

ASX ANNOUNCEMENT



17 February 2010

Company Announcements Platform
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000
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INVESTOR PRESENTATION – MOSELLE PERMIT

Please find attached to this letter a copy of a presentation concerning the acquisition of the Moselle Permit in North-eastern France which will be used by Elixir Petroleum Limited in giving presentations to investors and Australian broking firms in the coming week.

Yours faithfully,
ELIXIR PETROLEUM LIMITED

Julie Foster
Company Secretary

Information contained in this announcement and the attached presentation with respect to the Moselle Permit, was compiled from material reviewed by the Company's Exploration Director, Mr. I Knott, MSc (Hons), who has had more than 15 years experience in the practice of petroleum geology. Mr Knott consents to the inclusion in this report of the information in the form and context in which it appears.

ASX CODE: EXR

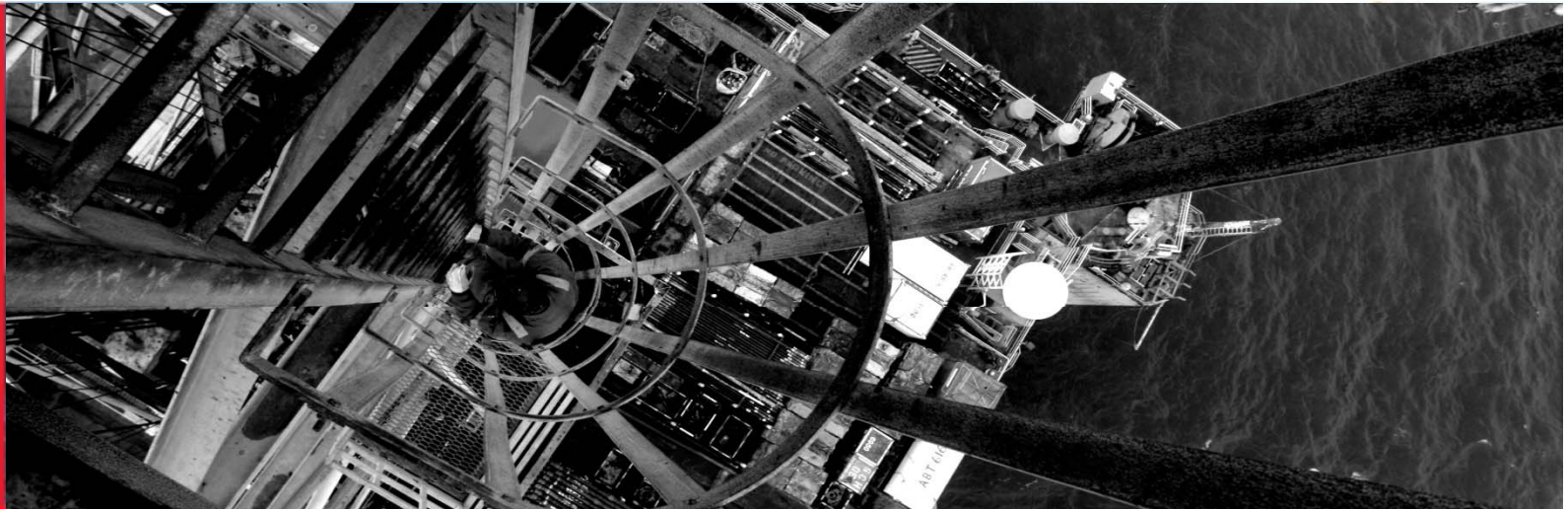
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Acquisition of Moselle Permit, France

17 February 2010



(ASX:EXR)

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All references to dollars, cents or \$ in this presentation are to Australian currency, unless otherwise stated.

