

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 31 DECEMBER 2012****HIGHLIGHTS**

- Elixir has commenced a farmout process related to the conventional oil and gas potential at Moselle.
- Elixir has identified **3,748 Bcf** of total unrisksed mean gas in place and **2,130 Bcf** of total unrisksed mean recoverable resource potential across the conventional prospects at Moselle.
- Total expenditure incurred on the Moselle Permit has now exceeded the expenditure commitment required during the initial exploration term.
- The farmout of a 25% initial interest in the Sunset Prospect (UK North Sea) to Adriatic Oil Plc completed during the quarter.
- New venture opportunities have been reviewed and are progressing.

Elixir is an internationally focused upstream oil and gas company with interests across the exploration and production lifecycle. Elixir holds interests in exploration licences onshore France and in the UK North Sea, and in a production lease located in the Gulf of Mexico.

A summary of the Group's activities for the December 2012 quarter is set out below.

EXPLORATION***France***

Project Name:	Moselle Permit
Location:	North-eastern France
Ownership:	100% Working Interest
Operator:	Elixir Petroleum (Moselle) Limited

At 1.34 million acres, the Moselle Permit is one of the largest onshore exploration permits in Western Europe and is favourably situated adjacent to major intra-European gas pipeline networks and gas storage facilities.

Elixir has spent the past 30 months assembling the largest database of any operator in the Saar-Lorraine Basin and undertaking proprietary studies and extensive seismic reprocessing. This has culminated in the definition of 25 stacked conventional hydrocarbon targets associated with nine large prospects ("Prospects"), together with a number of structural leads. Two adjacent areas, named Prospect Area 'A' and 'B', cover all of the Prospects and leads identified in the Moselle Permit to date. These Prospect Areas only represent approximately 20% of the total Moselle Permit area.

It is expected that the stacked nature of many of the reservoir targets will provide the opportunity for a number of prospective horizons to be tested with single well-bores.

Substantial technical work undertaken by Elixir has resulted in probabilistic volumetric calculations which indicate significant conventional volume potential. The combined unrisksed mean in-place resource potential for the Prospects is 3,748 Bcf and the combined unrisksed mean recoverable resource potential is 2,130 Bcf of gas, as set out in Table 1 below.

Volumetric Estimates	Total Mean Gas-in-Place (Bcf)	Total Mean Recoverable Prospective Resources (Bcf)
Area A 'Nancy / Toul' (4 Prospects / 14 Reservoir Objectives)	2,548	1,447
Area B 'Francheville / Chaumont' (5 Prospects / 11 Reservoir Objectives)	1,200	683
Total (9 Prospects / 25 Reservoir Objectives)	3,748	2,130

Table 1: Moselle Conventional Volumetric Estimates

A farmout process relating to the conventional prospectivity identified in the Moselle Permit has commenced, with interested parties currently reviewing the Moselle Project dataroom. It is anticipated that this process will conclude at the end of the March 2013 quarter.

The Moselle permit also has substantial unconventional prospectivity which is not being pursued at this juncture due to the French Government's current position on the use of fracture stimulation technologies. The potential value of this unconventional prospectivity is considered to be very significant.

Total expenditure incurred on the Moselle Permit has now exceeded the expenditure commitment required during the initial exploration term, and as a consequence, under the terms of the permit it is expected that the permit will be extended into a second 5 year exploration period in early 2014.

UK North Sea

Project Name: Sunset Prospect (Blocks 12/18 and 12/19a (split))
Location: Inner Moray Firth, UK North Sea
Ownership: 100% Working Interest
Operator: Elixir Petroleum (Europe) Limited

As announced during the quarter, Elixir has completed the farmout of Blocks 12/18 and 12/19a (split) to Adriatic Oil Plc.

Under the terms of the Farmout, Adriatic was assigned a 25% participating interest in the Licence in consideration for agreeing to fund the cost of interpreting newly purchased 3D seismic data over the Blocks up to an agreed maximum value, together with a cash contribution towards Elixir's prior costs on the project. Elixir remains operator of the Licence.

If following the interpretation of the 3D data it is determined that reprocessing is required, Adriatic will have an option to earn an additional 25% participating interest by carrying Elixir's share of the costs of the reprocessing on a partially promoted basis. Alternatively, if it is determined the 3D data does not require reprocessing and a drill ready target exists, Adriatic will have an option to acquire an additional 25% participating interest by paying £100,000 and granting a 10% gross overriding royalty to Elixir.

