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Interim Financial Report for the half-year ended 31 December 2012

Corporate Directory

Directors
Mr Alan Watson – Non Executive Chairman
Mr Andrew Ross – Managing Director
Mr John Robertson – Non-Executive Director
Mr Michael Price – Non-Executive Director
Mr Mark O'Clery – Non-Executive Director
(appointed 14 August 2012)

Company Secretary
Ms Julie Foster *(resigned 9 July 2012)*
Mr Keith Bowker *(appointed 9 July 2012)*

Registered and Principal Administration Office
Level 1, 89 St Georges Terrace
Perth WA 6000
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UK Operations Office
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Eastern Road, Bracknell
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Email
info@elixirpetroleum.com

Bankers
National Australia Bank Limited
Ground Floor, 50 St Georges Terrace
Perth WA 6000

Barclays Bank plc
5 The North Colonnade
Canary Wharf
London E14 4BB

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry
Computershare Investor Services Pty Ltd
Level 2
45 St Georges Terrace
Perth WA 6000

Stock Exchange Listing
Australian Securities Exchange
Home Exchange: Perth, Western Australia
Ticker Code: EXR

Website
www.elixirpetroleum.com

The Directors of Elixir Petroleum Limited present their report on the Consolidated Entity, consisting of Elixir Petroleum Limited ("the Company" or "Elixir") and the entities it controlled during the half-year ended 31 December 2012 ("Consolidated Entity" or "Group").

DIRECTORS

The names of the Directors of Elixir in office during the half-year and until the date of this report are:

Mr Alan Watson (Non-Executive Chairman)

Mr Andrew Ross (Managing Director)

Mr John Robertson (Non-Executive Director)

Mr Michael Price (Non-Executive Director)

Mr Mark O'Clery (Non-Executive Director) – *Appointed 14 August 2012*

Unless otherwise stated, all Directors were in office from the beginning of the half-year until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

Operating Results

For the half-year ended 31 December 2012, the Company recorded an after tax loss of $1,092,513 (31 December 2011: loss of $1,967,215). In the period under review the Directors' primary focus was on the advancement of Moselle with an amount of approximately $649,000 being incurred in relation to this project in the reporting period. This expenditure, whilst crucially advancing our understanding of this asset, also resulted in the company meeting its expenditure obligations due in the first term of this permit.

The directors also acted to concentrate our financial resources on a reduced number of exploration assets and scale back costs in non-core areas. As a result, certain one-off, non-recurring expenses associated with staff recruitment and the establishment of a smaller corporate head office were incurred in the period in the amount of approximately $120,000. In addition, accrued serviced office expenses relating to the prior financial year were paid in the period under review thus inflating reported General and Administrative expenses. These prior period costs amounted to approximately $183,000 and are non-recurring.

The focus on reducing non-core / non-value creating expenses will continue into the second half of the 2013 financial year along with our endeavours to unlock the significant inherent value at Moselle. Management also continue an active program of reviewing new ventures / opportunities to augment our existing holdings.

Financial

At 31 December 2012, Elixir held cash on hand of $1,873,279 (30 June 2012: $3,486,500). The Group remains debt free.

Summary Review of Operations

During the half-year ended 31 December 2012, the Group produced oil and gas in the Gulf of Mexico and conducted exploration activities onshore in the Paris Basin, France and offshore in the UK North Sea.

EXPLORATION INTERESTS

France

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

At 1.34 million acres (5,360km^2), 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. The Permit is located in the lightly explored Saar-Lorraine Basin in North-Eastern France.

Elixir has spent the past 30 months assembling the largest database of any operator in the Saar-Lorraine Basin and has undertaken 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.

Technical work undertaken by Elixir during the period has included a comprehensive in-house probabilistic volumetric assessment of these conventional targets, which are estimated to have a combined unrisked mean gas in-place potential of 3.7 Tcf and recoverable resource potential of 2.1 Tcf, 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

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 with mean prospective in place resources estimated at 165 Bbbls and 650 Tcf (*Netherland Sewell & Assoc – September 2011*).

At the conclusion of the period under review, total expenditure incurred on the Moselle Permit had exceeded the expenditure commitment required during the initial exploration term, and as a consequence, under the Permit terms it is expected that the Permit will be extended into a second five year exploration period in early 2014.