Overview

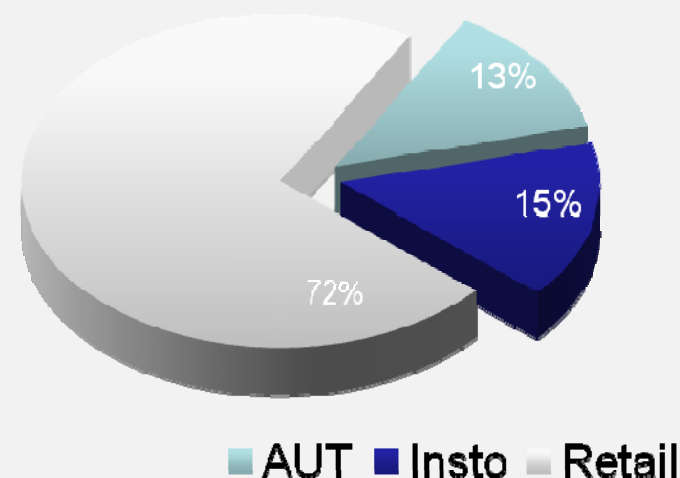
- Elixir is an international E&P company with a diversified portfolio of interests across the exploration, appraisal, development and production spectrum
- Current geographic areas of activity include:
 - ▶ **Development** and **Production** from the shallow shelf Gulf of Mexico
 - ▶ **Exploration** and **Appraisal** activities in the UK North Sea
- During 2009 evaluated a large number of new play types and opportunities in a variety of regions
- Observed dramatic growth in unconventional plays - CBM (Aust), gas shale (USA) and tar sands (Canada)
- Have agreed to acquire 100% of the **Moselle Permit** located onshore France
- Presentation discusses -
 - ▶ Overview of Moselle Permit
 - ▶ France and Europe as a market in which to operate
 - ▶ Unconventional hydrocarbon resource exploitation - emerging area of growth

Corporate Profile



Capital Structure

Exchange:	ASX:EXR
Ordinary shares:	188.9m
Unlisted Options:	8.4m
No of Shareholders:	~1,550
Top 20 Shareholders:	48%
Cash on Hand:	~\$6.75m
Cash per Share:	\$0.036



Trading Performance

Share Trading Range:	\$0.03 – \$0.10 <i>(prior 12 months)</i>
Current Share Price:	\$0.041
Current Market Cap:	~\$7.7m
Avg Trading Volume:	~370,000/day

Operating Performance

	31/12/08	30/6/09
Production (Bcfe):	0.4*	0.6
Sales Revenue (A\$m):	4.2*	5.6

* 6 months

Production Performance

<i>High Island</i> -	<i>Project</i>	<i>30% WI</i>
Gas (mmscf/d):	0.4	0.1
Condensate (bbls/d):	190	57
<i>Pompano</i> -	<i>Project</i>	<i>25% WI</i>
Gas (mmscf/d):	6.1	1.7
Condensate (bbls/d):	4	14