The Farmout has been approved by the UK Department of Energy and Climate Change and the transaction completed on 7 December 2012. Interpretation of the 3D data set over the licence area has commenced.

Project Name: Tiger Prospect (Block 211/12b)
Location: Northern UK North Sea
Ownership: 100% Working Interest
Operator: Elixir Petroleum (Europe) Limited

Elixir has not been able to secure a farm-out on the Block 211/12b, and has notified the DECC of its intention to relinquish the license on the expiry of the licence term in February 2013.

DEVELOPMENT AND PRODUCTION

Gulf of Mexico

Project Name: High Island Project (Block 268-A)
Location: High Island Area, Offshore Texas, USA
Ownership: 30% Working Interest (22.5% Net Revenue Interest)
Operator: Peregrine Oil and Gas, LP

The High Island field is located approximately 60 kilometres offshore the east Texas coast in the Gulf of Mexico. The field commenced production in September 2007 from two wells and has produced to date in excess of 4.2 billion cubic feet (“Bcf”) of gas and approximately 195,000 barrels (“Bbls”) of condensate (100% project).

The following table summarises the production achieved from High Island during the December 2012 quarter:

High Island 268A	Gas Production					Oil Production				
	Total Dec Qtr (MMscf)	Total Sept Qtr (MMscf)	Avg Daily Dec Qtr (MMscf/d)	Avg Daily Sept Qtr (MMscf/d)	Change (%)	Total Dec Qtr (Bbls)	Total Sept Qtr (Bbls)	Avg Daily Dec Qtr (Bbls/d)	Avg Daily Sept Qtr (Bbls/d)	Change (%)
Project (100%)	21.9	12.5	0.24	0.13	75%	2,242	2,792	24.4	30.3	-20%
Elixir (30% WI)	6.6	3.8	0.07	0.04	75%	673	838	7.3	9.1	-20%

As indicated previously, Elixir is considering the highest value enhancing options for its interest in the High Island field. In light of improved natural gas prices in the US, this may include participating in the future recompletion of the two production wells in the field over shallower gas bearing horizons. One of the zones being considered for recompletion is at the same level as the most productive reservoir in the adjacent well.

NEW VENTURES

A substantial amount of time was spent by management in the December quarter identifying and reviewing new venture opportunities which would provide a strategic fit for the Company. At this juncture the company has not made a decision to proceed with any of the projects reviewed.

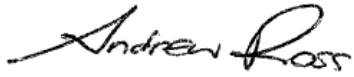
FINANCIAL SUMMARY AND OTHER MATTERS

Financial Summary

At the end of the reporting period, the Company held cash on hand of approximately \$1.9 million. The Elixir Group remains debt free.

Please find attached the Company’s Appendix 5B for the 3 month period to 31 December 2012.

Yours sincerely,
ELIXIR PETROLEUM LIMITED

A handwritten signature in black ink that reads "Andrew Ross". The signature is written in a cursive style with a large initial 'A' and 'R'.

Andrew Ross
Managing Director

For further information, please visit the Company's website at www.elixirpetroleum.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ELIXIR PETROLEUM LIMITED

ABN

51 108 230 995

Quarter ended ("current quarter")

31 DECEMBER 2012

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	126	175
1.2 Payments for (a) exploration & evaluation	(433)	(753)
(b) development	-	-
(c) production	(164)	(322)
(d) administration	(590)	(1,190)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (R&D rebate)	382	382
Net Operating Cash Flows	(678)	(1,706)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(10)
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	-	(10)
1.13 Total operating and investing cash flows (carried forward)	(678)	(1,716)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(678)	(1,716)
	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 (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(678)	(1,716)
1.20	Cash at beginning of quarter/year to date	2,519	3,485
1.21	Exchange rate adjustments to item 1.20	32	104
1.22	Cash at end of quarter	1,873	1,873

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	157
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include:
Directors' fees, salaries and professional consultancy fees. All payments are on normal commercial terms.

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

N/A.

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

N/A.

+ See chapter 19 for defined terms.

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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	175
4.2 Development	-
4.3 Production	60
4.4 Administration	450
Total	685

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	1,816	2,462
5.2 Deposits at call	57	57
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,873	2,519

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 increased	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	277,250,637	277,250,637	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Employee Options Tranche 3	2,000,000		\$0.35	31 Mar 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Performance Rights	500,000		-	6 August 2013
	500,000		-	6 August 2014
	500,000		-	6 August 2015
7.12 Debentures <i>(totals only)</i>	-	-		
7.13 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 31 JANUARY 2013

Print name: Keith Bowker

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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.

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