ASX ANNOUNCEMENT

ABN 51 108 230 995

08 March 2012

Company Announcements Platform
Australian Securities Exchange
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20 Bridge Street
SYDNEY NSW 2000
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ENTITLEMENT ISSUE SHAREHOLDER LETTER

Elixir Petroleum Ltd (ASX:EXR), is pleased to advise that the following letter was sent to shareholders in accordance with notice requirements for the Company's recently announced non-renounceable Entitlement Issue.

For further information, please contact Andrew Ross, Managing Director, on 08 9440 2606.

Yours faithfully,
ELIXIR PETROLEUM LIMITED

Jm Foster

Julie Foster
Company Secretary

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5 March 2012

Dear Shareholder

Underwritten Non-Renounceable Entitlement Issue – Notice to Shareholders

On 2 March 2012, Elixir Petroleum Limited (**Elixir**) announced a capital raising by way of a placement of 6.4 million new ordinary fully paid shares raising $400,000 (**Placement**) to New Standard Energy Ltd (ASX: NSE) (**NSE**) and a 1 for 6 non-renounceable entitlement issue of fully paid ordinary shares in Elixir (**New Shares**) to raise approximately $1.81 million (**Entitlement Issue**) which will be fully underwritten by NSE. No fee will be payable in respect of the underwriting.

At the conclusion of the placement and the entitlement issue, should NSE's shareholding interest in Elixir be below 15%, NSE may at its election seek to top-up its shareholding to a maximum of 15% on an as enlarged basis (**Top-Up**).

Elixir intends to use the funds from the capital raising to progress well planning activities and the farmout of the Moselle Permit in France, and also to investigate new asset acquisition opportunities and for general working capital purposes.

Summary of Key Terms

The Placement to NSE is expected to be finalised on 15 March 2012. NSE will not be permitted to participate in the Entitlement Issue in relation to the Placement shares.

The Entitlement Issue entitles Eligible Shareholders (defined below) to subscribe for 1 New Share for every 6 existing Elixir ordinary shares (**Elixir Shares**) held at 5.00pm (AEDT) on 13 March 2012 (**Record Date**) at an offer price of $0.05 per New Share (**Entitlement**). Trading in the New Shares will commence on the first business day following dispatch of holding statements.

Based on the current capital structure of the Company, the maximum number of shares which may be issued under the Entitlement Issue is 36,214,746.

On 15 March 2012 all Eligible Shareholders will be sent an Information Booklet and personalised Entitlement and Acceptance Form which contains important information about the Entitlement Issue. The Information Booklet will not constitute an offer in any place in which or to any person to whom it would be unlawful to make such an offer.

The Entitlement Issue is non-renounceable, which means Eligible Shareholders cannot sell or assign their Entitlements to any person. Fractional Entitlements will be rounded up to the nearest whole number of New Shares and holdings on different registers or sub-registers will not be aggregated to calculate Entitlements. New Shares will be fully paid and, once issued, rank equally with existing Elixir Shares. Shareholder approval is not required for Elixir to make the offer under the Entitlement Issue.

NSE has also been offered the Top-Up, to be exercised at its election, in circumstances where post the Placement and acceptance of any shortfall shares under the Offer, NSE holds less than a 15% shareholding interest in Elixir on an as enlarged basis. If the Top-Up accrues to NSE and is exercised, NSE will at their discretion be able to take up further shares (**Top-Up Shares**) after the closure of the Offer to a maximum of 15% of the enlarged share capital of Elixir. Any Top-Up Shares issued will be issued at the same price and on the same terms as shares issued under the Placement.

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Eligibility

Please note that the Entitlements Issue is only being offered to shareholders who are residents of either Australia or New Zealand and therefore is not available for acceptance by shareholders who reside outside of Australia or New Zealand.

Proposed Timetable for Entitlement Issue

Elixir expects the Entitlement Issue to be conducted according to the following timetable:

Timetable for the Entitlement Issue	Date
Announcement of Entitlements Issue, Appendix 3B and first Cleansing Notice	**2 March 2012**
Notice sent to security holders	**5 March 2012**
Ex Date (date from which securities commence trading without the entitlement to participate in the Entitlement Issue)	**6 March 2012**
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Entitlement Issue)	**13 March 2012**
Offer Document lodged with ASX	**15 March 2012**
Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	**16 March 2012**
Opening Date	**16 March 2012**
Closing Date (5pm AEDT) *	**30 March 2012**
Securities quoted on a deferred settlement basis	**2 April 2012**
Company to notify ASX of undersubscriptions (if any) **	**4 April 2012**
Allotment Date **	**5 April 2012**
Cleansing statement lodged with ASX **	**5 April 2012**
Despatch holding statements **	**5 April 2012**

* *Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Entitlement Issue at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.*

** *These dates are indicative only.*

Further Information

If you have any queries, please contact Computershare on 1300 730 318 (within Australia) or +61 (03) 9415 4000 (outside Australia) between 10.00am and 5.00pm (WST) Monday to Friday during the offer period or, alternatively, consult your stockbroker, solicitor, accountant or other professional financial adviser.

On behalf of the Directors, I thank you for your continued support of Elixir.

Yours faithfully
ELIXIR PETROELUM LIMITED

Andrew Ross
Managing Director