Operational Profile



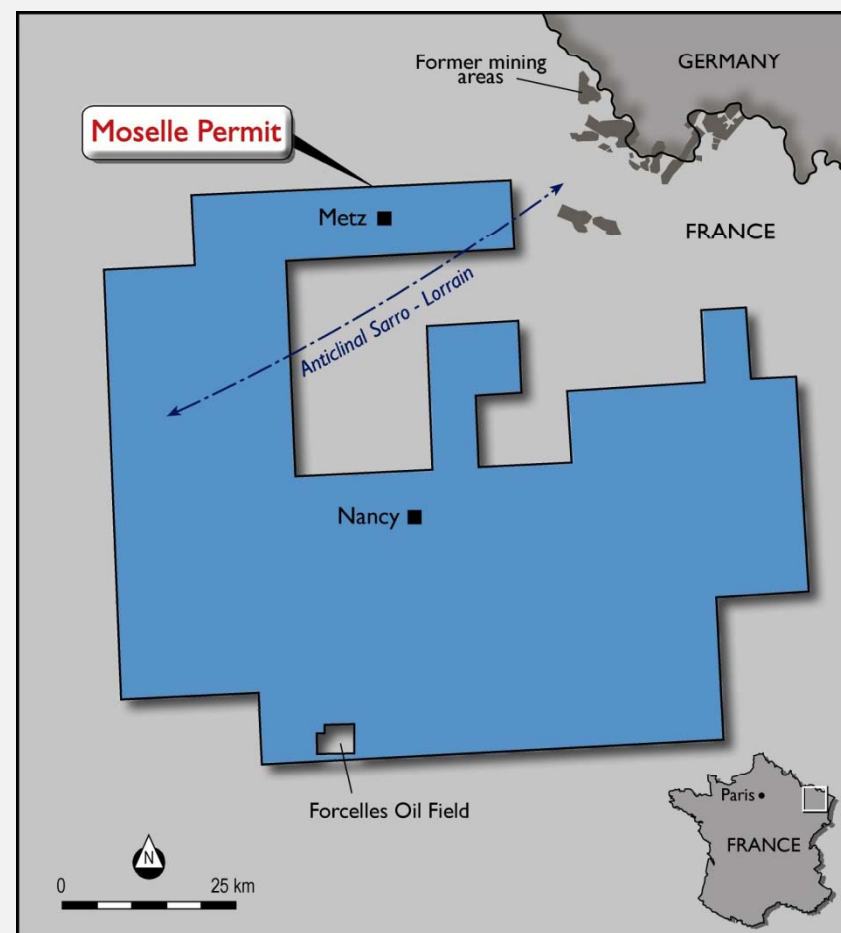
Moselle Permit Overview

- Moselle permit located in the East Paris Basin, North-eastern France
- Paris Basin encompasses most of Northern France and extends into Luxembourg, Belgium and Germany
- Paris Basin is an established hydrocarbon province –
 - Basin has produced **275 MMbbls** of oil and **120 Bcf** of gas
- Moselle is **5,360 km²** or **1.34 million acres** in area:
 - Largest onshore exploration permit in France
 - Equivalent in size to 27 UK North Sea Blocks