A farm-out process focussed on the conventional prospects identified in the Permit commenced in early December 2012 and is ongoing.

UK North Sea

Project Name: Sunset Project (Block 12/18 & 19a (split))
Location: Inner Moray Firth, UK North Sea
Ownership: 75% Working Interest
Operator: Elixir Petroleum (Europe) Limited

In late December 2011 the Company was offered Blocks 12/18 and 12/19a (split) ("Blocks") by the DECC as part of the 26th UK Seaward Licensing Round. The Blocks are located in the Inner Moray Firth area of the UK North Sea and were offered to Elixir under promote licences as 100% interest holder and operator. The work obligations associated with the Blocks comprise the purchase of 3D seismic data, which was completed in the period, and require a drill-or-drop decision to be made by early 2014.

The Blocks are contiguous and are located approximately 150 km north east of Inverness, in a water depth of approximately 75m. The Blocks lie to the north east of the Beatrice oil field located in Block 11/30a and to the west of the Captain oil field in Block 13/22a. A single large stratigraphic prospect has been identified in the Middle Jurassic Beatrice Formation on the northerly edge of the Smith Bank High. The prospect is predicted to have Beatrice Formation sands as the reservoir, which has been identified as an acoustic impedance anomaly on several 2D seismic lines.

On 7 December 2012, a farmout of a 25% interest in the Sunset Project was completed with Adriatic Oil. Under the terms of the farmout, Adriatic has agreed 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.

The forward work programme to be undertaken during 2013 will focus on the interpretation of the 3D seismic data set to evaluate and further de-risk the prospect.

PRODUCTION INTEREST

Gulf of Mexico

Project Name: High Island Project (Block 268A)
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 65 kilometres southeast of Houston, Texas in the Gulf of Mexico and was brought into production in September 2007. Wells A-1 and A-2 at High Island discovered gas and condensate pay in two separate accumulations, with each well currently producing from only the lower of the two reservoir zones to a regional processing facility, the Maritech HI-442 platform.

In the six month period to 31 December 2012, the following production results were achieved at High Island:

High Island Field – 268-A	**Gas Production**		**Oil Production**	
	Total Dec Half (MMscf)	*Avg Daily Dec Half (MMscf/d)*	*Total Dec Half (Bbls)*	*Avg Daily Dec Half (Bbls/d)*
Project (100%)	**24.4**	**0.13**	**5,356**	**29.1**
Elixir (30% WI)	**7.3**	**0.04**	**1,605**	**8.8**

Table 2: High Island Production results for the period

The High Island field has produced approximately 4.2 Bcf of gas and 195,000 bbls of condensate (100% project) in the period from the commencement of production in September 2007 to the date of this report. Production revenue from High Island for the half year to 31 December 2012 totalled $158,254 (2011: $284,379). There were no reported safety incidents in the period.

The joint venture is currently considering recompleting the two producing wells at High Island over the shallower logged gas zones in order to increase production from the project. A final decision on a possible workover of the wells is due in the coming half.

EVENTS OCCURRING AFTER REPORTING DATE

The following events occurred subsequent to the end of the reporting period:

(a) The Dumas Project located in Block 13/25(a) (Licence P1882) of the Central UK North Sea was relinquished in mid-February 2013 upon the expiry of its two year licence term.

(b) The Tiger Project located in Block 211/12b (Licence P1602) of the Northern UK North Sea was relinquished in mid-February 2013 upon the expiry of its four year licence term.

Other than as disclosed elsewhere in this half-year financial report, no event has arisen since 31 December 2012 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is included on page 6 of the half-year financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors

ANDREW ROSS
Managing Director

Perth, Western Australia
14 March 2013

Information contained in this report with respect to the High Island Project, Moselle Permit and the Sunset Prospect, was compiled by Elixir or from material provided by the project operators and reviewed by Mr Mark O'Clery, a non-executive director of Elixir, who has had more than 25 years' experience in the practice of geology, including more than 5 years' experience in petroleum geology. Mr O'Clery consents to the inclusion in this report of the information in the form and context in which it appears.

elixir
petroleum limited

Auditor's Independence Declaration

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Australia

14 March 2013

The Board of Directors
Elixir Petroleum Limited
Level 1
89 St. George's Terrace
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF ELIXIR PETROLEUM LIMITED

As lead auditor for the review of Elixir Petroleum Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Elixir Petroleum Limited and the entities it controlled during the period.

