

24 October 2018

**QUARTERLY ACTIVITIES REPORT FOR THE
PERIOD ENDED 30 SEPTEMBER 2018****HIGHLIGHTS**

- **Mongolia's first unconventional Production Sharing Contract (PSC) awarded to Golden Horde Limited (GOH) over area prospective for Coal Bed Methane (CBM) with multi TCF potential adjacent to northern China**
- **Acquisition of GOH for 79 million Elixir shares on track to complete in late November 2018, subject to Elixir shareholder approval**
- **Exploration activity levels increased in Mongolia following confirmation of the award of the CBM PSC to GOH, with gravity reprocessing and further field mapping nearing completion together with commencement of the environmental approval process**
- **Independent Prospective Resources Report for Nomgon IX PSC work commenced with final report expected within several weeks**
- **Acquisition of 35,423 highly prospective acres in Alaska (Project Peregrine) due to be completed prior to 31 October 2018 potentially on trend with giant Conoco discoveries**
- **Successful completion of an oversubscribed \$1.65 million capital raise, principally to fund the Alaskan lease acquisition**
- **Annual General Meeting scheduled for 28 November 2018**
- **Cash of approximately \$3.5 million and no debt as at 30 September 2018**

EXECUTIVE SUMMARY

During the quarter ended 30 September 2018, Elixir Petroleum Limited (**ASX:EXR**) (Elixir or the Company) made significant progress on several projects including its proposed acquisition of GOH, the proposed acquisition of Project Peregrine and completion of a \$1.65 million capital raise.

On 12 September 2018, the Company announced that GOH had been advised that the Mongolian Cabinet had approved the award of the Nomgon IX CBM PSC to GOH and a week later, that the PSC had been signed by the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM"). This has now cleared the path for Elixir to exercise its option to acquire GOH (subject to Elixir shareholder approval) on or before 30 November 2018.

Concurrently, Elixir announced that it had signed a Binding Terms Sheet to acquire 35,423 acres on the highly prospective Alaskan North Slope (Project Peregrine). Elixir has paid a non-refundable US\$150,000 exclusivity fee and is due to complete the acquisition by 31 October 2018 following completion of the due diligence process which is well underway.

Following confirmation that the Nomgon IX CBM PSC had been awarded, Elixir has accelerated its already extensive initial technical work programme with gravity reprocessing, further field mapping and 2D seismic planning well underway. In addition, Elixir (through GOH) has recently commissioned an Independent Prospective Resources Report covering the Nomgon IX CBM PSC area which is expected to be completed during November 2018.

Technical work has also commenced on the Alaskan acreage as part of the due diligence process and initial indications suggest the acreage is prospective for oil and may potentially be on trend with large discoveries to the north of the leases that Elixir is proposing to acquire.

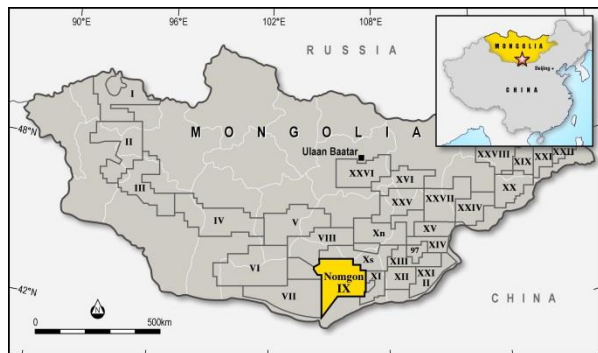
Primarily to assist with the funding of the proposed acquisition of Project Peregrine, during the quarter the Company also completed an oversubscribed placement raising \$1.65 million (before costs) and including those funds and payment of the exclusivity fee for Project Peregrine, the Company had approximately \$3.5 million in cash and no debt as at 30 September 2018.

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NEW BUSINESS ACTIVITIES

Project Name: Option to acquire GOH
Location: Mongolia



Location map of Nomgon IX PSC Area

During the quarter, the Company was advised by GOH that the Mongolian Cabinet had approved the award of the PSC to GOH during the period that Elixir and GOH were in the process of completing a re-negotiation of certain elements of the Terms Sheet, including extending the exclusive option period and providing GOH with interim funding to allow pre-work on the PSC area to begin.

These negotiations were almost concluded when GOH advised Elixir that the Mongolian Cabinet had approved the award of the PSC to GOH. With the PSC then signed within a couple of weeks of the Cabinet decision, Elixir and GOH agreed to extend the option period to 30 November 2018 to allow Elixir to again secure its shareholders approval to complete the acquisition of GOH, which will be sought at the 2018 Annual General Meeting.

With the PSC now signed, Elixir has commenced exploration activities with the initial work consisting of field mapping prior to the onset of the northern winter, together with reprocessing of existing gravity data over the PSC area. This work will assist in determining the exact location of the proposed seismic acquisition programme, the 2019 proposed initial drilling programme and the preparation of an initial Prospective Resources Report of the Nomgon IX CBM PSC area.