Moselle Permit Overview *(cont'd)*

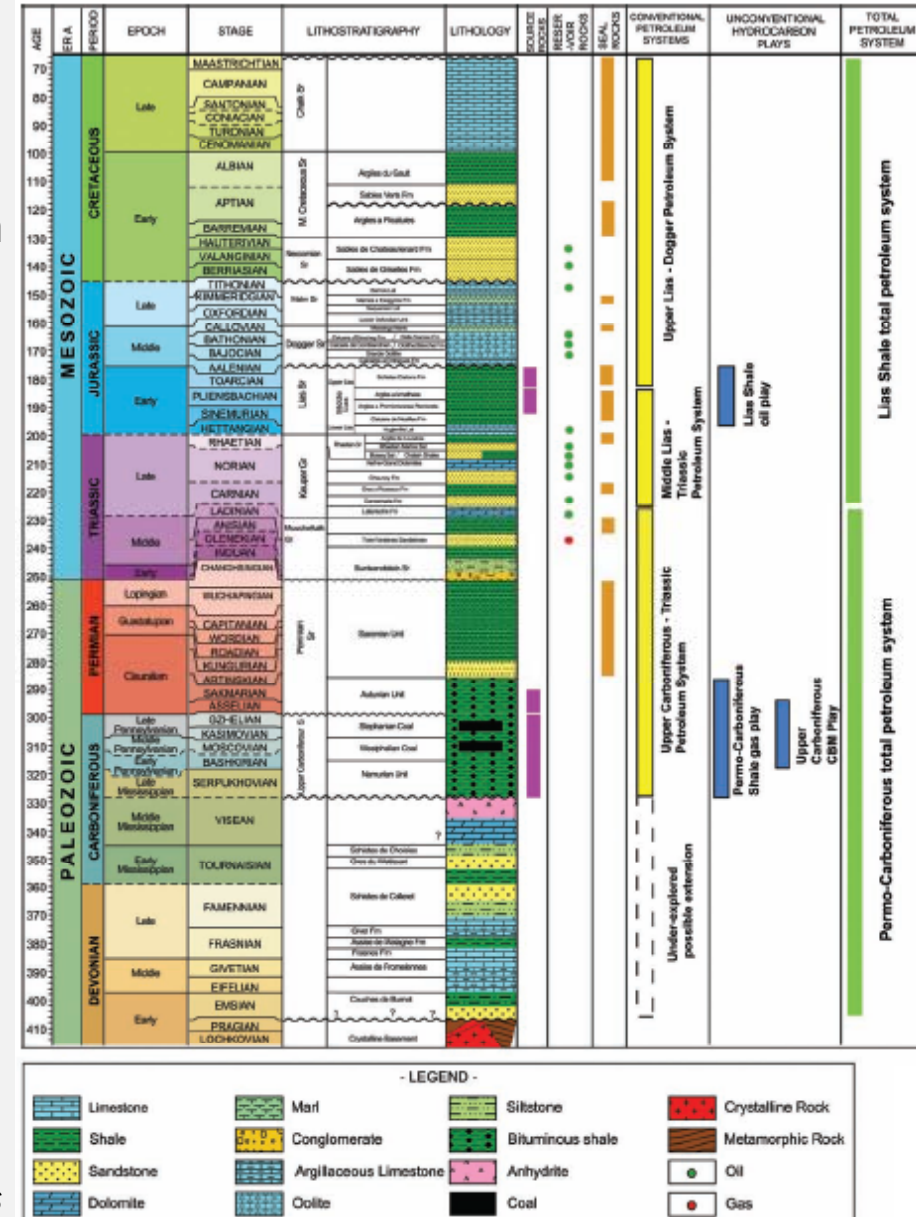
- Moselle Permit awarded to East Paris Petroleum Development Ltd (“EPPDL”) in January 2009 for an **initial 5 year term**
- Elixir acquiring EPPDL for firm US\$1m expenditure commitment in 2010 plus royalty on production
- Additional consideration of US\$1m if well drilled or Permit sold
- Acquisition subject to French Government review – expected to be completed by mid-April 2010
- Expenditure commitment during initial term to the value of €3m
- Approx €300,000 spent during 2009
- **No well commitments**
- Further extensions of Permit term of up to five years available



Moselle Overview (cont'd)

- Locally there is a demonstrated hydrocarbon system:
 - Multiple hydrocarbon indicators from logs
 - Offset production history
- Regionally there is multiple play potential:
 - Conventional Oil and Gas (Forcelles and Le Trois Fontaine)
 - Tight Gas (PLM 2, Atila Permit)
 - Gas Shale (Gironville well, Moselle permit)
 - Coal Bed Methane (Folschviller 2 well, Lorraine Permit)
 - Oil Shale (Torreador, Paris Basin)

Source: IHS



Moselle Overview *(cont'd)*

- Over **4,000 km** of historical **2D seismic** in Permit area
- **21 oil and gas wells** drilled in Permit and over a hundred mineral core holes
- More than half of the wells drilled had **oil and/or gas shows**

Exploration Well Density	USA	Europe	Moselle
No. wells per 1,000km ²	36	9	4

- Little oil and gas activity in the East Paris Basin since the mid-1990's
- The small Forcelles shallow oil field discovered in 1978 and produced from permit area during the 1980's
- Undeveloped gas discoveries in Attila Permit west of Moselle
- Adjacent Lorraine Permit has independent resource estimate for CBM of 3.7 Tcf of gas
- Work programme for 2010 being developed for submission