Peter Toll
Director

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Perth, Western Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ELIXIR PETROLEUM LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Elixir Petroleum Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Elixir Petroleum Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elixir Petroleum Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elixir Petroleum Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 14th day of March 2013

Directors' Declaration

The Directors declare that:

(a) The consolidated financial statements and notes set out on pages 10 to 18 are in accordance with the *Corporations Act 2001*, including:

i. complying with Accounting Standards, the *Corporations Regulations 2001,* and other mandatory professional reporting requirements;

ii. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Elixir Petroleum Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Andrew Ross

ANDREW ROSS
Managing Director

Perth, Western Australia
14 March 2013

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2012

	Note	Consolidated 31-Dec-2012 $	31-Dec-2011 $
Revenue from oil and gas sales		**158,254**	284,379
Other income		**20,130**	17,915
Total Income		**178,384**	302,294
Operating and production costs		**(200,284)**	(304,254)
General and administrative costs	**(2)**	**(689,781)**	(251,449)
Depreciation, depletion and amortisation expense		**(39,981)**	(72,316)
Exploration and evaluation expense		**(61,044)**	(55,531)
Impairment of assets	**(7)**	**(367,049)**	(1,584,190)
Share based payment		**(1,184)**	-
Loss from continuing operations before income tax expense	**(3)**	**(1,180,939)**	(1,965,446)
Income tax expense / benefit		**-**	-
Net loss for the period		**(1,180,939)**	(1,965,446)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**88,426**	(1,769)
Income tax relating to items that may be reclassified subsequently		-	-
		88,426	(1,769)
Other comprehensive income (loss) for the half-year		**88,426**	(1,769)
Total comprehensive income (loss) for the half-year		**(1,092,513)**	(1,967,215)
Total comprehensive income (loss) attributable to Owners of the parent – Elixir Petroleum Ltd		**(1,092,513)**	(1,967,215)
(Loss) per share for the half year attributed to the owners of Elixir Petroleum Ltd			
Basic and diluted loss per share (cents per share)		**(0.43)**	(0.97)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 31 December 2012

	Note	Consolidated 31-Dec-2012 $	30-Jun-2012 $
Assets			
Current assets			
Cash and cash equivalents		**1,873,279**	3,486,500
Trade and other receivables		**295,524**	369,155
Total current assets		**2,168,803**	3,855,655
Non-current assets			
Receivables		**554,300**	577,198
Oil and Gas Properties	**(5)**	**87,044**	272,386
Plant and equipment		**28,994**	23,435
Deferred exploration, evaluation and development expenditure	**(7)**	**3,586,826**	3,233,980
Total non-current assets		**4,257,164**	4,106,999
Total assets		**6,425,967**	7,962,654
Liabilities			
Current liabilities			
Trade and other payables		**270,923**	525,235
Provisions	**(6)**	**441,158**	-
Employee leave provisions		**36,404**	55,099
Total current liabilities		**748,485**	580,334
Non-current liabilities			
Provisions	**(6)**	**742,845**	1,356,354
Total non-current liabilities		**742,845**	1,356,354
Total liabilities		**1,491,330**	1,936,688
Net assets		**4,934,637**	6,025,966
Equity			
Contributed equity		**64,972,576**	64,972,576
Reserves		**1,185,663**	1,096,053
Accumulated losses		**(61,223,602)**	(60,042,663)
Total parent entity interest in equity		**4,934,637**	6,025,966

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 31 December 2012

Consolidated	Contributed Equity $	Option Premium Reserve $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2012	64,972,576	1,773,184	240,400	(917,531)	(60,042,663)	6,025,966
(Loss) for the half-year	-	-	-	-	(1,180,939)	(1,180,939)
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	-	88,426	-	88,426
Total comprehensive income (loss) for the half-year	**-**	**-**	**-**	**88,426**	**(1,180,939)**	**(1,092,513)**
Transactions with owners, in their capacity as owners	-	-	1,184	-	-	1,184
Balance at 31 December 2012	**64,972,576**	**1,773,184**	**241,584**	**(829,105)**	**(61,223,602)**	**4,934,637**
Balance at 1 July 2011	60,644,366	1,773,184	871,300	(945,230)	(58,022,632)	4,320,988
(Loss) for the half-year	-	-	-	-	(1,965,446)	(1,965,446)
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	-	(1,769)	-	(1,769)
Total comprehensive income (loss) for the half-year	**-**	**-**	**-**	**(1,769)**	**(1,965,446)**	**(1,967,215)**
Transactions with owners, in their capacity as owners						
Contributed equity net of transaction costs	1,045,940	-	-	-	-	1,045,940
	1,045,940	-	-	-	-	1,045,940
Balance at 31 December 2011	**61,690,306**	**1,773,184**	**871,300**	**(946,999)**	**(59,988,078)**	**3,399,713**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the half-year ended 31 December 2012