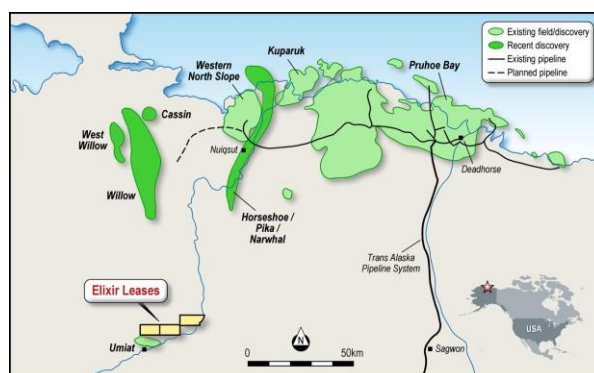
In addition, through GOH, Elixir will soon commence an environmental impact study (EIS) over the Nomgon IX PSC, which can also be done over the upcoming northern winter and be completed in time for commencement of the 2019 exploration programme. Furthermore, the winter months will be used to set up the various administrative processes required to successfully operate a PSC in a foreign jurisdiction.

The Nomgon IX CBM PSC is the first unconventional PSC issued pursuant to the country's updated Petroleum Law, which was passed by Parliament in 2014. Nomgon IX, which

covers an area of over 7 million acres, lies adjacent to the Chinese border and is ideally placed for future gas sales into the extensive Northern China gas transmission and distribution network.

In addition to Chinese gas demand, Mongolia currently has no gas production, there is a strong political desire to replace high emission coal power, and heat generation with low emission clean-burning gas fired generation. With the potential to find and develop multiple Tcfs of gas from CBM in the PSC area it is possible that both the Mongolian and Chinese markets can be supplied with Mongolian CBM.

Project Name: Project Peregrine
Location: Alaska



Location map of Elixir's proposed lease acquisitions

On 12 September 2018, Elixir announced that it has signed a Binding Terms Sheet to acquire a 100% Working Interest in 35,423 acres of highly prospective leases in Alaska (Leases). The consideration for the acquisition of the Leases consist of reimbursement of the sellers back costs which total US\$803,859, together with the assignment of a 5% overriding royalty interest (ORRI) on the leases being acquired.

Elixir has also entered into an Area of Mutual Interest (AMI) with the sellers whereby the sellers cannot compete with Elixir for new leases within the AMI. In consideration of entering into the AMI, if Elixir acquires any additional leases in the AMI, the sellers 5% ORRI on the Leases decreases (to a minimum of 1.5%) proportional to the total lease acreage position in the AMI. The recalculated proportional ORRI will then apply to all leases within the AMI. Should Elixir acquire more than 118,000 acres within the AMI, the calculation of the ORRI remains fixed at 1.5% across the Leases and any new leases acquired within the AMI.

The Leases lie within the National Petroleum Reserve of Alaska which is managed by the United States Bureau of Land Management (BLM). Elixir is required to lodge a US\$300,000 lease bond with the BLM which is refundable upon cessation or

relinquishment of the leases in good standing. The Leases were originally awarded in 2014 for a period of 10 years, expiring 1 March 2024. Annual rentals are US\$3/acre which must be paid on or before the lease anniversary date in order to retain the leases. The Lessor is the BLM which is entitled to receive a 12.5% royalty if or when production commences.

Elixir has paid a non-refundable US\$150,000 exclusivity fee which is deductible from the cash consideration on completion of the acquisition. Elixir's exclusivity fee provides it with the exclusive option to acquire the leases on or before 31 October 2018

EXPLORATION ACTIVITIES

Project Name: Moselle Permit
Location: Northeastern France
Ownership: 100% Working Interest

There was no significant activity on the Moselle Permit during the quarter.

Project Name: Petra Project
Location: Colorado, USA
Ownership: 25% Working Interest

There was no significant activity on the Petra Project during the quarter. As at the end of the quarter, the Company's net acreage position was approximately 4,686 net acres.

CORPORATE AND FINANCIAL

Changes in Capital Structure

During September 2018, the Company announced that it had arranged and completed a placement to raise \$1.65 million (before costs) through the issue of 33 million shares at \$0.05 per share.

Elixir's total shares on issue following the placement total approximately 254 million shares.

Marketing and Promotion

During the quarter, the Company presented at the Good Oil Conference in Perth, Western Australia. The Company has also significantly updated and revamped its website and generally increased its social media representation and will continue to do so over the coming months.

Annual General Meeting

The Company's Annual General Meeting is scheduled for 28 November 2018 and will include numerous resolutions required to allow the completion of the GOH acquisition, together with the Alaskan lease acquisition.

Quarterly expenditure, cash position

As at the end of the quarter, the Company had approximately \$3.5 million in cash and no debt.

During the quarter, the Company's main expenditures were associated with the proposed Mongolian and Alaskan transactions, including the payment of a US\$150,000 exclusivity fee for the Alaskan Leases.

Administration and corporate costs were higher this quarter but in line with budget. The Company continues to maintain a high level of cost control at all times.

PETROLEUM TENEMENTS HELD AS AT 30 SEPTEMBER 2018

	% Interest	Tenement	Location
Held at end of quarter	100%	Moselle Permit	North-eastern France
	25%	Petra Project	Colorado, USA
Acquired during quarter	-	-	-
Disposed during quarter	-	-	-

INTERESTS IN FARM-IN OR FARM-OUT AGREEMENTS AS AT 30 SEPTEMBER 2018

	Farm-in / Farm-out	% Change in Interest	Project
Held at end of quarter	-	-	-
Acquired during quarter	-	-	-
Disposed during quarter	-	-	-

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