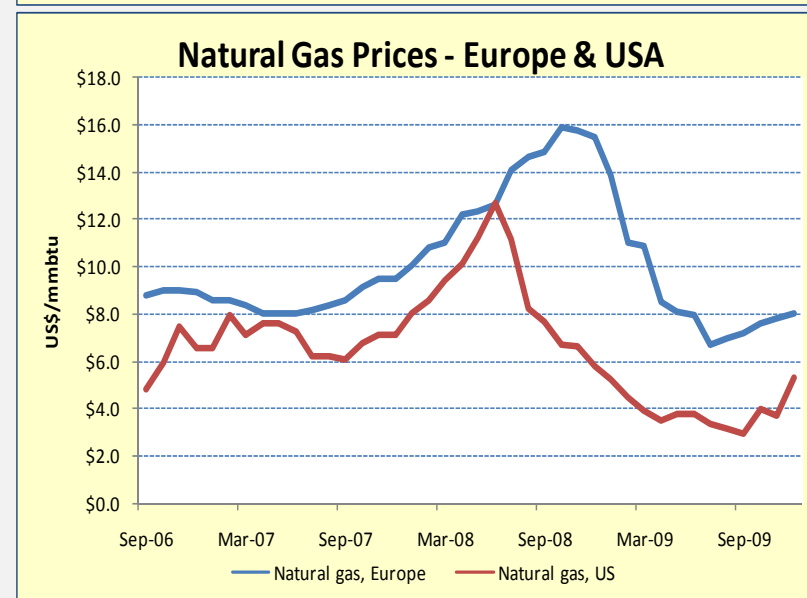
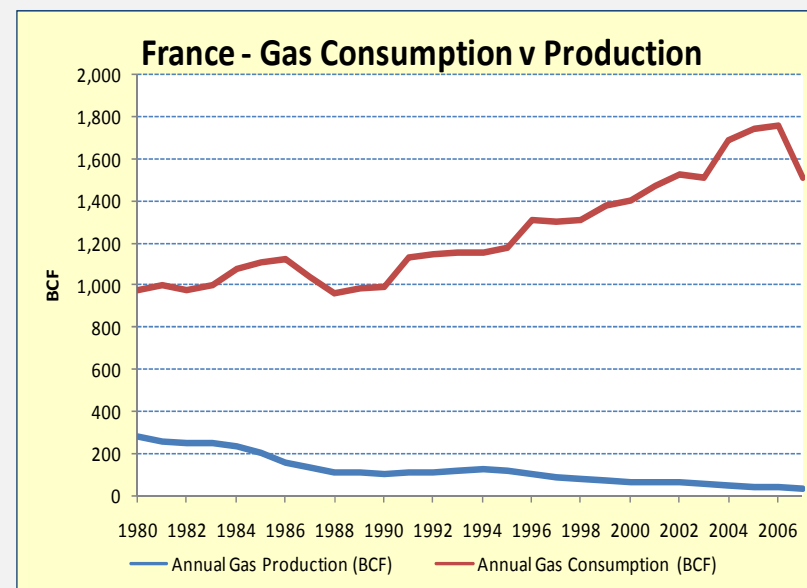


France as a Market

- Strong market fundamentals
- Established Oil and Gas industry:
 - Underexplored and neglected in recent years
 - Established regulatory framework
 - Multiple plays
 - Innovation and technology stimulating activity
- Robust historic gas prices
- Significant domestic gas demand:
 - Net imports ~1.5Tcf / year and growing
- Security of supply is a major concern for Western Europe

“Continental Europe has recently seen a true boom in exploration efforts for unconventional resources. New prospective acreage is being pursued vigorously...by the majors.”

(Source: IHS Geneva, November 2009)



France as a Market *(cont'd)*

- Low sovereign risk with supportive and stable government
- Attractive fiscal terms – superior to US onshore

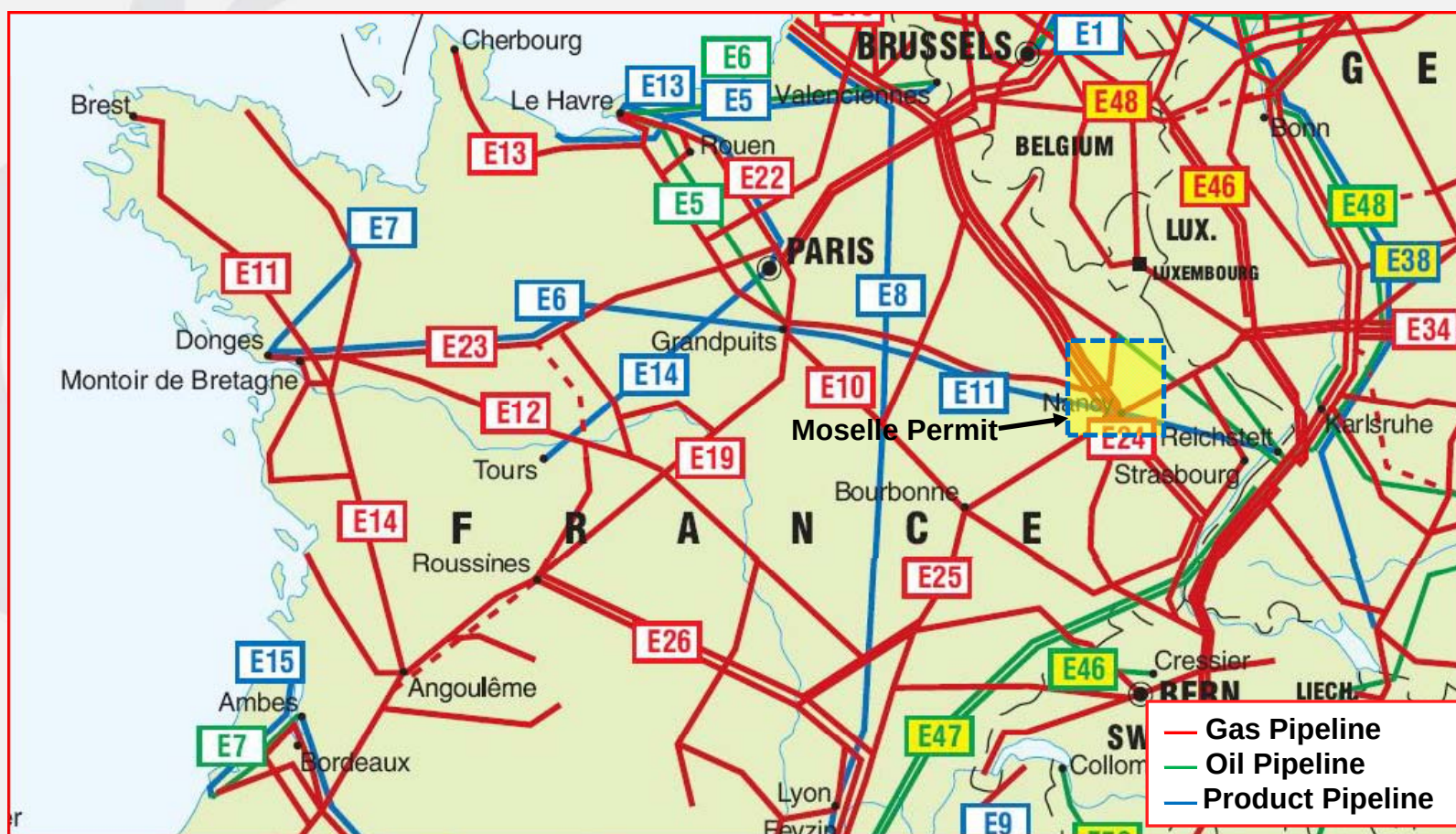
Fiscal Terms Onshore	Commodity	Production Rates	Royalty Rate		Tax Rate
			Oil	Gas	
US	Oil and Gas	All Production	~25%	~25%	30%
France	Oil	0 – 1,000 bbls/d	-		33.33%
		1,000 – 2,000 bbls/d	6%		
		2,000 – 6,000 bbls/d	9%		
		>6,000 bbls/d	12%		
	Gas	<30mmscf/d		-	
		>30mmscf/d		5%	

“We underestimate what [shale gas] could do to the world in the next 10 to 20 years. It’s a big deal and necessary — globally.”

(Source: Peter Voser, CEO, Royal Dutch Shell PLC, January 2010)

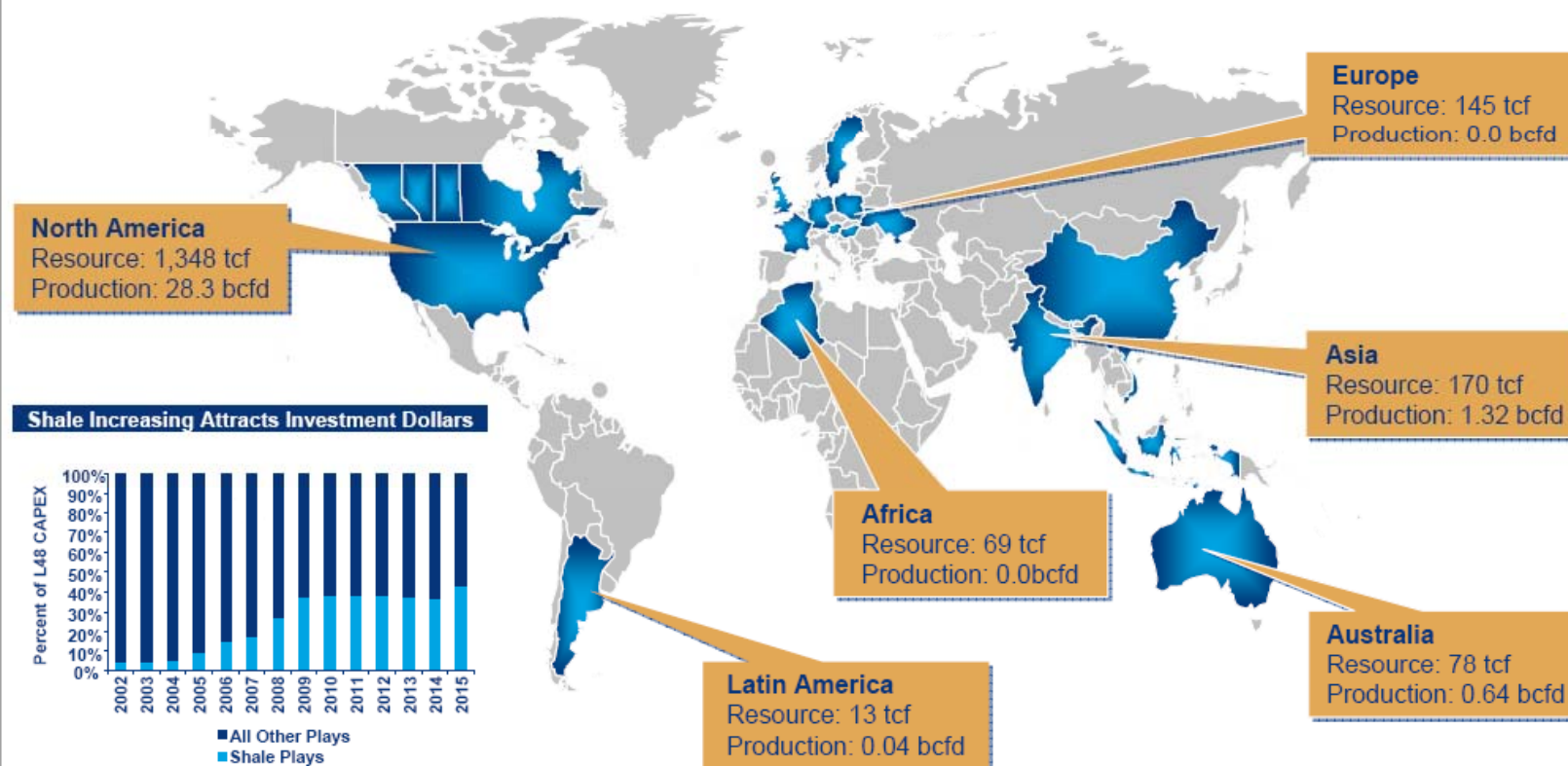
France as a Market *(cont'd)*

- Gas pipeline infrastructure and gas markets well developed
 - Significant existing capacity for large new gas discoveries
 - Even small discoveries are likely to be commercially viable



Unconventional Resources *(cont'd)*

North America has the largest known potential, but advances in Europe and Asia Pacific are growing global resource estimates elsewhere



Source: Wood Mackenzie

“The biggest development of the first decade of the 21st century is not solar, not wind, but unconventional gas.”

(Source: Daniel Yergin, Chairman, Cambridge Energy Research Associates, January 2010)

Unconventional Resources are Valuable



- The European Majors missed the US gas shale boom
- Buying in now to access knowledge and technology to take back to Europe

Purchaser	Date	Location	Acres	Price (USD)	Price / Acre
Shell	Jul 08	Haynesville Shale (TX)	135,000	US\$6,000m	[Not disclosed]
BP	Sep 08	Fayetteville Shale (LA)	325,000	US\$1,900m	\$14,074 / acre
StatoilHydro	Nov 08	Marcellus Shale (PA)	600,000	US\$3,400m	\$5,800 / acre
ENI	May 09	Barnett Shale (TX)	13,000	US\$280m	\$21,500 / acre
BG Group	Aug 09	Haynesville Shale (TX)	120,000	US\$1,130m	\$9,392 / acre
Total	Jan 10	Barnett Shale (TX)	250,000	US\$2,050m	\$8,200 / acre
VWAP					\$8,800 / acre
Elixir	Feb 10	East Paris Basin (Fr)	1,340,000	US\$1.0m	\$0.75 / acre

“Unconventional gas is a complete game changer in the US, it probably transforms the US energy outlook for the next 100 years”

(Source: Tony Hayward, Chief Executive Officer ,BP Plc, January 2010)

Unconventional Resources in Europe

- The Majors are back onshore Europe pursuing unconventional resources

Name	Target	Country
ExxonMobil	Tight and shale gas	Germany, Hungary and Poland
OMV	Shale Gas	Austria
ConocoPhillips	Shale Gas	Poland
Royal Dutch Shell	Tight Gas, Shale Oil and Gas	Ukraine and Sweden
Total	Shale Oil and Gas	France
BG Group	Tight and Shale Gas	France
Marathon Oil	Shale Gas	Poland

- US majors bringing to Europe their US shale experience and technology
- ExxonMobil, StatoilHydro, GDF Suez, Vermillion, Marathon, Total jointly sponsoring European gas shale research

“The last 18 months have seen something of a land grab. ExxonMobil, ConocoPhillips, Shell, OMV and other large producers are now in control of tracts of land across the EU.”

(source: Petroleum Economist, Dec 2009)

Moselle Summary

Asset –

- ✓ Operatorship and 100% ownership
- ✓ Very large acreage position
- ✓ Working hydrocarbon system
- ✓ Extensive existing well and seismic database
- ✓ Multiple play potential
- ✓ Onshore cost base
- ✓ Low entry price
- ✓ Modest work programme
- ✓ No well obligations
- ✓ 4 year term remaining
- ✓ Further extensions available

Market -

- ✓ Low sovereign risk, stable, supportive government
- ✓ Large existing domestic gas market
- ✓ Declining domestic gas production
- ✓ Increasing gas consumption and imports
- ✓ Concerns over security of supply
- ✓ Robust commodity pricing
- ✓ Attractive fiscal regime
- ✓ Well established oil and gas industry
- ✓ Extensive gas pipeline infrastructure
- ✓ Majors moving back into region

Moselle Summary *(cont'd)*

- Work programme at Moselle **kicking off immediately**
- Analyse extensive existing well and seismic database to identify areas of prospectivity. Targets to include:
 - Conventional gas
 - Tight gas
 - Gas shale
 - CBM
- Discussions with **potential JV partners** have commenced
- **Elixir is fully funded** to undertake proposed work programme
- Actively seeking **further opportunities** in Europe and elsewhere
- Acquisition of Moselle **provides Elixir with currency** to participate in emerging unconventional resource plays in Western Europe



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