	Note	Consolidated 31-Dec-2012 $	31-Dec-2011 $
Cash flows from operating activities			
Receipts from sales		**231,885**	297,493
Payments to suppliers and employees		**(880,727)**	(571,469)
Payments for exploration		**(360,863)**	-
Net cash (outflow) from operating activities		**(1,009,704)**	(273,976)
Cash flows from investing activities			
Payments for capitalised exploration, evaluation and development		**(679,525)**	(696,365)
Payments for property, plant & equipment		**(10,533)**	-
Interest and other receivables		**20,130**	6,989
Net cash (outflow) from investing activities		**(669,929)**	(689,376)
Cash flows from financing activities			
Proceeds from issues of shares		**-**	1,132,000
Share issue costs		**-**	(86,060)
Net cash inflow from financing activities		**-**	1,045,940
Net increase / (decrease) in cash and cash equivalents		**(1,679,633)**	82,588
Cash and cash equivalents at the beginning of the period		**3,486,500**	1,320,069
Effect of exchange rate changes on foreign currency denominated cash balances		**66,412**	10,926
Cash and cash equivalents at the end of the period		**1,873,279**	1,413,583

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of Preparation

(a) Statement of compliance

These financial statements are general purpose financial statements for the half-year reporting period ended 31 December 2012, which have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Elixir Petroleum Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting period.

Adoption of new and revised Accounting Standards

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements, except as follows:

- AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

Comparatives have been reclassified to be consistent with the current year presentation. The reclassification does not have an impact on the results presented.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

This interim financial report was approved by the Board of Directors on 14 March 2013.

2. General and administrative costs

General and administrative costs for the half-year included the payment of accrued costs totalling approximately $183,000 relating to rent and serviced office costs incurred in the prior period. Certain other non-recurring office establishment costs and recruitment fees were incurred in the period totalling approximately $120,000.

3. Loss for the half-year

Loss for the half-year includes the following items which are significant because of their nature, size or incidence:

	Consolidated	
	31-Dec-2012	31-Dec-2011
	$	$
Amortisation of oil and gas properties	**35,141**	63,264
Depreciation of plant and equipment	**4,841**	9,052
	39,982	72,316
Exploration and evaluation expense	**61,044**	55,531
Impairment of assets	**367,049**	1,584,190

4. Segment information

Management has determined, based on the reports reviewed by the Board of Directors that are used to make strategic decisions, that the Group has three reportable segments being oil and gas exploration in the United Kingdom (UK), oil and gas exploration in France and oil and gas production in the United States of America (USA). The Group's management and administration office is located in Australia.

Reportable segment revenue

Revenue, including interest income, is disclosed below based on the reportable segment:

	31-Dec-2012	31-Dec-2011
	$	$
Revenue from oil and gas exploration - UK	**-**	-
Revenue from oil and gas exploration - France	**-**	-
Revenue from oil and gas production – USA	**158,254**	284,379
Revenue from other corporate activities	**20,130**	17,915
	178,384	302,294

Reportable segment assets

Assets are disclosed below based on the reportable segment:

	31-Dec-2012	30-Jun-2012
	$	$
Asset from oil and gas exploration– UK	**22,508**	390,878
Asset from oil and gas exploration– France	**3,564,318**	2,877,587
Asset from oil and gas production – USA	**785,938**	1,080,892
Assets from other corporate activities:		
Cash and cash equivalents	**1,873,279**	3,486,500
Other corporate assets	**179,924**	126,796
	6,425,967	7,962,654

Reportable segment loss

Loss is disclosed below based on the reportable segment:

