retains a 40% working interest in Block 211/22b after DNO and Rocksource ASA completed their farm-in obligations contributing to the Jaguar well costs. Elixir paid 7.5% of the Jaguar well costs.

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ELIXIR PETROLEUM LIMITED

ABN	Quarter ended ("current quarter")
51 108 230 995	31 March 2006

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(2,618)	(4,498)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(466)	(1,517)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	141	453
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(2,943)	(5,562)
	Cash flows related to investing activities		
1.8	Payment for purchases of:	-	-
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	(5)
	(d)term deposit	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	(5)
1.13	Total operating and investing cash flows (carried forward)	(2,943)	(5,567)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,943)	(5,567)
	Cash flows related to financing activities	-	-
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - costs of AIM listing	(128)	(238)
	Net financing cash flows	(128)	(238)
	Net increase (decrease) in cash held	(3,071)	(5,805)
1.20	Cash at beginning of quarter/year to date	13,378	16,045
1.21	Exchange rate adjustments to item 1.20	210	277
1.22	**Cash at end of quarter**	**10,517**	**10,517**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	289
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 Includes salaries and superannuation contributions for UK and Australian resident directors of approximately $276,000 and fees of approximately $13,000 paid to Mining Pty Ltd for ongoing accounting and company secretarial services. Kent Hunter has a controlling interest in Mining Corporate.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	300
4.2	Development	-
	Total	**300**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	772	1,484
5.2	Deposits at call	9,745	11,894
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**10,517**	**13,378**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increase				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities**				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.3	**+Ordinary securities**	63,720,691	53,220,691		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities**				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options**			*Exercise price*	*Expiry date*
	Granby Performance	4,625,000	-	50 cents	31 December 2007
	Unlisted Options	2,000,000	-	20 cents	30 June 2007
	Hunter "Farm In"	500,000	-	100 cents	31 December 2007
	Director Incentive	2,500,000	-	90 cents	5 October 2007
	Director Incentive	2,500,000	-	130 cents	5 October 2007
	Director Incentive	1,000,000	-	90 cents	31 December 2007
	Director Incentive	1,000,000	-	130 cents	31 December 2007
	RFC Options	500,000	-	90 cents	16 May 2008
	Ambrian Options	637,148	-	60 cents (24p)	16 May 2010
	Discovery Options	10,000,000 (Discovery Options)	-	Linked to share price (1)	Exercisable only after achievement of a Commercial Discovery and until 5pm (WST) on 31 December 2007

+ See chapter 19 for defined terms.

7.8	Issued during quarter	250,000	-	100 cents	31 December 2007
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter				
7.11	**Debentures**				
7.12	**Unsecured notes**				

(1) exercise price per Discovery Option is equal to the weighted average trading price of Elixir Shares on ASX for a period of 90 calendar days prior to the spud date of the 'Jaguar' exploratory well to be drilled on Block 211/22b.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 28 April 2006

(Director and Company secretary)

Print name: Kent Hunter

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.