	31-Dec-2012	31-Dec-2011
	$	$
(Loss) from oil and gas exploration– UK	**(376,320)**	(68,082)
(Loss) from oil and gas exploration– France	**(1,027)**	(3,323)
(Loss) from oil and gas production – USA	**(77,396)**	(1,660,326)
(Loss) from other corporate activities	**(726,196)**	(233,715)
	(1,180,939)	(1,965,446)

5. Oil and gas properties

Producing projects

	Consolidated	
	31-Dec-2012	30-Jun-2012
	$	$
Producing projects		
At cost	**30,946,862**	31,593,408
Future restoration costs capitalised	**1,328,597**	1,356,354
Additions	**-**	-
Accumulated amortisation	**(17,550,207)**	(17,916,869)

Impairment	**(14,492,034)**	(14,760,507)
Fair value adjustment	**(144,594)**	-
Foreign exchange movement	**(1,580)**	-
Net carrying amount	**87,044**	272,386

A reconciliation of movements in oil and gas properties during the period is as follows:

	Consolidated	
	31-Dec-2012	30-Jun-2012
	$	$
Balance at the beginning of the financial period	**272,386**	1,712,167
Fair value adjustments[(a)]	**(144,594)**	-
Amortisation expense	**(35,141)**	(91,401)
Impairment[(b)]	**-**	(1,588,465)
Foreign currency movement	**(5,607)**	240,085
Net carrying amount	**87,044**	272,386

(a) Please refer to Note 6, footnote (b) below.

(b) In the absence of readily available market prices, the recoverable amount of oil and gas properties is determined by the assets value in use. Value in use is calculated based on estimates of the present value of future cashflows discounted at asset specific rates and by reference to forecast commodity prices.

6. Provisions for Future restoration costs

	Consolidated	
	31-Dec-2012	30-Jun-2012
	$	$
Current provisions		
Balance at the beginning of the year	-	-
Reclassification[(a)]	441,158	-
Net carrying amount	441,158	-
Non-current provisions		
Balance at the beginning of the year	1,356,354	1,356,354
Reclassification as current provisions[(a)]	(441,158)	-
Fair value adjustment[(b)]	(144,594)	-
Foreign currency movement	(27,757)	-
Net carrying amount	742,845	1,356,354

(a) Due to the proposed abandonment of the Pompano asset the associated rehabilitation provision has been reclassified as current. Based on the potential workover of the High Island asset, the remaining useful life is anticipated to be greater than 12 months and as such remains as non-current.

(b) Due to the proposed abandonment of the Pompano asset, the carrying value of the provision has been adjusted to fair value.

7. Deferred exploration, evaluation and development

	Consolidated	
	31-Dec-2012	30-Jun-2012
	$	$
Opening balance	**3,233,980**	1,769,126
Capitalised expenditure	**679,525**	1,441,064
Impairment[(a)]	**(364,749)**	(5,728)
Foreign currency movement	**38,070**	29,518
	3,586,826	3,233,980

The ultimate recoupment of exploration expenditure carried forward is dependent on successful development and exploitation, or alternatively sale, of the respective area of interest.

(a) The impairment during the year is in relation to Tiger and Dumas prospects which were abandoned.

8. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2012 (2011: None).

9. Commitments and Contingencies

The Consolidated Entity has no material contingent assets or liabilities at reporting date and has no firm contractual commitments for expenditure not reflected in the financial statements.

	Consolidated	
	31-Dec-2012	30-Jun-2012
	$	$
Non-cancellable operation lease commitments		
Within one year	**113,173**	135,635
More than one year but less than five years	**133,052**	174,989
Total	**246,225**	310,624

Elixir Petroleum Limited has taken out an operating lease for the office in Australia, commencing 1 July 2012. At reporting date the remaining lease term was 2.5 years (30 June 2012: 3 years)

Elixir Petroleum (Technical Services) Ltd holds an operating lease for the office in the United Kingdom. At the reporting date the remaining lease term was 6 months (30 June 2012: 1 year)

10. Events Occurring After Reporting Date

The following events occurred subsequent to the end of the half year:

(a) The Dumas Project located in Block 13/25(a) (Licence P1882) of the Central UK North Sea was relinquished in mid-February 2013 upon the expiry of its two year licence term.

(b) The Tiger Project located in Block 211/12b (Licence P1602) of the Northern UK North Sea was relinquished in mid-February 2013 upon the expiry of its four year licence term.

Other than as disclosed elsewhere in this half-year financial report, no event has arisen since 31 December 2012 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity.