elixir petroleum limited

ANNUAL REPORT

2012

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Corporate Directory

petroleum limited

Directors

Mr Alan Watson	Non-Executive Chairman (appointed 5 October 2011)
Mr Andrew Ross	Managing Director
Mr Michael Price	Non-Executive Director
Dr John Robertson	Non-Executive Director
Mr Mark O'Clery	Non-Executive Director (appointed 14 August 2012)
Mr Jonathan Stewart	Non–Executive Chairman (resigned 29 November 2011)
Mr Iain Knott	Executive Director, Exploration (resigned 22 July 2011)

Company Secretary

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

Registered and Principal Administration Office

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Bankers

National Australia Bank Limited
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Perth WA 6000

Barclays Bank plc
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Canary Wharf
London E14 4BB

Auditors - Australia

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

Auditors - UK

MacIntyre Hudson LLP
New Bridge Street House
30-34 New Bridge Street
London EC4V 6BJ

Stock Exchange Listing

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: EXR

Website and Email

www.elixirpetroleum.com
info@elixirpetroleum.com

Chairman's Letter

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Dear Shareholder

As has been the case for a number of small oil and gas companies, the past year has proven to be a difficult one for Elixir. Due to a range of macro factors, we were unable to progress to the degree we had hoped our portfolio of prospective projects.

Our operations during the past year have been conducted against a background of three dominant influences:

- the introduction in July 2011 and continued prohibition of the use of hydraulic fracturing as a stimulation technique in France which has impacted the Moselle project;
- historically low gas prices were realised for our production in the USA which have impacted our revenues; and
- the continued international economic turmoil and its consequent impact on equity markets and risk appetite which curtailed our ability to attract farmin partners to our assets on reasonable terms.

During the year the company engaged a global investment bank to assist with the farmout of our 100% owned Moselle Permit in France. Whilst a number of major E&P companies were actively engaged in the process, we were ultimately unable to achieve a farmout on terms that recognised the inherent value of the very large unconventional opportunity. Consequently we are now focussed on the significant conventional prospects which have been identified within the Moselle Permit which are not burdened by the risks associated with the unconventional play. By doing so the company aims to preserve to the extent possible the giant unconventional resource potential within the Permit for future farmout activity should the environment improve (i.e. regulatory, technical advances in fraccing etc). Substantial technical work has been undertaken on Moselle throughout the year, and management is optimistic that a farmout process for the conventional prospects can be commenced in Q4, 2012.

In the UK, Elixir was awarded Blocks 12/18 and 12/19c in the Inner Moray Firth region of the UK North Sea in January 2012. Work is continuing on these Blocks with a view to securing a farmout in the latter part of this year.

A conditional farmout of Block 211/22b containing the 'Tiger' prospect was achieved on attractive terms during the year which received approval from DECC for the farminee to proceed. However, the transaction became a victim of market forces referred to above with the farminee's funders withdrawing prior to completion.

In the USA, Elixir continues to experience frustration at the inability to workover the High Island wells during the financial year. Acid stimulation of Well #1 at High Island was undertaken in May 2012, and resulted in a return of production to 50-60 barrels of oil per day. We are hopeful that our joint venture partners will advance additional workovers by the end of the 2012 calendar year so we can re-establish higher gas production volumes and enhance cash flow from the project. Given our previously stated views on Pompano, we elected not to participate in what turned out to be unsuccessful workovers undertaken by that joint venture during the reporting period.

Looking to the future, we continue to strive to exploit our existing prospects to their maximum, as well as to seek new opportunities. We have reduced our overall operating cost base during the year, and this process continues, whilst at the same time raising the technical and analytical capabilities of the business. This is evidenced by the recent appointment of Mr. Mark O'Clery to the Board.

The Company has examined more than 30 potential new prospects so far this calendar year, and the range of opportunities being presented to us and being actively examined is encouraging. Finally, we welcomed a substantial new shareholder to the share register during the year in New Standard Energy Ltd and thank our existing shareholders for their support through the period. We are determined to produce an improved performance in 2013 for all stakeholders.

Yours sincerely

Alan Watson
Non-Executive Chairman

Strategy

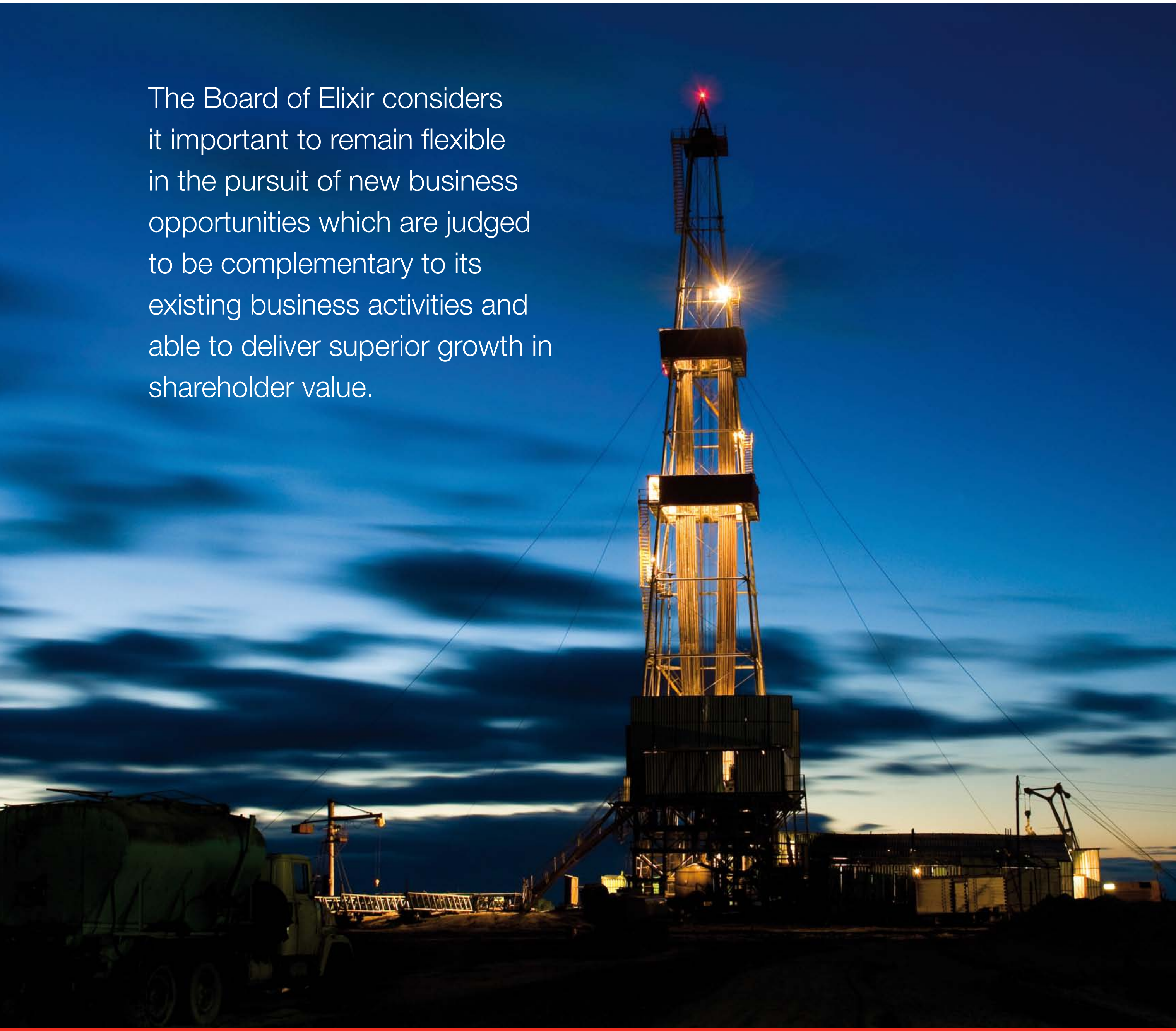
Elixir Petroleum is an internationally focused upstream oil and gas company with petroleum interests across the exploration, appraisal, development and production lifecycle.

Elixir's business strategy is to acquire interests in exploration licences with high impact potential, to work up prospects internally and to farm these out to industry to drill, typically on a promoted basis. Currently, Elixir is pursuing this exploration strategy in Europe with interests in licences offshore the UK North Sea and onshore in France.

Complementing this exploration strategy is the addition of lower risk oil and gas development projects which hold appraisal upside. These projects typically demonstrate a short cycle time to production and are designed to provide cashflow for the Elixir Group. Acquisitions to date in furtherance of this component of our strategy have been made in the shallow waters of the Gulf of Mexico.

The Board of Elixir considers it important to remain flexible in the pursuit of new business opportunities which are judged to be complementary to its existing business activities and able to deliver superior growth in shareholder value.

Details on Elixir's assets and operations can be found at www.elixirpetroleum.com and at www.asx.com.au. A summary update on the Group's operations during the 2012 financial year follows.



The Board of Elixir considers it important to remain flexible in the pursuit of new business opportunities which are judged to be complementary to its existing business activities and able to deliver superior growth in shareholder value.

France

Moselle Permit (EXR 100%, Operator)

The Moselle Permit was acquired by Elixir in April 2010. The Permit is located in north-eastern France in the Saar-Lorraine Basin. Moselle is approximately 5,360 km^2 in area, or approximately 1.32 million acres, making it the largest single exploration block onshore France. The Moselle Permit also represents the largest acreage position of any company currently operating in France and is one of the largest acreage positions in Western Europe that is prospective for both conventional and unconventional hydrocarbons.

The Permit was awarded in December 2008 for an initial five year term. There are no well commitments associated with the Permit.

Farmout Activity - Resource Play

Having assembled in the prior 20 month period the largest geological database of any participant in the Saar-Lorraine Basin, in December 2011 Elixir commenced a farmout process in relation to the significant unconventional resource potential within the Moselle Permit area. The process was managed by an international investment bank on behalf of the Company and focussed on engaging with parties with the requisite experience and financial capacity to fully progress the unconventional resource play at Moselle. It was also recognised that given the current restrictions on the use of hydraulic fracture stimulation techniques in France, some degree of regulatory and timing uncertainty in the near term was attached to the opportunity.

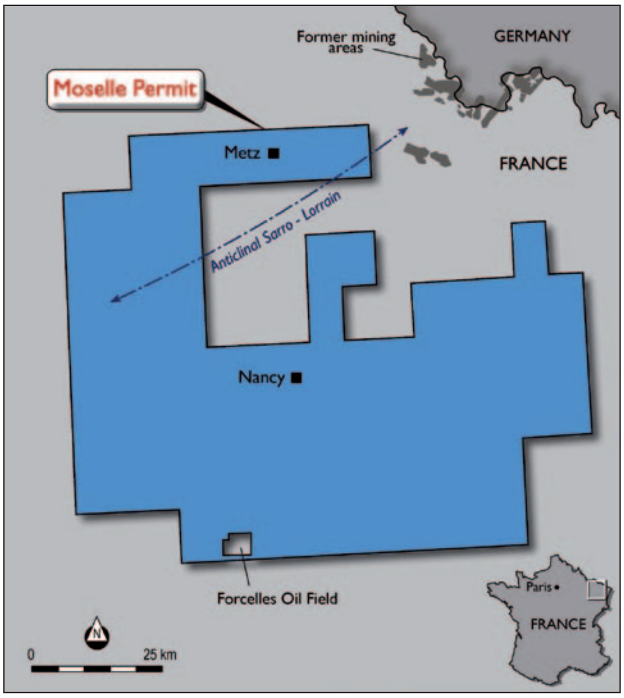


Figure 1: Map of the Moselle Permit

The farmout process was well supported with over 30 global and other large upstream oil and gas companies reviewing the opportunity. A number of the participants undertook detailed technical reviews of the resource potential within the Moselle Permit. These parties received comprehensive management presentations and reviewed the project dataroom and seismic workstation. Feedback from these parties was positive, with participants expressing the view that the in-place potential of the unconventional and conventional plays within the Carboniferous basin had been comprehensively established through the technical programme undertaken to that point. This supported the conclusions reached in the independent in-place, prospective resource estimates provided by Netherland Sewell & Associates Inc. ("NSAI") and published by the Company in September 2011.

Whilst recognising the significant technical potential of the unconventional resource play within the Moselle Permit, the current prohibition on the hydraulic fracturing of wells in France presented a challenge for potential farminees in assessing and attributing value to the opportunity. The inability to stimulate wells, and a lack of certainty as to when this situation might be reconsidered in France, meant that participants experienced difficulty in attempting to quantify an appropriate work programme to advance the resource play. This necessarily impacted the value the parties placed on the contingent potential of the unconventional resource play at Moselle. At the date of this report, no offers are under consideration by the Company with respect to the farmout of the unconventional potential within the Moselle Permit.

French regulatory position regarding Hydraulic Fracture Stimulation

As previously reported by the Company, in mid-July 2011 legislation was enacted by the French Parliament prohibiting the use of hydraulic fracture stimulation ("fracing") as a well completion technique in France, despite the fracing of dozens of oil and gas and geothermal wells historically in France.

However a degree of uncertainty around this position remained following the passing of the legislation due to the upcoming French Presidential and Parliamentary elections which were conducted in May and June 2012 respectively. The elections witnessed a change in government from the incumbent conservative UMP party to the left wing, French Socialist party. Comments made by Mr. Hollande, the leader of the Socialist Party, ahead of the election provided some optimism that if elected, the Socialists would keep an open mind to the question of fracing in France. However, following his election in May 2012, a lack of consultation with industry and recent comments made President Hollande would tend to indicate that it is perhaps unlikely that the fracing of wells utilising current techniques will be permitted in France in the near term.

Figure 2: Indicative terrain in the Moselle Permit Area

Enhanced Conventional Prospectivity

As previously reported, in September 2011 the Company published unrisked, in-place prospective volumetric estimates for both conventional and unconventional hydrocarbons within the Moselle Permit area. These independently assessed in-place resource estimates were undertaken by NSAI and identified significant prospectivity within the Permit.

Following on from the work of NSAI, in February 2012 the Company announced that it had increased its portfolio of conventional oil and gas prospects and leads at Moselle as a result of the completion of its Phase 4 seismic reprocessing. Phase 4 of the seismic reprocessing workscope saw a further 324 line kilometres of 2D digital seismic data reprocessed, increasing the reprocessed data coverage over the Permit by approximately 33% to 1,309 line kilometres.

At that time, Elixir estimated mean prospective risked recoverable resources of 161 million barrels of oil, or alternatively, 559 Bcf of gas, with the methodology utilised to derive these volumes based on the resource evaluation undertaken by NSAI published in September 2011.

Assessment of the conventional hydrocarbon prospectivity in the Permit has continued since that time based upon additional seismic mapping and the use of ADF analysis, which seeks to identify direct hydrocarbon indicators in seismic data using quantitative seismic attribute extraction. The initial ADF analysis has proven to be promising, with a new stacked pay prospect named 'Francheville North' having been identified.

As at the date of this report the conventional portfolio of prospects and leads stands at 25 prospects and 15 leads, for a total portfolio of 40 conventional targets. The large majority of these prospects and leads lying within multi-horizon, or stacked-pay, structures, which aids the overall prospectivity of the targets. With the addition of the new Francheville North prospect, Elixir has identified 7 multi-horizon structures to pursue within the South-western quadrant of the Moselle Permit. Importantly, it is likely that these structures can be drilled, and if discoveries are made, produced, without needing to resort to the use of fracture stimulation techniques.

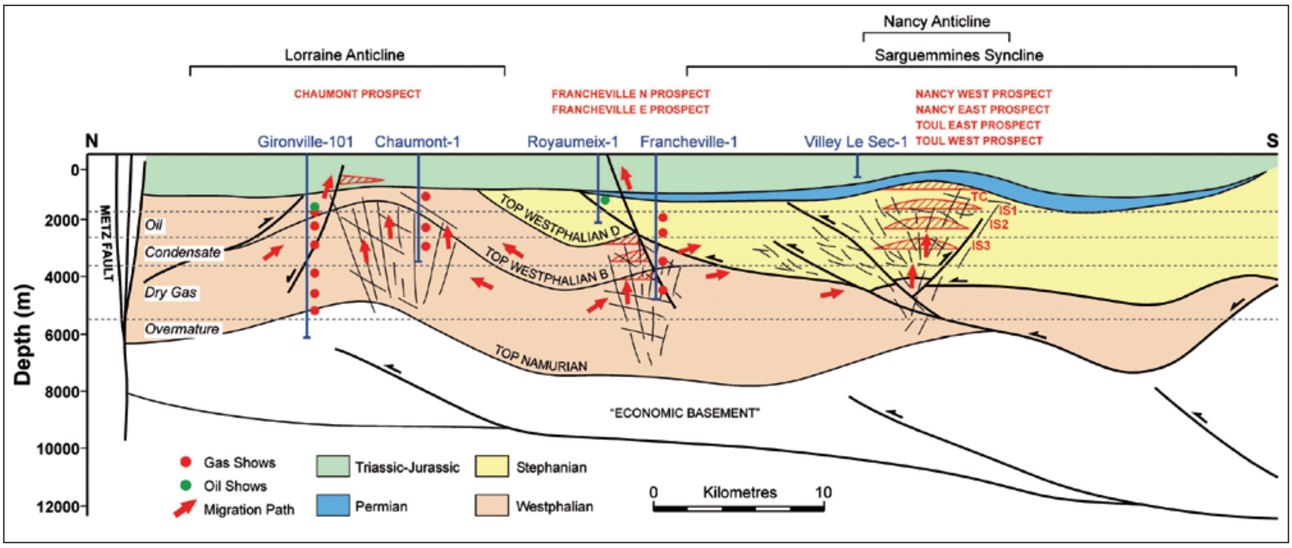


Figure 3: Cross section of the Moselle Permit

Conventional Farmout Activity

In July 2012 the Company announced that it had re-focused its farmout efforts on the substantial conventional prospectivity identified within the Moselle Permit, and will attempt to largely reserve its position in relation to the unconventional resource potential within the Permit for future farmout activity.

The renewed farmout activity is concentrated on engaging with an alternative group of companies for whom the conventional oil and gas exploration prospects and leads identified within the Moselle Permit represent core business and a material opportunity. At the date of this report the conventional farmout activities are ongoing with a comprehensive dataroom due to be opened to participants shortly.

The Moselle Permit remains a significant opportunity for Elixir and its shareholders, with compelling conventional exploration potential having been identified, the possibility of unconventional exploration being able to be pursued in the future and only a modest forward work programme required on the Permit in the meantime. We look forward to continuing progress being made at Moselle in the coming years.

UK North Sea

At the conclusion of the reporting period, Elixir held interests in three licences located in the UK North Sea. These licences offer a mix of exploration potential, and in accordance with the Company's stated strategy, our intention is to seek parties to assist in the further evaluation of these licences.

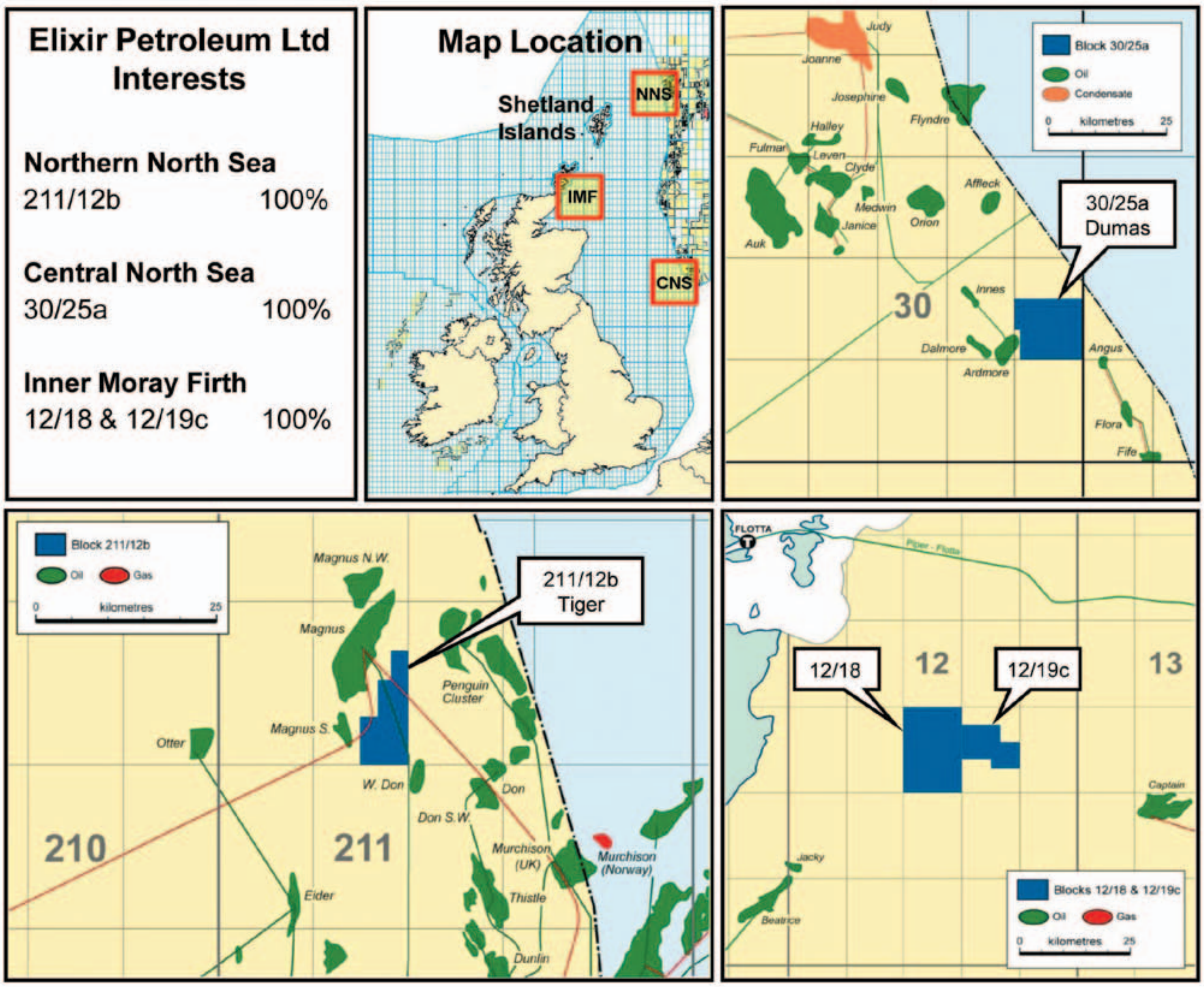


Figure 4: UK North Sea Licence Locations

Blocks 12/18 & 12/19c, licence P1921
(EXR 100%, Operator)

In February 2012, Elixir was offered by the UK Department of Energy and Climate Change ("DECC") Blocks 12/18 and 12/19c located in the Inner Moray Firth of the UK North Sea. The Blocks were applied for in the 26th UK Seaward Licensing Round and were offered to Elixir under promote licences as 100% interest holder and operator. The work obligations comprise the purchase of 3D seismic data 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 named 'Sunset' which straddles the two Blocks has been identified in the Middle Jurassic Beatrice Formation on the northerly edge of the Smith Bank High. The 'Sunset' 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. No wells to date have targeted the Smith Bank High in the Blocks.

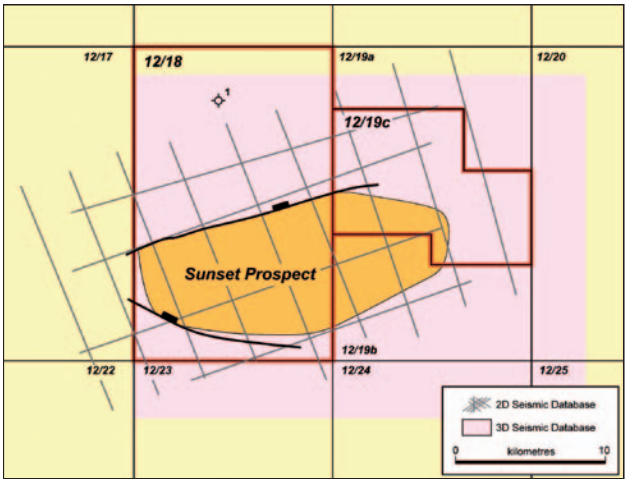


Figure 5: Map of Blocks 12/18 and 112/19c, existing well, seismic data and surrounding fields

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

Block 211/12b, licence P1602
(EXR 100%, Operator)

In February 2009, Elixir was awarded Block 211/12b following a successful bid in the 25th UKCS Seaward Licensing Round. Block 211/12b is located in the Northern portion of the UK North Sea and is held under a Traditional Licence, with a drill-or-drop decision required to be made by early 2013.

Block 211/12b contains the large, Upper Jurassic, 'Tiger' oil prospect. The prospect is located adjacent to the 1.5 billion barrel Magnus Field which is operated by BP Plc. The 'Tiger' prospect is thought to share many similar geological characteristics to that of the Magnus field. The 'Tiger' prospect also lies updip of a well drilled in the early 1990's which reported hydrocarbon shows. An unrisked contingent recoverable resource estimate has been generated by Elixir for the 'Tiger' prospect which is set out in the table below.

In July 2011, Elixir announced that it had entered into a conditional farm-out agreement with a third party on terms that would see Elixir receive a cash contribution to back costs and be carried on a partially promoted basis through the drilling of a firm exploration well and a contingent appraisal well. Unfortunately this farmin transaction was ultimately unable to be closed due to funding issues on the part of the farminee.

Elixir continues to work to attract new parties to the licence to achieve a farmout of the Tiger exploration well.

Tiger Prospect	**Low** *(MMbbls)*	**Most Likely** *(MMbbls)*	**High** *(MMbbls)*
Oil in Place *(100%)*	29.1	180.3	377.3
Contingent Resource *(100%)*	11.6	90.2	226.4

Block 30/25a, licence P1882
(EXR 100%, Operator)

Block 30/25a was offered to Elixir in October 2010 under the 26th UK Seaward Licensing Round, with a commencement date for the licence of 10 January 2011. Block 30/25a has been granted as a promote licence to Elixir as operator and 100% interest holder for a period of 2 years with a drill-or-drop decision to be made prior to licence expiry.

The block is located in the Eastern margin of the Central UK North Sea and is adjacent to the Ardmore field (formerly named Argyll), being the first offshore oil field produced in the UK.

Three prospects have been identified on 2D seismic data in the Lower Cretaceous and Upper Cretaceous sections within Block 30/25a. The prospects are interpreted as stratigraphic traps with closure provided by pinchout onto the Argyll Ridge to the South-west.

During the reporting period an existing 3D seismic data set over the licence was purchased and the mapping of the three prospects on the 3D was undertaken. The 3D seismic interpretation led to an increase in the risk associated with certain elements of the prospects, which will now be subject to further reassessment.

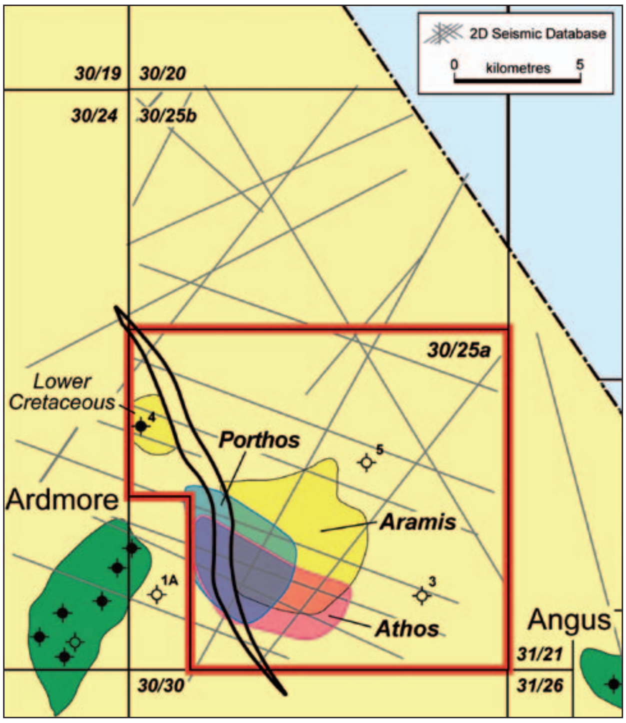


Figure 6: Map of Block 30/25a, existing wells, seismic lines and surrounding fields

Gulf of Mexico

High Island Project – HIA-268
(EXR – 30% WI)

Elixir Petroleum has participated in the High Island project since the discovery of the field through the drilling of the original exploration well in January 2007. The field is located offshore the Gulf of Mexico, approximately 65 kilometres south-east of Houston. The field was discovered through the drilling of a well in January 2007 which encountered hydrocarbons in two reservoir horizons comprising the primary objectives for the well. A field development plan was approved by the joint venture and implemented immediately following the initial discovery, which saw the drilling of a second successful development well in July 2007 and the installation of a simple unmanned tripod platform and export pipeline tied back to a third party owned processing facility during Q3, 2007. Following commissioning, production commenced from the two wells in September 2007.

Over the course of the last five years the High Island wells have continued to produce from the deeper of the two reservoirs encountered in each well. As reservoir pressure has depleted through production, it has become necessary to utilise the gas production from Well #2 to lift the oil production from Well #1.

Each well remains capable of being recompleted on the shallower horizons which were penetrated and logged during the drilling of each well. As the new zones will be at virgin reservoir pressure, it is expected that the field will again be capable of exporting directly to sales without relying on export compression.

The intention of the joint venture has been for some time now to recomplete the two wells, however to receive the approval of the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) to allow the temporary abandonment of the currently producing oil zone, the zone must be producing less than 50 barrels of oil per day. Although steadily declining, the oil production rate from Well #1 was in excess of this threshold amount throughout most of the reporting period.

An acid stimulation operation undertaken on Well #1 in May 2012 saw production lift to over 100 barrels of oil per day, although the rate has now stabilised at around 50 barrels of oil per day. The opportunity was taken at the time of the acid stimulation treatment to obtain bottom hole pressure readings and to undertake a radial flow study to investigate the area of reservoir contribution to the well's performance.

With natural gas prices in the US having firmed recently, it remains the Company's objective to seek the agreement of its joint venture partners to undertake recomplete Wells #1 and #2 to produce from shallower gas horizons to extend the life of the High Island field.

In total, the field produced 177 mmscf of gas and 17,356 barrels of condensate during the reporting period. The field has delivered cumulatively 5.4 Bcf of gas and 93,926 barrels of condensate from the date of first production to the end of the reporting period (100% project basis).

Pompano – Brazos Block 446-L
(EXR – 25% WI)

The Pompano field is located in shallow waters some 11km offshore from the Texas coastline. In early 2008, two development wells were drilled and tied into production using existing caissons, flowlines and a processing platform within the field. In the period to 30 June 2012 the field had produced cumulatively 6.33 Bcf of gas and 6,439 barrels of condensate.

In August 2011 the operator initiated workover activities on the two production wells to attempt to re-establish production. Elixir elected not to participate in these activities. Ultimately the workovers were unsuccessful in re-establishing continuous production from the field. The remaining partners in the field cyclically produced small volumes of gas from the field until April 2012 at which point the wells were permanently shut-in. As a result of this, the two leases associated with the project were relinquished in June 2012.

Elixir retains an obligation to participate in the abandonment of the existing Pompano platform and wells, for which a fully funded abandonment bond is in place. Elixir is currently in the process of exiting from this project.

New Ventures

During the year the Company has been active in evaluating new asset and corporate opportunities to expand Elixir's current portfolio of interests. This has seen reviews undertaken of approximately 30 new projects located in various jurisdictions which have been judged to sit within our stated strategic goals.

Corporate

Following the Annual General Meeting in November 2011 and the retirement of Mr Jon Stewart as Chairman, Mr Alan Watson was appointed Non-executive Chairman of the company. In August 2012 we also welcomed Mr Mark O'Clery to the Board as an Independent Non-Executive Director.

The Company undertook two fundraisings in the reporting period. In October 2011 the Company raised $1.13 million via a placement of new shares principally to existing shareholders. Then in February 2012, the Company announced a placement and underwritten entitlement issue which raised $3.32 million in new funds. As a result of the second raising, the Company welcomed New Standard Energy Limited (ASX:NSE) as the largest shareholder on the register.

The Company also implemented an unmarketable parcel programme to afford small shareholders the opportunity to either increase their interest in the Company above a minimum level or to dispose of their interests in the Company without incurring any brokerage costs or other fees. This resulted in the sale of 2.48 million shares (1.14% of total issued share capital) being sold on behalf of small holders.

Elixir's Petroleum Interests

France

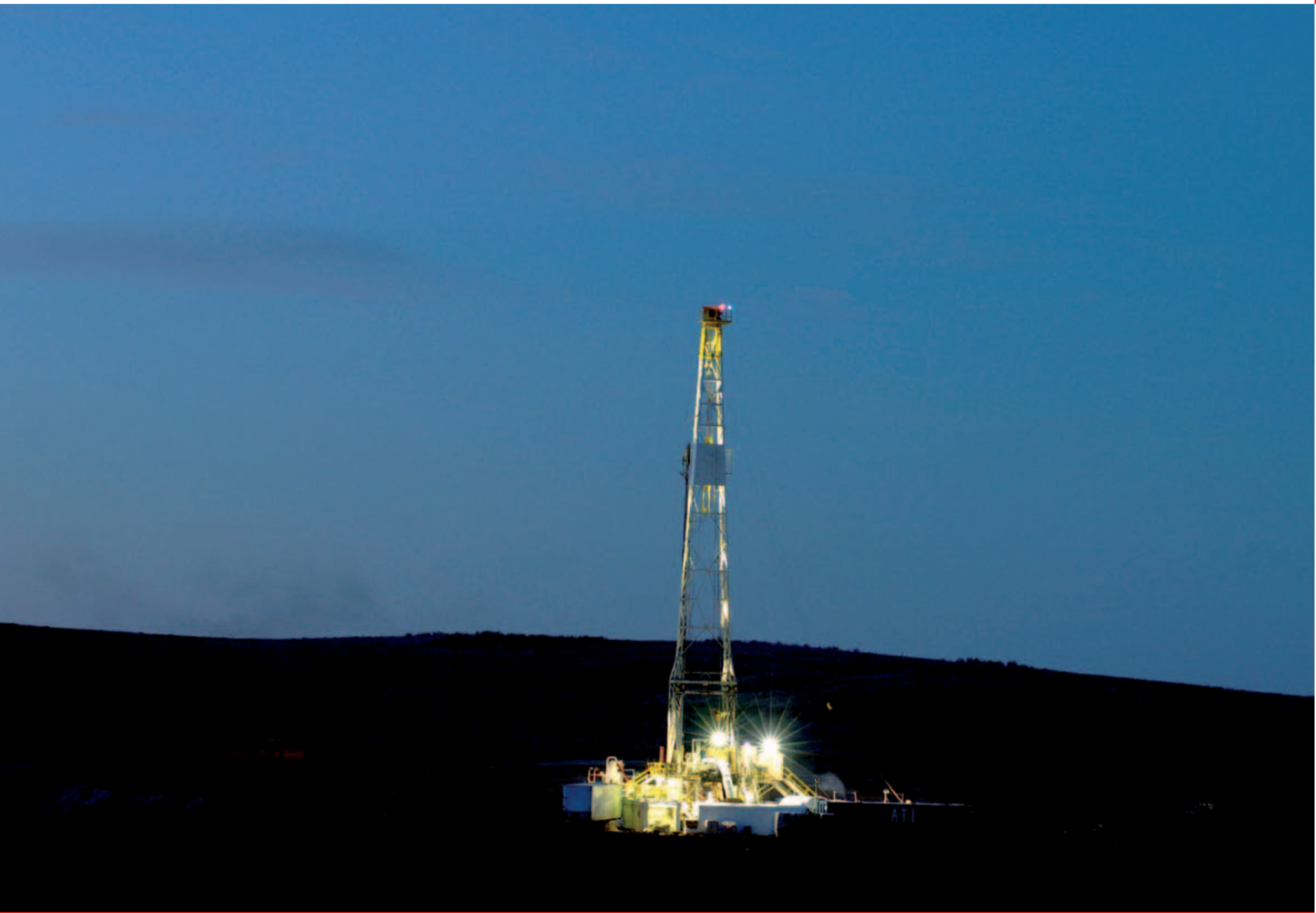
Name	Location	Working Interest	Area (km^2)	Grant Date
Moselle Permit	Saar-Lorraine Basin, NE France	100%	5,360	16 Dec 2008

Gulf of Mexico

Name	Lease	Working Interest	Area (km^2)	Grant Date
High Island	High Island Block A-268	30%	23	01 Dec 2000

UK North Sea

Name	Licence	Block	Interest	Area (km^2)	Licensing Round	Licence Type	Grant Date
Dumas	P1882	30/25a	100.0%	50	26th	Promote	10 Jan 11
Tiger	P1602	211/12b	100.0%	50	25th	Traditional	12 Feb 09
Inner Moray Firth	P1921	12/18 and 19c	100.0%		26th	Promote	22 Jun 12



The Directors present their report on the consolidated entity consisting of Elixir Petroleum Limited ("Company" or "Elixir") and the entities it controlled during the financial year ended 30 June 2012 ("Consolidated Entity" or "Group").

Directors

The names of the Directors of the Company in office during the financial year and at the date of this report are:

Mr Alan Watson *(appointed as Non-Executive Director on 5 October 2011)*
(appointed as Non-Executive Chairman on 29 November 2011)
Mr Andrew Ross
Mr Michael Price
Dr John Robertson
Mr Mark O'Clery *(appointed 14 August 2012)*
Mr Jonathan Stewart *(resigned 29 November 2011)*
Mr Iain Knott *(resigned 22 July 2011)*

Other than as stated above, each director held office from 1 July 2011 until the date of this report.

Principal Activities

Elixir is an upstream oil and gas exploration and production parent entity whose primary purpose is to secure, find, develop, produce and sell hydrocarbons. These activities are undertaken either solely or via unincorporated joint venture arrangements. There was no significant change in the nature of these activities during the year.

Summary Financial and Operating Review

Operating Results

For the financial year ended 30 June 2012, the Consolidated Entity recorded a net loss after tax of $2,650,931 (2011: $3,363,441) after charging as expenses, amortisation costs of $91,401 (2011: $461,089), exploration and evaluation costs of $144,814 (2011: $1,164,337) and impairment of oil and gas properties of $1,594,188 (2011: $1,150,688).

Corporate and Financial

The Consolidated Entity had no financing debt during the reporting period. At 30 June 2012, the Consolidated Entity held cash totalling $3,486,500 (2011: $1,320,069).

In October 2011, the Company received commitments to place 28,300,000 new shares at $0.04 per share, to raise $1,132,000 (before costs). The placement was completed under Elixir's 15% placement capacity predominantly to existing Elixir shareholders. The Placement did not require shareholder approval.

In March 2012 the Company received commitments to place 6,400,000 new shares at $0.0625 per share, to raise $400,000 (before costs). The placement was completed under Elixir's 15% placement capacity to New Standard Energy Limited (ASX:NSE) ("NSE"). The Placement did not require shareholder approval. In conjunction with the placement, the Company also offered a fully underwritten non-renounceable entitlement issue to eligible shareholders to subscribe for one (1) share for every six (6) shares held at 5:00pm (AEDT) on Tuesday, 13 March 2012 at an issue price of $0.05 per new share. The total funds raised from the entitlements issue was $1,707,305 (before costs). The entitlements issue was underwritten by NSE at no cost to the Company. NSE was also offered a right to 'top-up' its interest in the Company to a maximum shareholding interest of 15%. NSE exercised this right by subscribing for an additional 19,416,049 ordinary shares at $0.0625 per share raising $1,213,503.

The Company was debt free in the reporting period.

Summary Review of Operations

During the year ended 30 June 2012, the Group produced oil and gas from the High Island project located in the US Gulf of Mexico. Gross production from the projects in that period totalled 17,356 barrels of oil (2011: 30,002 barrels) and 176.7 mmscf of gas (2011: 641.6 mmscf). The net production volume attributable to the Group generated $427,901 of net sales revenue for the period (2011: $1,119,865).

The Group conducted exploration activities in respect of licences located offshore in the UK North Sea and onshore in the Saar-Lorraine Basin, located in North-eastern France. Significant progress was made in the year with respect to the Moselle Permit. Extensive technical studies and the reprocessing and reinterpretation of 2D seismic data resulted in a number of conventional oil and gas prospects and leads being defined within the permit. A farmout process was undertaken in the period with respect to the unconventional hydrocarbon potential within the permit area, however no acceptable bids have been received by the Company to date. A farmout process in respect of the conventional prospectively within the Moselle Permit is expected to be initiated in Q4 2012.

Significant changes in state of affairs

Other than those events noted above, there were no other significant changes in the state of affairs of the Group during the year that requires separate disclosure.

Directors

Mr Alan Watson – Non-Executive Chairman
(appointed Non-Executive Director on 5 October 2011)
(appointed Non- Executive Chairman on 29 November 2011)
Qualifications: B.Sc (Hons.)
Board Committees: Chair of Nomination Committee and member of Remuneration and Audit Committees

Mr Watson is a former investment banking executive with 30 years experience in global equity markets. Mr Watson has established, directed and been responsible for the conduct of securities businesses in both Europe and Asia and has advised many companies on capital structuring, initial public offerings, takeovers and mergers, investment relations strategies and regulatory obligations.

Other current directorships of Australian listed public companies:
Aurora Oil & Gas Limited

Former directorships of Australian listed public companies in last three years:
Nil

Interests in shares and options over shares in Group companies at the date of this report:
Nil

Mr Andrew Ross – Managing Director
Qualifications: LLB, B.Com, GAICD
Board Committees: Member of Nomination Committee

Mr Ross was appointed Managing Director of the Company on 12 November 2007 following the successful completion of the merger between Elixir and Gawler Resources Limited. From 2003 to 2007, Mr. Ross was Managing Director and co-founder of the privately owned oil and gas group, Cape Energy. Prior to establishing Cape, Mr. Ross spent several years as a Director - Corporate Finance of a private merchant banking group based in London where he worked on a range of M&A transactions, public listings and fundraisings for clients in the upstream oil and gas industry as well as other industry sectors. Mr. Ross also acted as In-house Counsel for Sibir Energy Plc, working in the UK and Russia.

Mr Ross is a qualified lawyer as well as holding a Bachelor of Commerce. Mr. Ross is a graduate of the Australian Institute of Company Directors and a member of the Society of Petroleum Engineers.

Other current directorships of Australian listed public companies:
Nil.

Former directorships of Australian listed public companies in last three years:
Nil.

Interests in shares and options over shares in Group companies at the date of this report:
680,001 fully paid ordinary shares and 1,250,000 share options.

Mr Michael Price – Non-Executive Director
Qualifications: BEcon, MBA, Grad Dip Appl Finance & Invest, FAICD
Board Committees: Chair of Audit and Member of Remuneration Committee

Mr Price has broad commercial experience resulting from an extensive career in the finance sector with responsibility for business and risk portfolios. Mr Price was the Chief Operating Officer for one of Australia's largest property funds management businesses prior to its sale in 2005 and is currently the Chief Operating Officer for an Investment Bank with operations in Australia and Asia.

Mr Price holds a Bachelor of Economics and a MBA (UWA), Graduate Diploma in Applied Finance & Investment from the Financial Services Institute of Australasia and is a Fellow of the Australian Institute of Company Directors.

Other current directorships of Australian listed public companies:
Nil

Former directorships of Australian listed public companies in last three years:
Eureka Energy Limited

Interests in shares and options over shares in Group companies at the date of this report:
466,668 fully paid ordinary shares

Dr John Robertson – Non-Executive Director
Qualifications: BSc (Hons), PhD
Board Committees: Chair of Remuneration and Member of Audit and Nomination Committees

Dr. Robertson was appointed as a Non-Executive Director in May 2006, and held the position of Non-Executive Chairman until November 2007. He has a wealth of experience in the finance and oil and gas industries. Dr. Robertson joined the corporate banking department of Schroder's, a London merchant bank, in 1970 before working in corporate finance at Cannon Street Investments. Subsequently, he accrued over 14 years experience in senior management positions in Canada, the US and the UK with Ultramar, a leading UK independent oil company. He returned to the UK in early 1990's and became a director of corporate finance at Durlacher. From 1995 to June 2005 Dr. Robertson was a director of Nabarro Wells, a London-based independent corporate advisory firm where he provided capital raising and corporate advice to private and quoted companies, particularly in the oil and gas and mining sectors.

Dr. Robertson holds a Bachelor of Science (Eng.) (Hons) and a PhD in Engineering.

Other current directorships of Australian listed public companies:
Nil

Former directorships of Australian listed public companies in last three years:
Bonaparte Diamond Mines NL.

Interests in shares and options over shares in Group companies at the date of this report:
425,000 fully paid ordinary shares.

Mr Mark O'Clery – Non-Executive Director
(appointed 14 August 2012)
Qualifications: B.Sc (Hons.)

Mr O'Clery is a Petroleum Geologist with over 24 years of experience in the international, upstream oil and gas business. During his career Mr. O'Clery has held senior technical, commercial, operational and managerial roles with a number of larger international petroleum companies, including Western Mining Corporation, British Gas Plc, Ampolex Limited, Mobil Corporation and OMV AG. Over the past 10 years, Mr O'Clery has been involved in the management of a number of public and private oil and gas, exploration and production companies, and is currently a technical advisor to Alcoa Australia and APA Group. Mark has broad technical and commercial experience which spans a variety of jurisdictions, including Australia, New Zealand, Indonesia, the USA, the UK and a number of East and West African Countries.

Other current directorships of Australian listed public companies:
Nil

Former directorships of Australian listed public companies in last three years:
Nil

Interests in shares and options over shares in Group companies at the date of this report:
Nil

Company Secretaries

Mr Keith Bowker
(appointed 9 July 2012)
Qualifications – BCom, CA

Mr Bowker is a qualified Chartered Accountant and is a founding Director of Somerville Corporate, a corporate advisory firm that specialises in providing financial reporting and company secretarial services.

Ms Julie Foster
(resigned 9 July 2012)
Qualifications – BA(Hons), ACA (ICAEW), ACIS

Ms Foster has a degree in Accounting and Finance and is a Chartered Accountant (UK) and an associate member of Chartered Secretaries Australia.

Meetings of Directors

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2012, and the number of meetings attended by each director.

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Alan Watson	4	4	-	-	2	2
Mr. Andrew Ross	6	6	2	2	-	-
Mr. Michael Price	6	6	2	2	2	2
Dr. John Robertson	6	6	2	2	2	2
Mr. Mark O'Clery(1)	-	-	-	-	-	-
Mr. Jonathan Stewart(2)	2	2	1	1	-	-
Mr. Iain Knott (3)	1	1	-	-	-	-

(1) Appointed a non-executive director 14 August 2012.
(2) Resigned as non-executive director 29 November 2011.
(3) Resigned as executive director 22 July 2011.

Share options

At the date of this report the following unlisted options have been granted over unissued capital.

Grant Date*	Year Ended 30 June 2012		Year Ended 30 June 2011		Expiry
	Number	Exercise Price	Number	Exercise Price	
26-Jun-08	-	-	3,250,000	A$0.30	31-Mar-12
26-Jun-08	2,000,000	A$0.35	2,750,000	A$0.35	31-Mar-13
Total	2,000,000		6,000,000		

* In accordance with applicable AASB 2, the deemed grant date disclosed above is the date of shareholder approval for the grant of these options under the Elixir Employee Share Option Plan, rather than the actual dates of Offer and Acceptance under the Plan.

No shares were issued in respect of options that were exercised during the year ended 30 June 2012 (2011: nil). The options that expired during the year ended 30 June 2012 had of value of A$437,900 at the expiry date (2011:$437,900).

Remuneration Report (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'key management personnel' encompasses the chief executive, senior executives and asset managers of the Parent and the Group.

Details of key management personnel
(i) Directors

Alan Watson	Non-Executive Chairman (appointed as Non-Executive Director on 5 October 2011) (appointed as Non-Executive Chairman on 29 November 2011)
Andrew Ross	Managing Director
Michael Price	Non-Executive Director
John Robertson	Non-Executive Director
Mark O'Clery	Non-Executive Director (appointed 14 August 2012)
Jonathan Stewart	Non-Executive Chairman (resigned 29 November 2011)
Iain Knott(1)	Executive Director, Exploration (resigned 22 July 2011)

(ii) Key Management Personnel

John Anderson	Senior Geoscientist

(1) *Mr Knott was retained as an employee and considered to be key management personnel.*

Remuneration committee

The remuneration committee of the board of directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and key management personnel. The remuneration committee assesses the appropriateness of the nature and amount of remuneration of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing directors and key management personnel team.

Remuneration philosophy

The performance of the Company, among other things, depends upon the quality of its management. To prosper, the Company must attract, motivate and retain highly skilled directors and key management personnel. To this end, the charter adopted by the remuneration committee aims to align rewards with achievement of strategic objectives. The remuneration framework applied provides for a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate.

No remuneration consultants were retained during the financial year.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and key management personnel remuneration is separate and distinct.

Non-Executive Directors

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a general meeting. At the Company's Annual General Meeting held on the 29 November 2011, the shareholders of the Company approved that the aggregate amount of director fees payable to non-executive directors of the Company be set at $500,000 per annum in total.

The Consolidated Entity's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However to align directors' interests with shareholders' interests, directors are encouraged to hold shares in the Company. Non-executive directors are eligible to participate in the Elixir Employee Share Option Plan.

Retirement benefits and allowances

No retirement benefits or allowances are paid or payable to directors of the Company (other than statutory or mandatory superannuation contributions, where applicable).

Key Management Personnel

Base pay

Key management personnel are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior key management personnel is reviewed annually to ensure market competitiveness. There is no guaranteed base pay increases included in any senior key management personnel contracts.

Short term incentives

Payment of short term incentives is at the sole and absolute discretion of the remuneration committee. The remuneration committee assess the achievement of key performance milestones as determined by the remuneration committee to determine bonus payments. These milestones require performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods.

Short-term bonus payments may be adjusted up or down in line with under or over achievement relative to target performance levels at the discretion of the remuneration committee. For the year ended 30 June 2012 short term bonus payments to key management personnel of the Group of $20,000 (2011: $30,000) were paid as follows:

	Performance related cash bonus					
	Grant date	Contractual performance bonus $	Discretionary performance bonus $	Total $	Paid	Forfeited
Executive directors						
Andrew Ross	May 12	-	20,000	20,000	100%	-
John Anderson	May 12	-	15,352	15,352	100%	

The discretionary bonus paid during the financial year ended 30 June 2012 to Messrs' Ross and Anderson related previously agreed KPI's, including the achievement of an independent resource certification for the Moselle Permit in France.

There have been no forfeitures of bonuses by key management personnel during the current or prior periods and no cash bonuses remained unvested at year end.

Long term Incentive - Share-based compensation

Options over shares in the Company are granted under the Elixir Employee Share Option Plan ("ESOP") which was approved by shareholders at a general meeting on 26 June 2008. The ESOP is designed to provide long-term incentives for the Company's directors, employees and consultants to deliver long-term shareholder returns. Under the ESOP, participants are granted options subject to vesting conditions set by the Board. The terms may be related to periods of service or achievement of certain performance standards. Participation in the ESOP is at the board's discretion and no individual has a contractual right to participate in the ESOP or to receive any guaranteed benefits.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date*	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
26-Jun-08	31-Mar-10	31-Mar-13	$0.350	$0.1202

* *In accordance with applicable accounting standards, the deemed grant date above is the date upon which shareholders approved the grant of the relevant options, not the actual date of offer, acceptance or the record date.*

Options granted under the ESOP carry no dividend or voting rights.

The ESOP rules at present contain no restriction on participants entering into transactions to remove the "at risk" aspect of the unvested equity instruments granted to them. The board of directors resolved that future issues of options by the Consolidated Entity under an employee share option plan will be structured to prevent the removal of the at risk component of the options without the approval of the board.

Details of options over ordinary shares in the Company provided as remuneration to each director and each of the key management personnel of the Consolidated Entity are set out below. When exercisable, each option is convertible into one ordinary share of the Company. Further information on the options is set out in notes 18 and 23 of the Financial Statements.

Group performance

At present, remuneration for key management personnel is not directly linked to common financial measures of the Consolidated Entity's performance such as share price, earnings per share or dividends.

The table set out below shows various commonly used measures of performance for the 2008 to 2012 financial years:

	Year ended 30 June				
	2008	**2009**	**2010**	**2011**	**2012**
	$	**$**	**$**	**$**	**$**
Revenues and finance income	9,288,970	5,885,942	2,795,261	1,163,371	436,734
(Loss) after tax	(6,414,503)	(27,349,136)	(5,695,287)	(3,363,441)	(2,650,931)
Share price at start of year	0.27	0.26	0.05	0.05	0.05
Share price at end of year	0.26	0.05	0.05	0.05	0.05
Change	(0.01)	(0.21)	(0.00)	(0.00)	(0.00)
Loss per share	(0.05)	(0.15)	(0.03)	(0.02)	(0.01)
Total Shareholder Return (TSR) [(i)]	(0.06)	(0.36)	(0.03)	(0.02)	(0.01)

[(i)] *Defined as the net change in share price (opening share price less the closing share price for the year), plus the loss per share for the year.*

Service agreements

Remuneration and other terms of employment for Mr. Iain Knott are formalised in a contract of employment, the material terms of which are as follows:

- Term of agreement – indefinite.
- Base salary, inclusive of health insurance for the year ended 30 June 2012 of £150,000, to be reviewed annually by the Board.
- Notice period or termination benefit in lieu of notice, other than for gross misconduct, equal to three months' salary and superannuation.

Remuneration and other terms of employment for Mr Andrew Ross are formalised in a contract of employment, the material terms of which are as follows:

- Term of agreement – indefinite
- Base salary, inclusive of superannuation for the year ended 30 June 2012 of $275,000, to be review annually by the Board.
- Notice period or termination benefit in lieu of notice, other than for gross misconduct, equal to three months salary and superannuation.

Remuneration and other terms of employment for Mr John Anderson are formalised in a contract of employment, the material terms of which are as follows:

- Term of agreement – indefinite.
- Base salary, inclusive of health insurance for the year ended 30 June 2012 of £120,000, and a 10% pension contribution, to be reviewed annually by the Board.
- Notice period or termination benefit in lieu of notice, other than for gross misconduct, equal to three months salary and pension contribution.

Remuneration and other terms of agreement with other named executives are not formalised in service agreements.

Remuneration of key management personnel and the five highest paid executives of the Company and Consolidated Entity

2012	Short-term benefits				Post-employment benefits		Share-based payment		
	Cash salary and fees $	Cash payment $	Non-monetary benefits $	Other [5] $	Super-annuation[6] $	Retirement benefits $	Options $	Total $	Performance-related %
Non-executive directors									
John Robertson	50,000	-	-	-	-	-	-	50,000	-
Michael Price	45,872	-	-	-	4,128	-	-	50,000	-
Jonathan Stewart [1]	33,024	-	-	-	-	-	-	33,024	-
Alan Watson [2]	30,519	-	-	-	2,747	-	-	33,266	-
Mark O'Clery [3]	-	-	-	-	-	-	-	-	-
Sub-total non-executive directors	**159,415**	**-**	**-**	**-**	**6,875**	**-**	**-**	**166,290**	-
Executive directors									
Andrew Ross	252,294	20,000	-	-	22,707	-	-	295,001	7%
Iain Knott[4]	257,170	-	-	-	-	-	-	257,170	-
Sub-total executive directors	**509,464**	**20,000**	**-**	**-**	**22,707**	**-**	**-**	**552,171**	**-**
Key Management Personnel									
John Anderson	219,384	15,352	-	-	18,457	-	-	253,193	6%
Sub-total other executives	**219,384**	**15,352**	**-**	**-**	**18,457**	**-**	**-**	**253,193**	**-**
Total Key Management Personnel	**888,263**	**35,352**	**-**	**-**	**48,039**	**-**	**-**	**971,654**	**4%**

(1) *Mr. Stewart resigned as a non-executive director on 29 November 2011.*

(2) *Mr. Watson was appointed a non-executive director on 5 October 2011 and appointed as non-executive chairman on 29 November 2011.*

(3) *Mr. O'Clery was appointed a non-executive director on 14 August 2012.*

(4) *Mr. Knott resigned as an executive director on 22 July 2011, retained as executive employee and considered to be a key management personnel.*

(5) *"Other" short term benefits include current year movements in leave and termination benefits.*

(6) *Includes pension scheme contributions for UK based executives.*

2011	Short-term benefits				Post-employment benefits		Share-based payment		
	Cash salary and fees	Cash payment	Non-monetary benefits	Other (3)	Super-annua-tion(4)	Retirement benefits	Options	Total	Perfor-mance-related
	$	$	$	$	$	$	$	$	%
Non-executive directors									
John Robertson	50,000	-	-	-	-	-	-	50,000	-
Michael Price(1)	21,456	-	-	-	1,931	-	-	23,387	-
Jonathan Stewart*	80,000	-	-	-	-	-	-	80,000	-
Sub-total non-executive directors	**151,456**	**-**	**-**	**-**	**1,931**	**-**	**-**	**153,387**	-
Executive directors									
Andrew Ross	215,995	30,000	-	-	19,440	-	-	265,435	11%
Iain Knott	266,003	-	-	-	-	-	-	266,003	-
Sub-total executive directors	**481,998**	**30,000**	**-**	**-**	**19,440**	**-**	**-**	**531,438**	**-**
Other Executives									
John Anderson(2)	99,885	-	-	-	8,864	-	-	108,749	-
Sub-total other executives	**99,885**	**-**	**-**	**-**	**8,864**	**-**	**-**	**108,749**	**-**
Total Key Management Personnel	**733,339**	**30,000**	**-**	**-**	**30,235**	**-**	**-**	**793,574**	**-**

(1) *Mr. Price was appointed non-executive director on 13 January 2011.*
(2) *Mr. Anderson was appointed an executive on 17 January 2011.*
(3) *Includes pension scheme contributions for UK based executives.*
(4) *"Other" short term benefits include current year movements in leave and termination benefits.*
* *Mr. Stewart held an executive position for the year ended 30 June 2010. Subsequent to year end Mr. Stewart assumed the position of non-executive chairman.*

Compensation options: granted and vested during the year

No compensation options were granted during the financial reporting period ended 30 June 2012 (2011: Nil).

Options granted as part of remuneration

No share options were granted during the financial reporting period ended 30 June 2012 (2011: Nil).

Adoption of remuneration report by shareholders

The adoption of the remuneration report for the financial year ended 30 June 2011 was put to shareholders of the Company at the Annual General Meeting (AGM) held on 29 November 2011. The resolution was passed by a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

- This is the end of the audited remuneration report -

Dividends

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2012 (2011: Nil).

Matters subsequent to the end of the financial year

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

(a) On 9 July 2012, the Company appointed Keith Bowker as Company Secretary following the resignation of Julie Foster. On the same day, the Company also changed its principal place of business, registered office address and contact details.
(b) On the 14 August 2012, the Company appointed Mark O'Clery as an independent non-executive director.

Other than as disclosed above, no events have occurred since 30 June 2012 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

Likely developments

Due to the nature of the Consolidated Entity's business activities, the directors are not able to state:

- likely developments in the entities' operations; or
- the expected results of these operations,

as to do so would result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity's operations are subject to significant environmental regulation in relation to discharge of hazardous waste and materials arising from any activities and development conducted by the Company in the countries in which it operates. The Consolidated Entity has a policy of exceeding or at least complying with its environmental performance obligations. During the financial year, the Consolidated Entity was not aware of any material breach of any particular or significant Commonwealth, State, Territory or any other particular regulation in respect to environmental management.

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial period. The directors will reassess this position as and when the need arises.

Loans to Directors

No loans were provided to the directors or to any of their associates.

Indemnification and insurance of Officers and Auditors

During the year, the Company paid a premium in respect of a contract insuring the directors of Elixir and the Company Secretary, Ms Julie Foster (resigned 9 July 2012) and Mr Keith Bowker (appointed 9 July 2012), against liabilities incurred as such a director or officer of the Company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the insured liabilities and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied for leave of the court under section 5237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or to intervene in any proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Consolidated Entity was not a party to any such proceedings during the year.

Non-audit services

No non-audit services were provided by the Consolidated Entity's auditors during the year (or by any other person or firm on the auditors' behalf) and accordingly the directors are satisfied that the auditor has complied with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

The Auditor's independence declaration is included on page 25 of the financial report.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

Andrew Ross

Managing Director
Perth, Western Australia

28 September 2012

Auditor's Independence Declaration

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

28 September 2012

The Board of Directors
Elixir Petroleum Limited
Level 1, 89 St Georges Terrace
PERTH WA 6000

Dear Sirs,

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

As lead auditor of Elixir Petroleum Limited for the year ended 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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 REPORT
TO THE MEMBERS OF ELIXIR PETROLEUM LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Elixir Petroleum Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1 (a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Elixir Petroleum Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the period ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 (a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Elixir Petroleum Limited for the Period ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll
Director

Perth, Western Australia
Dated this 28th day of September 2012

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In the Directors' opinion:

(a) the financial statements and accompanying notes set out on pages 29 to 70, are in accordance with the Corporations Act 2001, including:

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

 (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) the financial statements and accompanying notes are presented in compliance with IFRS and interpretations adopted by the International Accounting Standards Board.

(d) the remuneration disclosures set out in the Directors' report (as part of the audited remuneration report) for the year ended 30 June 2012 comply with section 300A of the *Corporations Act 2001; and*

(e) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Andrew Ross

Andrew Ross

Managing Director
Perth, Western Australia

28 September 2012

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue from oil and gas sales	(4)	**427,901**	1,119,865
Other income	(4)	**8,832**	43,506
Total Income		**436,733**	1,163,371
Operating and production costs		**(576,757)**	(587,887)
General and administrative costs	(5)	**(670,195)**	(890,173)
Foreign exchange gain/(loss)	(6)	**2,313**	(250,841)
Depreciation, depletion and amortisation expense	(5)	**(104,023)**	(482,886)
Exploration, evaluation and development costs expensed	(5)	**(144,814)**	(1,164,337)
Impairment expense	(5)	**(1,594,188)**	(1,150,688)
Loss before income tax		**(2,650,931)**	**(3,363,441)**
Income tax expense	(7)	**-**	-
Net loss attributable to owners of the Company for the year		**(2,650,931)**	(3,363,441)
Other comprehensive income/(loss)			
Foreign currency translation differences		**27,699**	(890,592)
Other comprehensive income/(loss) for the year		**27,699**	**(890,592)**
Total comprehensive income/(loss) for the year attributable to owners of Elixir Petroleum Limited		**(2,623,232)**	**(4,254,033)**
(Loss) per share			
Basic and diluted (loss) per share (cents per share)	(8)	**(1.18)**	(1.78)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2012

	Note	Consolidated 2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	(9)	**3,486,500**	1,320,069
Trade and other receivables	(10)	**369,155**	784,633
Total current assets		**3,855,655**	2,104,702
Non-current assets			
Receivables	(11)	**577,198**	553,451
Oil and gas properties	(12)	**272,386**	1,712,167
Other plant and equipment	(13)	**23,435**	17,179
Deferred exploration and evaluation expenditure	(14)	**3,233,980**	1,769,126
Total non-current assets		**4,106,999**	4,051,923
Total assets		**7,962,654**	6,156,625
Liabilities			
Current liabilities			
Trade and other payables	(15)	**525,235**	402,084
Provisions	(16)	**55,099**	307,209
Total current liabilities		**580,334**	709,293
Non-current liabilities			
Provisions	(16)	**1,356,354**	1,126,344
Total non-current liabilities		**1,356,354**	1,126,344
Total liabilities		**1,936,688**	1,835,637
Net Assets		**6,025,966**	4,320,988
Equity			
Contributed equity	(17)	**64,972,576**	60,644,366
Reserves	(18)	**1,096,053**	1,699,254
Accumulated losses	(18)	**(60,042,663)**	(58,022,632)
Total equity		**6,025,966**	4,320,988

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Share Capital $	Option Premium Reserve $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Consolidated						
Balance as at 1 July 2010	60,644,366	1,773,184	871,300	(54,638)	(54,659,191)	8,575,021
(Loss) for the year	-	-	-	-	(3,363,441)	(3,363,441)
Exchange differences on translation of foreign operations	-	-	-	(890,592)	-	(890,592)
Total comprehensive income/ (loss) for the year	-	-	-	(890,592)	(3,363,441)	(4,254,033)
Balance as at 30 June 2011	**60,644,366**	**1,773,184**	**871,300**	**(945,230)**	**(58,022,632)**	**4,320,988**
(Loss) for the year	-	-	-	-	(2,650,931)	(2,650,931)
Exchange differences on translation of foreign operations	-	-	-	27,699	-	27,699
Total comprehensive income/ (loss) for the year	-	-	-	27,699	(2,650,931)	(2,623,232)
Issue of ordinary shares	4,452,809	-	-	-	-	4,452,809
Share issue costs	(124,599)	-	-	-	-	(124,599)
Lapse of options	-	-	(630,900)	-	630,900	-
Transactions with owners, in their capacity as owners	-	-	-	-	-	-
Balance as at 30 June 2012	**64,972,576**	**1,773,184**	**240,400**	**(917,531)**	**(60,042,663)**	**6,025,966**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Note	Consolidated 2012 $	2011 $
Cash flows from operating activities			
Receipts from sales		**697,808**	1,362,350
Payments to suppliers and employees		**(1,953,309)**	(2,617,753)
Net cash (outflow) from operating activities	(22)	**(1,255,501)**	(1,255,403)
Cash flows from investing activities			
Payments for capitalised oil & gas properties		**543,376**	(607,900)
Payments for capitalised exploration, evaluation and development		**(1,441,921)**	(1,704,381)
Payment for property, plant & equipment		**(18,878)**	(3,745)
Interest received		**8,832**	58,024
Net cash (outflow) from investing activities		**(908,591)**	(2,258,002)
Cash flows from financing activities			
Proceeds from issues of shares		**4,452,809**	-
Payments for share issue costs		**(124,599)**	-
Net cash (outflow)/inflow from financing activities		**4,328,210**	-
Increase/(decrease) in cash and cash equivalents		**2,164,118**	(3,513,405)
Cash and cash equivalents at 1 July		**1,320,069**	5,084,315
Effect of change in exchange rates		**2,313**	(250,841)
Cash and cash equivalents at 30 June	(9)	**3,486,500**	1,320,069

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The financial report consists of consolidated financial statements for Elixir Petroleum Limited and its subsidiaries (“Group” or “Consolidated Entity”).

Elixir Petroleum Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Going concern
The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

Compliance with International Financial Reporting Standards
The consolidated financial statements comply with International Financial Reporting Standards (AIFRS) as adopted in Australia. Compliance with these standards ensures that the financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention. Expenditure is initially recognised at cost and revalued to fair value when required to do so by the application of Australian Accounting Standards.

Critical accounting estimates and significant judgements
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of Elixir Petroleum Limited and its subsidiaries as at 30 June 2012 and the financial performance of the Company and its subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the assets transferred.

1. Summary of significant accounting policies (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the Company.

(ii) Joint ventures
Jointly controlled assets
The Group's proportionate interests in the assets, liabilities and expenses of a joint venture activity are incorporated in the financial statements under the appropriate headings. Details of joint ventures are set out in note 23.

(c) Segment reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Board of Directors.

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 and production in France and oil and gas exploration and production in the United States of America (USA). The Group's management and administration office is located in Australia.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cashflows.

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Elixir's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at the reporting date.

Exchange differences are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Group companies
The results and financial position of all the Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position,
- income and liabilities for each statement of comprehensive income are translated at average exchange rates, and
- exchange differences arising on translation of intercompany payables and/or receivables of foreign operations, in a currency that is not the same as the parent's functional currency, are recognised in the foreign currency translation reserve, as a separate component of equity. These differences are only recognised in the Consolidated Statement of Comprehensive Income upon disposal of the foreign operations.

1. Summary of significant accounting policies (continued)

(e) Revenue recognition

(i) Sale of goods
Revenue from the sale of goods and disposal of other assets is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

(ii) Other revenue
Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Service income
Revenue from the provision of services is recognised when the Consolidated Entity has a legally enforceable right to receive payment for services rendered.

(f) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income / (loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax base of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that have been previously impaired are reviewed for possible reversal of the impairment at each reporting date.

1. Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less.

(i) Financial assets

Classification
The Group classifies its financial assets in the following categories: financial assets 'at fair value through the Consolidated Statement of Comprehensive Income', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

(i) Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(ii) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(iii) Held-to-maturity investments
Bills of exchange and debentures are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Recognition and de-recognition
Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the Consolidated Statement of Comprehensive Income. Financial assets carried at fair value through the Consolidated Statement of Comprehensive Income are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from sale of investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost less impairment using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through the Consolidated Statement of Comprehensive Income are subsequently carried at fair value. Any changes in fair value are recognised directly in other comprehensive income. No further impairment of the available for sale asset will be recognised.

Details on how the fair value of financial instruments is determined are disclosed in note 28.

1. Summary of significant accounting policies (continued)

Impairment
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Consolidated Statement of Comprehensive Income, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Property, plant and equipment (other than oil and gas properties)

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write down the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Fixtures and fittings	5 years
Plant and equipment	5 - 15 years

(k) Non-operator interests in oil and gas properties

Exploration & evaluation expenditure
The Consolidated Entity's accounting policy for expenditure on exploration and of evaluation is accounted for in accordance with the area of interest method.

This approach is strongly linked to the Group's oil and gas reserves determination and reporting process and is considered to most fairly reflect the results of the Group's exploration and evaluation activity because only assets with demonstrable value are carried on the statement of financial position.

Once a decision has been made to develop an oil or gas prospect, accumulated exploration and evaluation costs for that prospect are transferred from Deferred Exploration, Evaluation to Development Projects. Once production commences capitalised costs associated with the producing well are transferred to Oil and Gas Properties and are amortised or depreciated over the useful life of the asset.

This method allows the costs of discovery, evaluation and development of a prospect to be aggregated on the statement of financial position and matched against the benefits derived from production once this commences.

1. Summary of significant accounting policies (continued)

Costs
Exploration licence acquisition costs relating to greenfields oil and gas exploration provinces are expensed as incurred while the costs incurred in relation to established or recognised oil and gas exploration provinces are initially capitalised and then amortised over the shorter term of the licence or the expected life of the project.

All other exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are charged as expenses as incurred except where:

- the expenditure relates to an area of interest that, at reporting date, no assessment of the existence of economically recoverable reserves has been made; or
- where there exists an economically recoverable reserve and it is expected that the capitalised expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

Areas of interest are recognised at the field level. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are initially capitalised. Each area of interest is reviewed at least bi-annually to determine whether economic quantities of reserves exist or whether further exploration and evaluation work is required to support the continued carry forward of capitalised costs.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. To the extent it is considered that the relevant expenditure will not be recovered, it is immediately expensed.

Transfer to development projects
Upon a decision being made to commercially develop an area of interest, accumulated expenditure for the area of interest is transferred to Oil and Gas Properties and amortised or depreciated over the useful life of the project.

Producing projects
Exploration, evaluation and development costs are initially capitalised as deferred exploration, evaluation and development expenditure and upon commencement of commercial operations are transferred to Oil and Gas Properties. Operating costs of projects in commercial production are expensed as incurred.

Prepaid drilling and completion costs
Where the Group has a non-operator interest in an oil or gas property, it may periodically be required to make a cash contribution for its share of the operator's drilling and / or completion costs, in advance of these operations taking place.

Where these contributions relate to a prepayment for exploratory or early stage drilling activity, prior to a decision on the commerciality of a well having been made, the costs are capitalised as prepaid drilling costs within Deferred Exploration, Evaluation and Development Expenditure.

Where these contributions relate to a prepayment for well completion, these costs are capitalised as prepaid completion costs within Deferred Exploration, Evaluation and Development Expenditure.

As the operator notifies the Company as to how funds have been expended, the costs are reclassified from prepaid costs to the appropriate expenditure category.

Once a decision has been made to proceed with completion of a well, all costs are transferred from Exploration and Evaluation to Oil and Gas Properties, including any prepaid amounts.

1. Summary of significant accounting policies (continued)

Amortisation of producing projects
Upon commencement of production, the Consolidated Entity amortises the accumulated costs for the relevant area of interest over the life of the area according to the rate of depletion of the economically recoverable quantities of reserves. Estimates of recoverable reserve quantities include judgemental assumptions regarding commodity prices, exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Amortisation charged for the year to 30 June 2012 was $91,401 (2011: $461,089).

Future restoration costs
The Consolidated Entity's aim is to avoid or minimise environmental impacts resulting from its operations.

Work scope and cost estimates for restoration are reviewed annually and updated at least every three years.

Provision is made in the statement of financial position for restoration of operating locations. The estimated costs are capitalised as part of the cost of the related project where recognition occurs upon acquisition of an interest in the operating locations. The costs are then recognised as an expense on a units of production basis during the production phase of the project.

The costs are based on the latest estimated future costs, determined on a discounted basis, which are re-assessed regularly and exclude any allowance for potential changes in technology or material changes in legislative requirements.

The Group accounts for changes in cost estimates on a prospective basis.

(l) Trade and other payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. They are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

(m) Employee benefits

Provision is made for benefits accruing to employees in respect of employee entitlements when it is probable that settlement will be required and these benefits can be measured reliably.

Provisions made in respect of employee entitlements expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to the reporting date.

1. Summary of significant accounting policies (continued)

(n) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the obligation can be reliably estimated.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

An onerous contract is considered to exist where the Consolidated Entity has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

Provision for restoration and rehabilitation
Provision is made in the statement of financial position for restoration of operating locations. The estimated restoration and rehabilitation costs are initially recognised as part of the capitalised cost of the relevant project which gave rise to the future obligation. During the production phase of the project the capitalised restoration costs is amortised using the units of production method. Any actual costs incurred by the Consolidated Entity are allocated against the provision.

The provision for restoration and rehabilitation are based on the latest estimated future costs, determined on a discounted basis, which are re-assessed regularly and exclude any allowance for potential changes in technology or material changes in legislative requirements.

(o) Contributed equity

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognise directly in equity.

(p) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, except to the extent which they are directly attributable to the acquisition, construction or production of an asset and it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably.

1. Summary of significant accounting policies (continued)

(q) Good and services tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except:

- where the amount of GST or VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(r) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares on issue during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Share-based payments

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated Entity's estimate of shares that will eventually vest.

1. Summary of significant accounting policies (continued)

(t) New accounting standards and interpretations

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Company's Financial Statements:

Reference	**Title**	**Nature of Change**	**Application date of standard**	**Impact on Entity financial statements**
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Entity has not yet made an assessment of the impact of these amendments.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: Power over investee (whether or not power used in practice) Exposure, or rights, to variable returns from investee Ability to use power over investee to affect the Entity's returns from investee. Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Entity does not have any special purpose entities. The 'Entity' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

1. Summary of significant accounting policies (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Entity financial statements
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Elixir does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001*	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Entity will show reduced disclosures under Key Management Personnel note to the financial statements

1. Summary of significant accounting policies (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Entity financial statements
AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB/IFRIC, where an Australian equivalent has not been made by the AASB, were in issue but not yet effective for which the Consolidated Entity has considered it unlikely for there to be a material impact on the financial statements.

Reference	Title	Nature of Change	Application date of standard	Impact on Entity financial statements
AASB 127 (issued August 2011)	Separate Financial Statements	Requirements for consolidation removed and inserted into AASB 10 Consolidated Financial Statements Disclosures removed and inserted into AASB 12 Disclosure of Interests in Other Entities.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 128 (issued August 2011)	Investments in Associates and Joint Ventures	Disclosures removed and inserted into AASB 12 *Disclosure of Interests in Other Entities*.	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2010-7 (issued December 2010)	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	Mainly editorial changes	Periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements	Annual periods commencing on or after 1 January 2013	1 July 2013
AASB 2012-3 (issued June 2012	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	Amendments clarify the requirements for offsetting financial instruments and introduce new disclosure requirements	Annual periods commencing on or after 1 January 2013	1 July 2013

2. Critical accounting estimates & judgments

In preparing this financial report the Consolidated Entity has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

(a) Significant accounting judgements

In the process of applying the Consolidated Entity's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration, evaluation and development expenditure
The Group's accounting policy for exploration, evaluation and development is set out at note 1(k). Application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves exist. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, management conclude that it is unlikely that capitalised expenditure will be recovered by future exploitation or sale, the relevant capitalised amount will be written off to the income statement. As at 30 June 2012 the carrying amount of deferred exploration and evaluation expenditure is $3,233,980 (2011: $1,769,126).

Oil & Gas Properties
The Group's accounting policy for oil & gas properties is set out at note 1(k). Application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves exist. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, management conclude that it is unlikely that capitalised expenditure will be recovered by future exploitation or sale, the relevant capitalised amount will be written off to the income statement. As at 30 June 2012 the carrying amount of oil & gas properties is $272,386 (2011: $2,265,618).

Deferred tax assets
The Consolidated Entity has carried forward tax losses which have not been recognised as deferred tax assets as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the appropriate jurisdictions.

Taxation of oil and gas activities in the US allows a number of alternative treatments which are not available under Australian taxation legislation. In particular, companies may elect to:

(i) claim an immediate deduction for Intangible Drilling Costs "IDC"; and

(ii) must use either the cost or percentage depletion method, whichever yields the largest tax deduction, when calculating applicable tax deductions in relation to the entities economic interest in its oil and gas properties.

The election to expense IDC applies to all expenditures incident to and necessary for the drilling of wells and the preparation of wells for the production of oil or gas. Once the election to expense IDC is made, the election is binding upon the taxpayer for the first taxable year for which it is effective and for all subsequent taxable years.

At reporting date a determination had not been made as to whether the cost or percentage depletion method would apply for the current years US income tax calculation. The directors have not recognised a deferred tax asset or liability in respect of this potential difference in the tax base of these properties as they do not believe it is capable of being reliably estimated at reporting date.

2. Critical accounting estimates & judgments (continued)

(b) Critical accounting estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Amortisation

Upon commencement of production, the Group amortises the accumulated costs for the relevant area of interest over the life of the area according to the rate of depletion of the economically recoverable quantities of reserves. Estimates of recoverable reserve quantities include judgemental assumptions regarding commodity prices, exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of the quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Amortisation charged for the year ended 30 June 2012 was $104,023 (2011: $461,089).

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model, using the assumptions detailed in note 20.

Rehabilitation obligations

The Consolidated Entity estimates its share of the future removal and remediation costs of oil and gas platforms, production facilities, wells and pipelines at the time of acquisition or installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of remediation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. For more detail regarding the policy in respect of provision for rehabilitation refer to note 1(n). As at 30 June 2012 rehabilitation obligations have a carrying value of $1,356,354 (2011: $1,126,344).

Impairment of assets

In the absence of readily available market prices, the recoverable amounts of assets are determined using estimates of the present value of future cashflows using asset-specific discount rates. For oil & gas properties, these estimates are based on assumptions concerning reserves, future production profiles and costs. Impairment for the year ended 30 June 2012 was $1,594,188 (2011: $1,150,688). When the carrying amount exceeds the present value of the future cash flows then the asset is impaired to its fair value. As at 30 June 2012, the carrying value of oil & gas properties is $272,386 (2011: $2,265,618).

3. 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 exploration and production in the United States of America (USA). The Group's management and administration office is located in Australia.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required, because the information as presented is used by the Board to make strategic decisions.

Reportable segment revenue

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

	2012	2011
	$	$
Revenue from oil and gas exploration - UK	**-**	-
Revenue from oil and gas exploration - France	**-**	-
Revenue from oil and gas exploration and production – USA	**427,901**	1,119,865
Revenue from other corporate activities	**8,832**	43,506
	436,733	1,163,371

Reportable segment assets

Assets are disclosed below based on the reportable segment:

	2012	2011
	$	$
Asset from oil and gas exploration – UK	**390,878**	291,455
Asset from oil and gas exploration – France	**2,877,587**	1,511,517
Asset from oil and gas exploration and production – USA	**1,080,892**	2,903,218
Assets from other corporate activities:		
Cash and cash equivalents	**3,486,500**	1,320,069
Other corporate assets	**126,796**	130,366
	7,962,654	6,156,625

3. Segment information (continued)

Reportable segment liabilities
Liabilities are disclosed below based on the reportable segment:

	2012 $	2011 $
Liabilities from oil and gas exploration – UK	**12,908**	39,701
Liabilities from oil and gas exploration – France	**6,147**	52,560
Liabilities from oil and gas exploration and production – USA	**1,475,802**	1,264,329
Liabilities from other corporate activities:		
Other corporate liabilities	**441,831**	479,047
	1,936,688	1,835,637

Reportable segment loss
Loss is disclosed below based on the reportable segment:

	2012 $	2011 $
Loss from oil and gas exploration – UK	**(5,380)**	(773,317)
Loss from oil and gas exploration – France	**(75,526)**	(1,003,888)
Loss from oil and gas exploration and production – USA	**(1,511,556)**	(435,632)
Loss from other corporate activities	**(1,058,469)**	(1,150,604)
	(2,650,931)	(3,363,441)

4. Revenue from continuing operations

	Consolidated	
	2012 $	2011 $
Revenue from oil & gas sales	**427,901**	1,119,865
Interest received	**8,832**	43,506
	436,733	1,163,371

5. Expenses

Loss before income tax is arrived at after deducting the following expenses:

	Consolidated	
	2012	2011
	$	$
Administration and office costs	**402,898**	439,044
Corporate compliance	**72,742**	50,804
Corporate management costs	**194,555**	400,325
	670,195	890,173
Amortisation of oil & gas properties	**91,401**	461,089
Depreciation of plant and equipment	**12,622**	21,797
	104,023	482,886
Exploration expenditure expensed	**144,814**	1,164,337
Impairment of deferred exploration and evaluation expenditure	**5,723**	506,520
Impairment of oil & gas properties	**1,588,465**	644,168
	1,594,188	1,150,688

6. Other expenses

	Consolidated	
	2012	2011
	$	$
Foreign exchange gain/(loss)	**2,313**	(250,841)
	2,313	(250,841)

7. Income tax

Income tax recognized in comprehensive income statement:

	Consolidated	
	2012	2011
	$	$
Current tax expenses in respect of the current year	**-**	-
Deferred tax expenses relating to the origination and reversal of temporary differences	**-**	-
Total tax expense	**-**	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

7. Income tax (continued)

	Consolidated	
	2012	2011
	$	$
Prima facie tax benefit on loss at 30% (2011: 30%)	**(795,279)**	(1,009,032)
Add tax effect of:		
Foreign/overseas tax losses not recognised	**(44,246)**	316,566
Revenue losses not recognised	**232,784**	187,768
Effect of foreign tax differential	**(477,335)**	24,191
Share based payments	**-**	-
Other non-allowable items	**1,048,798**	453,227
Less tax effect of:		
Other allowable items	**35,278**	27,280
Income tax (benefit) / expense	**-**	-
The following deferred tax balances have not been recognised		
Deferred tax assets		
Tax losses	**7,219,098**	6,563,757
Capital raising costs	**35,279**	31,273
Provisions and accruals	**626,374**	90,679
Total deferred tax assets	**7,880,751**	6,685,709
Deferred tax liability		
Oil and gas properties	**(871,490)**	(1,288,322)
Total deferred tax liability	**(871,490)**	(1,288,322)
Net deferred tax asset not recognised	**7,009,261**	5,397,387

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
(b) the Group continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company utilising the benefits.

8. Loss per share

	Consolidated	
	2012	2011
	$	$
Loss used in calculation of basic / diluted loss per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(2,650,931)**	(3,363,441)
Weighted average number of ordinary shares used as the denominator in calculating basic / diluted loss per share	**224,029,801**	188,988,472

8. Loss per share (continued)

	Cents	Cents
Basic / diluted loss per share		
Loss attributable to the ordinary equity holders of the Consolidated Entity	**(1.18)**	(1.78)

The options on issue (note 19) represent potential ordinary shares but are not dilutive as they would decrease the loss per share. Accordingly they have been excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share.

9. Cash and cash equivalents

	Consolidated	
	2012	2011
	$	$
Cash at bank and in hand	**3,437,304**	1,273,073
Deposits at call	**49,196**	46,996
	3,486,500	1,320,069

Information about the Consolidated Entity's exposure to foreign exchange risk and interest rate risk in relation to cash and cash equivalents is provided in note 28.

10. Trade and other receivables

	Consolidated	
	2012	2011
	$	$
Trade receivables	**56,560**	262,924
Other receivables and prepayments	**312,595**	521,709
	369,155	784,633

Trade and other receivables are non-interest bearing and are normally settled on 30 days terms.

(a) Fair value
Due to the short-term nature of these receivables, their carrying value approximates fair value.

(b) Credit risk

(c) Impaired trade receivables
No Consolidated Entity trade receivables were past due or impaired as at 30 June 2012 (2011: nil) and there is no indication that amounts recognised as trade and other receivables will not be recovered in the normal course of business.

11. Receivables

	Consolidated	
	2012	2011*
	$	$
Non-current receivables	**577,198**	553,451
	577,198	553,451

* Restated to reclassify oil & gas properties to non-current receivables for comparative purposes.
Receivables relate directly to an abandonment bond placed in relation to restoration of the Pompano oil and gas property.

(a) Credit risk – refer to note 28 for further information

12. Oil and gas properties

A reconciliation of movements in oil & gas properties during the year is as follows:

	Tangible Costs $	Intangible Costs $	Prepaid Drilling & Completion Costs $	Total $
Producing Projects				
At Cost				
At 1 July 2010	2,821,076	34,588,473	10,460	37,420,009
Additions	-	52,064	-	52,064
Net movement in prepaid	-	-	(10,460)	(10,460)
Foreign exchange movement	(540,546)	(6,971,864)	-	(7,512,410)
At 30 June 2011	2,280,530	27,668,673	-	29,949,203
Additions	-	-	-	-
Foreign exchange movement	97,853	1,546,352	-	1,644,205
At 30 June 2012	**2,378,383**	**29,215,025**	**-**	**31,593,408**
Associated future restoration costs capitalised				
At 1 July 2010	-	1,393,818	-	1,393,818
Additions	-	-	-	-
Foreign exchange movement	-	(267,474)	-	(267,474)
At 30 June 2011	-	1,126,344	-	1,126,344
Additions	-	-	-	-
Foreign exchange movement	-	230,010	-	230,010
At 30 June 2012	**-**	**1,356,354**	**-**	**1,356,354**
Accumulated amortisation				
At 1 July 2010	(656,536)	(20,277,682)	-	(20,934,218)
Amortisation for the year	-	(428,834)	-	(428,834)
Transfer from impairment provision	-	-	-	-
Foreign exchange movement	120,536	4,151,776	-	4,272,312
At 30 June 2011	(536,000)	(16,554,740)	-	(17,090,740)
Amortisation for the year	-	(91,401)	-	(91,401)
Foreign exchange movement	(22,998)	(711,730)	-	(734,728)
At 30 June 2012	**(558,998)**	**(17,357,871)**	**-**	**(17,916,869)**
Impairment Provision				
At 1 July 2010	(1,131,011)	(13,687,198)	-	(14,818,209)
Transfer to accumulated amortisation	(28,419)	(348,995)	-	(377,414)
Foreign exchange movement	216,713	2,706,270	-	2,922,983
At 30 June 2011	(942,717)	(11,329,923)	-	(12,272,640)
Impairment	(680,021)	(908,444)	-	(1,588,465)
Foreign exchange movement	(68,039)	(831,363)	-	(899,402)
At 30 June 2012	**(1,690,777)**	**(13,069,730)**	**-**	**(14,760,507)**

12. Oil and gas properties (continued)

	Tangible Costs	Intangible Costs	Prepaid Drilling & Completion Costs	Total
	$	$	$	$
Net carrying value				
At 1 July 2011	801,813	910,354	-	1,712,167
At 30 June 2012	**128,608**	**143,778**	**-**	**272,386**

13. Plant and equipment

	Consolidated	
	2012	2011
	$	$
Plant and equipment at cost	**90,265**	70,664
Accumulated depreciation	**(66,830)**	(53,485)
Total plant and equipment	**23,435**	17,179
A reconciliation of movements in property, plant and equipment is as follows:		
Carrying amount at the beginning of the year	**17,179**	39,418
Additions	**18,445**	3,745
Depreciation expense	**(12,622)**	(21,797)
Foreign exchange movement	**433**	(4,187)
Carrying amount at the end of year	**23,435**	17,179

14. Deferred exploration & evaluation expenditure

	Consolidated	
	2012	2011
	$	$
Balance at 1 July	**1,769,126**	778,276
Amount capitalised during the year	**1,441,064**	1,704,381
Impairment	**(5,728)**	(644,168)
Foreign exchange movements	**29,518**	(69,363)
Balance at 30 June	**3,233,980**	1,769,126

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

15. Trade and other payables

	Consolidated	
	2012	2011
	$	$
Trade payables	**477,885**	367,850
Other payables	**47,350**	34,234
	525,235	402,084

Trade payables and other payables are non interest-bearing and are normally settled on 30 day terms.

Information about the Consolidated Entity's exposure to foreign exchange risk in relation to trade and other payables is provided in note 28.

16. Provisions

	Consolidated	
	2012	2011
	$	$
Current		
Provision for annual leave	**55,099**	19,361
Provision for termination benefits	**-**	287,848
	55,099	307,209
Non-current – Restoration Costs		
Provision for restoration costs	**1,356,354**	1,126,344

The Consolidated Entity's policy with regard to providing for its share of future restoration costs for jointly controlled assets is documented in note 1(n). Movements in this provision during the current and prior year are as follows:

Non-current		
Opening balance	**1,126,344**	1,393,318
Additions	**181,681**	-
Foreign exchange movement	**48,329**	(266,974)
Closing balance	**1,356,354**	1,126,344

17. Contributed equity

	2012	2011	**2012**	2011
	No.	No.	**$**	$
Fully paid ordinary shares	**277,250,637**	188,988,472	**64,972,576**	60,644,366

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon a poll every holder is entitled to one vote per share held.

17. Contributed equity (continued)

Movements in share capital during the current and prior financial year are as follows:

	Number of shares	$
Balance at 1 July 2010	188,988,472	60,644,366
Balance 30 June 2011	188,988,472	60,644,366
Shares placement issued at 4 cents per share on 11 October 2011	28,300,000	1,132,000
Shares placement issued at 6.25 cents per share on 19 March 2012	6,400,000	400,000
Shares issued at 5 cents on 30 March 2012	34,146,116	1,707,306
Shares issued as at 6.25 cents on 11 April 2012	19,416,049	1,213,503
Share issue costs	-	(124,599)
Balance at 30 June 2012	**277,250,637**	**64,972,576**

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and maintain a capital structure appropriate to the size, stage and nature of its activities whilst reducing the cost of capital where possible.

In order to maintain or adjust the capital structure, the Company may issue new shares, adjust future dividend payments, return capital to shareholders or sell assets.

The Company and its subsidiaries are not subject to any externally imposed capital requirements.

18. Reserves and accumulated losses

	Consolidated	
	2012	2011
	$	$
Option premium reserve		
Opening balance	**1,773,184**	1,773,184
Closing balance	**1,773,184**	1,773,184
Foreign currency translation reserve		
Opening balance	**(945,230)**	(54,638)
Currency translation differences arising during the year	**27,699**	(890,592)
Closing balance	**(917,531)**	(945,230)
Share-based payment reserve		
Opening balance	**871,300**	871,300
Lapse of options	**(630,900)**	-
Closing balance	**240,400**	871,300
Total reserves	**1,096,053**	1,699,254

18. Reserves and accumulated losses (continued)

	Consolidated 2012 $	2011 $
Accumulated losses		
Opening balance	**(58,022,632)**	(54,659,191)
Net loss for the year	**(2,650,931)**	(3,363,441)
Lapse of options	**630,900**	-
Closing balance	**(60,042,663)**	(58,022,632)

The option premium reserve is used to record any premium received upon grant of options.

The share-based payment reserve is used to record the deferred expense in relation to share based payments. During the year 4,000,000 (3,250,000 ESOP Trance 2 & 750,000 ESOP Tranche 3 options) employee options issued as part of share based payments expired or were forfeited resulting in a de-recognition of $630,900.

The foreign currency translation reserve is used to record exchange differences arising on consolidation of subsidiaries with different functional currencies from the Company.

With respect to the payment of dividends (if any) by the Company in subsequent financial years, no franking credits are currently available, or are likely to become available in the next 12 months. No dividends were paid or declared during the current financial year.

19. Options

As at reporting date, the Company and Consolidated Entity have the following classes of options on issue:

Type	2012 Number	2011 Number	Exercise Price $	Expiry
ESOP Tranche 2 (EXRAI)	**-**	**3,250,000**	0.300	31-Mar-12
ESOP Tranche 3 (EXRAI)	**2,000,000**	**2,750,000**	0.350	31-Mar-13
	2,000,000	**6,000,000**		

These options are unlisted and carry no dividend or voting rights. Upon exercise, each option is convertible into one ordinary share to rank *pari passu* in all respects with the Company's existing fully paid ordinary shares.

During the year ended 30 June 2012 4,000,000 options expired without being exercised (2011: 1,750,000 options).

Movements in the number of options on issue during the year are as follows:

	Number 2012	Number 2011
Opening balance	**6,000,000**	7,750,000
Expired during the year		
ESOP Tranche 1 (EXRAI)	**-**	(1,750,000)
ESOP Tranche 2 (EXRAI)	**(3,250,000)**	-
Forfeited during the year		
ESOP Tranche 3 (EXRAI)	**(750,000)**	-
Closing balance	**2,000,000**	6,000,000

20. Share-based payments

During the year ended 30 June 2012 3,250,000 ESOP Tranche 2 and 750,000 ESOP Tranche 3 options expired without being exercised (2011: 1,750,000 ESOP Tranche 1 options). No other options were granted or forfeited during the current financial year (2011: Nil).

Employee Share Option Plan
The granting of up to 15,000,000 options under the Elixir Employee Share Option Plan ("Plan") was approved by shareholders at a general meeting held on 26 June 2008. Under the terms of the Plan the Board may offer options to eligible persons (as determined by the Board) at such times and on such terms as the Board considers appropriate.

The fair value of options granted was calculated using the binomial option pricing model. An expense is recognised on a pro rata basis over the period from grant date to vesting date.

21. Parent entity information

The following details information related to the parent entity, Elixir Petroleum Limited, at 30 June 2012. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

	Company	
	2012	2011
	$	$
Current assets	**2,875,521**	940,705
Non-current assets	**3,602,363**	3,683,582
Total assets	**6,477,884**	4,624,287
Current liabilities	**304,989**	364,894
Total liabilities	**304,989**	364,894
Contributed equity	**64,972,576**	60,644,366
Share-based payment reserve	**240,400**	871,300
Option premium reserve	**1,773,184**	1,773,184
Accumulated losses	**(60,960,193)**	(59,029,457)
Total equity	**6,025,966**	4,259,393
Loss for the year	**(2,561,636)**	(4,315,630)
Other comprehensive income for the year	**-**	-
Total comprehensive loss for the year	**(2,561,636)**	(4,315,630)

At reporting date amounts receivable from controlled entities at cost totalled $15,374,940 (2011: $13,695,211). The amounts receivable were fully impaired at 30 June 2012 and 30 June 2011. The transactions were made interest free with no fixed terms for repayment.

At reporting date the parent entity has no commitments or contingencies. Information about a deed of cross guarantee to which the parent entity and Elixir Petroleum (Australia) Pty Ltd are parties is provided in note 26.

21. Parent entity information (continued)

(a) Wholly-owned Group

Details of interests in wholly-owned controlled entities are set out at part (b) of this note. Details of dealings with controlled entities are as follows:

Inter-company Account
Elixir Petroleum Limited provides working capital to its controlled entities. Transactions between Elixir Petroleum Limited and other controlled entities in the Consolidated Entity during the year ended 30 June 2012 consisted of:

(i) Working capital advanced by Elixir Petroleum Limited.
(ii) Provision of services by Elixir Petroleum Limited.
(iii) Expenses paid by Elixir Petroleum Limited on behalf of its controlled entities.

The above transactions were made interest free with no fixed terms for the repayment of amounts advanced by Elixir Petroleum Limited.

Details of transactions with controlled entities during the year are as follows:

	Consolidated	
	2012	2011
	$	$
Sale of goods and services		
Management fees & recharges to subsidiaries	**20,810**	266,003
Loans to subsidiaries		
Balance at 1 July	**13,695,211**	13,975,789
Additions	**1,679,729**	-
Loans written off	**-**	(280,578)
Balance at 30 June	**15,374,940**	13,695,211

(b) Investments in controlled entities

Name of Entity	Country of incorporation	Class of shares	Equity holding	
			2012	2011
Elixir Petroleum (Australia) Pty Ltd	Australia	Ordinary	**100%**	100%
Elixir Petroleum (Europe) Ltd	United Kingdom	Ordinary	**100%**	100%
Elixir Petroleum (Technical Services) Ltd	United Kingdom	Ordinary	**100%**	100%
Elixir Petroleum (France) Ltd	United Kingdom	Ordinary	**100%**	100%
Elixir Petroleum (Moselle) Ltd	United Kingdom	Ordinary	**100%**	100%
Elixir Petroleum (Meuse) Ltd	United Kingdom	Ordinary	**100%**	100%
Elixir Petroleum (Thionville) Ltd	United Kingdom	Ordinary	**100%**	100%
Cottesloe Oil & Gas LLC	USA	Ordinary	**100%**	100%
Cottesloe Oil & Gas Inc	USA	Ordinary	**100%**	100%

(c) Ultimate Parent Company

Elixir Petroleum Limited, an ASX listed public company incorporated and domiciled in Australia, is the ultimate parent of the Group.

22. Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2012	2011
	$	$
Operating loss from continuing operations after tax	**(2,650,931)**	(3,363,441)
Non-cash items		
Impairment write down of oil and gas properties	**1,594,188**	1,150,688
Depreciation, depletion & amortisation	**104,023**	482,886
Exploration & evaluation costs written down	**-**	-
Share-based payment	**-**	-
Net exchange rate differences	**25,386**	(28,771)
Non-operating cashflows		
Interest income	**(8,832)**	(43,506)
Movement in assets and liabilities		
Increase / (decrease) in current liabilities	**94,495**	(86,370)
(Increase) / decrease in current assets	**(161,720)**	900,887
Increase / (decrease) in provisions	**(252,110)**	(267,776)
Net cash (outflow) / inflow from operating activities	**(1,255,501)**	(1,255,403)

23. Jointly controlled assets

At the reporting date, the Consolidated Entity has working interests in joint operating agreements for the following projects:

Project	**Blocks**	**Activity**	**Location**	**Working Interest**	
				2012	**2011**
High Island Project	268A	Oil & Gas field, production project	USA	30%	30%
Pompano Project	446-L SE/4	Oil & Gas field, production project	USA	25%	25%
Red Fish Prospect[(1)]	479-L N/2 & NE/4	Oil & Gas, exploration project	USA	-	25%
Mulle Prospect[(2)]	211/22b, 211/27d	Oil & Gas, appraisal project	UK	-	40%

[(1)] Red Fish Prospect – Working interest was relinquished July 2011.
[(2)] Mulle Prospect - Working interest was relinquished September 2011.
Details of capital commitments in respect of these jointly controlled assets are disclosed in note 30.
The table below sets out other projects that the Consolidated Entity has a 100% working interest in.

Project	**Blocks**	**Activity**	**Location**	**Working Interest**	
Tiger Prospect	211/12b	Oil & Gas, exploration project	UK	100%	100%
Moselle Permit	Moselle	Oil & Gas, exploration project	France	100%	100%
North Sea[(1)]	12/18, 12/19a	Oil & Gas, exploration project	UK	100%	-
Dumas Project	30/25a	Oil & Gas, exploration project	UK	100%	-

[(1)] North Sea – The acquisition of this license was completed in January 2012.

24. Key management personnel disclosures

(a) The directors of Elixir Petroleum Limited during the year were:

Mr. Jonathan Stewart	Non-Executive Chairman *(resigned 29 November 2011)*
Mr. Alan Watson	Non-Executive Chairman *(appointed 5 November 2011)*
Mr. Andrew Ross	Managing Director
Mr. Iain Knott[(1)]	Executive Director *(resigned 22 July 2011)*
Dr. John Robertson	Non-Executive Director
Mr. Michael Price	Non-Executive Director

(1) Mr. Knott was retained as an employee and considered to be a key management personnel.

(b) Other key management personnel and executives

Mr. John Anderson Senior Geoscientist

(c) Key management personnel compensation

	Consolidated	
	2012	2011
	$	$
Short term employee benefits	**923,615**	763,339
Post-employment benefits	**48,039**	30,235
Share-based payments	**-**	-
	971,654	793,574

(d) Equity instrument disclosures relating to Key Management Personnel

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Elixir Petroleum Limited and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below.

	Balance at start of the year	Granted as compensation	Exercised during the year	Net other change	Balance at end of year	Vested and exercisable	Unvested
2012							
Directors of Elixir Petroleum Limited							
Jonathan Stewart[(1)]	1,750,000	-	-	(1,750,000)	-	-	-
Alan Watson[(2)]	-	-	-	-	-	-	-
Andrew Ross	2,500,000	-	-	(1,250,000)	1,250,000	1,250,000	-
Iain Knott[(3)]	1,750,000	-	-	(1,000,000)	750,000	750,000	-
John Robertson	-	-	-	-	-	-	-
Michael Price	-	-	-	-	-	-	-
Other key management personnel and executives							
John Anderson	-	-	-	-	-	-	-

24. Key management personnel disclosures (continued)

	Balance at start of the year	Granted as compensation	Exercised during the year	Net other change	Balance at end of year	Vested and exercisable	Unvested
2011							
Directors of Elixir Petroleum Limited							
Jonathan Stewart	2,500,000	-	-	(750,000)	1,750,000	1,750,000	-
Andrew Ross	2,500,000	-	-	-	2,500,000	2,500,000	-
Iain Knott	2,500,000	-	-	(750,000)	1,750,000	1,750,000	-
John Robertson	250,000	-	-	(250,000)	-	-	-
Michael Price	-	-	-	-	-	-	-
Other key management personnel and executives							
John Anderson	-	-	-	-	-	-	-

(1) *Mr. Stewart resigned as non-executive director on 22 July 2011.*
(2) *Mr. Watson was appointed as non-executive director on 5 October 2011.*
(3) *Mr. Knott resigned as executive director on 22 July 2011.*

Details of options provided as remuneration and shares issued on exercise of such options, together with the terms and conditions of the options, can be found in the section of the Directors' Report titled "Remuneration Report".

Share holdings

The numbers of shares in the Company held during the financial year by each director of Elixir Petroleum Limited and other Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out below. No shares were granted as compensation during the current reporting period.

	Balance start of the year	Acquired	Net other change	Balance at the end of the year/ held on resignation
2012				
Directors of Elixir Petroleum Limited				
Jonathan Stewart[1]	1,281,250	-	-	1,281,250
Alan Watson[2]	-	-	-	-
Andrew Ross	390,000	65,001	-	455,001
Iain Knott	-	-	-	-
John Robertson	425,000	-	-	425,000
Michael Price	466,668	-	-	466,668

24. Key management personnel disclosures (continued)

Other key management personnel and executives				
John Anderson	-	-	-	-
2011				
Directors of Elixir Petroleum Limited				
Jonathan Stewart[(1)]	281,250	1,000,000	-	1,281,250
Andrew Ross	35,000	355,000	-	390,000
Iain Knott	-	-	-	-
John Robertson	425,000	-	-	425,000
Michael Price[(3)]	-	-	466,668	466,668
Other key management personnel and executives				
John Anderson[(4)]	-	-	-	-

(1) *The holding above excludes the 24,000,000 shares held by Aurora Oil & Gas Ltd (ASX:AUT). Mr. Stewart is Chairman of Aurora Oil & Gas Ltd which is not a related party under the Corporations Act.*
(2) *Mr. Watson was appointed as non-executive director on 5 October 2011.*
(3) *Mr. Price was appointed as a non-executive director on 13 January 2011.*
(4) *Mr. Anderson was appointed an executive on 17 January 2011.*

Please refer to Remuneration Report on page 21 for additional information.

25. Related party transactions

Transactions with controlled entities are disclosed in note 21(a). Compensation and equity transactions with Key Management Personnel are disclosed in note 24 and in the section of the Directors' Report titled "Remuneration Report".

Details of other transactions with related parties during the current and prior financial year are set out below:

		Consolidated	
		2012	2011
	Note	**$**	$
Payments for services	(i)(ii)	**78,191**	100,136

(i) During the year an amount of $18,191 (2011: $100,136) was expensed on commercial terms for office accommodation (rental and outgoings), car parking and office equipment to Epicure Administration Pty Ltd, a company of which Mr. Jonathan Stewart, Chairman, is also a director and beneficial shareholder. The outstanding balance payable at year end was nil (2011: $18,281).

(ii) During the year an amount of $60,000 (2011: nil) was expensed on commercial terms for office accommodation (rental and outgoings), car parking and office equipment to Aurora Oil & Gas Limited, a company of which Mr. Jonathan Stewart, Chairman, and Mr. Alan Watson are directors. The outstanding balance payable at year end was $60,000 (2011: nil).

26. Deed of cross guarantee

Elixir Petroleum Limited and Elixir Petroleum (Australia) Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings

The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Elixir Petroleum Limited, they also represent the "Extended Closed Group".

Set out below is a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2012 of the Closed Group consisting of Elixir Petroleum Limited and Elixir Petroleum (Australia) Pty Ltd.

(a) Statement of comprehensive income for the year ended 30 June 2012

	Closed Group	
	2012	2011
	$	$
Finance income	**8,832**	43,506
Other income	**743,336**	266,003
General and administrative costs	**(700,522)**	(1,094,256)
Share based payment expenses	**-**	-
Other costs	**(1,774,041)**	(2,434,706)
Exploration & evaluation costs written off	**(61,640)**	(30,650)
Loss before income tax	**(1,784,035)**	(3,250,103)
Income tax expense	**-**	-
Net loss attributable to members of Closed Group	**(1,784,035)**	(3,250,103)
Movement in accumulated losses for the year end 30 June		
Closed Group accumulated losses at 1 July	**(33,669,988)**	(30,419,885)
Net loss of Closed Group for the year to 30 June	**(1,784,035)**	(3,250,103)
Closed Group accumulated losses as at 30 June	**(35,454,022)**	(33,669,988)

26. Deed of cross guarantee (continued)

(b) Statement of financial position as at 30 June 2012

	Closed Group	
	2012	2011
	$	$
Assets		
Current assets		
Cash and cash equivalents	**2,859,724**	922,234
Trade and other receivables	**25,913**	-
Total current assets	**2,885,637**	922,234
Non-current assets		
Receivables	**6,167,517**	6,266,926
Investment in subsidiaries	**22,774,797**	22,774,797
Other plant and equipment	**19,292**	1,328
Total non-current assets	**28,961,606**	29,043,051
Total assets	**31,847,243**	29,965,285
Liabilities		
Current liabilities		
Trade and other payables	**306,613**	50,171
Provisions	**8,492**	296,253
Total liabilities	**315,105**	346,424
Net assets	**31,532,138**	29,618,861
Equity		
Contributed equity	**64,972,575**	60,644,365
Reserves	**2,013,585**	2,644,484
Accumulated losses	**(35,454,022)**	(33,669,988)
Total parent entity interest in equity	**31,532,138**	29,618,861

27. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the Consolidated Entity, its related practices and non-related audit firms:

	Consolidated	
	2012	2011
	$	$
(a) **BDO Audit (WA) Pty Ltd for:**		
(i) Audit and assurance services		
Audit and review of financial statements	**53,449**	48,000
Total remuneration of BDO Audit (WA) Pty Ltd	**53,449**	48,000
(b) **MacIntyre Hudson LLP for:**		
(i) Audit and assurance services		
Audit of UK subsidiary accounts	**38,578**	34,894
Total remuneration for audit services	**92,027**	82,894

28. Financial risk management

The Consolidated Entity's board of directors ("Board") performs the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Board seeks to balance the potential adverse effects of financial risks on the Consolidated Entity's financial performance and position with the "upside" potential made possible by exposure to these risks. The Board manages the risks facing the Consolidated Entity by regularly monitoring the various risks affecting the business and regularly reviewing the entities operating activities, financial performance and position both prospectively and retrospectively.

These risks include financial risks such as market risks (including currency risk, fair value interest rate risk and commodity price risk), credit risk & liquidity risk. These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Consolidated Entity is exposed.

(a) Market risk

(i) Commodity price risk
As a result of its operations, the Consolidated Entity is exposed to commodity price risk arising due to fluctuations in the prices of natural gas and crude oil. The demand for, and prices of, natural gas and crude oil are dependent on a variety of factors, including:

- Supply and demand;
- The level of consumer product demand;
- Weather conditions;
- The price and availability of alternative fuels;
- Actions taken by governments and international cartels; and
- Global economic and political developments.

During the year the Board decided that it would not be beneficial for the Consolidated Entity to purchase forward contracts or other derivative financial instruments to hedge its commodity price risk. Factors which the Board considered in arriving at this position included the expense of purchasing such instruments, the low spot price of gas and the inherent difficulties associated with forecasting future production levels. The Board regularly monitors oil and gas prices and market factors that affect these prices. In future periods the Board may decide to enter into hedges to manage the Consolidated Entity's exposure to commodity price risk if it is beneficial to do so.

28. Financial risk management (continued)

(ii) Foreign exchange risk

The Consolidated Entity's management is based in Australia, its shares are listed on the Australian Securities Exchange and the Consolidated Entity reports its financial performance and position in Australian dollars ($A). The Consolidated Entity maintains a UK office and, as its activities include operations in the USA and France, it also has United States dollar ($US) and Euro denominated cash flows. As a result of these factors, the Consolidated Entity is exposed to foreign exchange risk arising from fluctuations in the $A / $US, $A / £GBP and $A / Euro exchange rates.

During the year the Board decided that it would not be beneficial for the Consolidated Entity to purchase forward contracts or other derivative financial instruments to hedge its foreign exchange risk. Factors which the board considered in arriving at this position included, the expense of purchasing such instruments, the inherent difficulties associated with forecasting the timing and quantum of $US cash inflows and $US, £GBP and Euro outflows, the natural hedge provided by $US denominated production and the Consolidated Entity's foreign exchange holdings. The Board regularly monitors the Consolidated Entity's foreign exchange requirements and its foreign exchange risk. The Board may in future periods enter into transactions to hedge its foreign exchange risk if it is beneficial to do so.

The Consolidated Entity's exposure to foreign currency risk at the reporting date was as follows:

	2012			2011		
	US$	**£**	**Euro**	US$	£	Euro
Cash	**406,915**	**141,125**	**6,147**	1,104,227	124,327	7,637
Trade and other receivables	**227,937**	**83,970**	**-**	675,674	97,278	-
Non-current receivables	**586,500**	**-**	**-**	586,500	-	-
Trade payables	**(121,374)**	**(71,218)**	**-**	(146,226)	(141,635)	-
	1,099,978	**153,877**	**6,147**	2,220,175	79,970	7,637

Group sensitivity

Based on the financial instruments held at the reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on the consolidated loss after tax for the year and equity at the reporting date under varying hypothetical fluctuations in prevailing exchange rates:

	Consolidated	
	2012	2011
	$	$
Hypothetical 20%[(1)] strengthening of AU$ relative to US$ and £		
Increase / (decrease) in loss after tax	**399,184**	369,324
Increase / (decrease) in equity	**(399,184)**	(369,324)
Hypothetical 20%[(1)] weakening of AU$ relative to US$ and £		
Increase / (decrease) in loss after tax	**(265,321)**	(553,985)
Increase / (decrease) in equity	**265,321**	553,985

(1) Management has determined that the above hypothetical outcomes are the most appropriate estimation of foreign exchange movements given the current market and economic conditions (2011: 20%).

28. Financial risk management (continued)

(iii) Interest rate risk
As at, and during the year ended on the reporting date, the Consolidated Entity had no significant interest-bearing assets or liabilities other than liquid funds on deposit. As such, the Consolidated Entity's income and operating cash flows (other than interest income from funds on deposit) are substantially independent of changes in market interest rates. The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out below.

		Consolidated	
		2012	2011
		$	$
Financial Assets			
Cash assets	Floating rate*	**3,486,500**	**1,320,069**

Weighted average effective interest rate 0.144% (2011: 0.27%).

Group sensitivity

Based on the financial instruments held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated loss after tax for the year and equity at reporting date under varying hypothetical changes in prevailing interest rates:

	Consolidated	
	2012	2011
	$	$
Hypothetical 90[(1)] basis point increase		
Increase / (decrease) in loss after tax	**(31,379)**	(11,881)
Increase / (decrease) in equity	**31,379**	11,881
Hypothetical 90[(1)] basis point decrease		
Increase / (decrease) in loss after tax	**31,379**	11,881
Increase / (decrease) in equity	**(31,379)**	(11,881)

(1) A hypothetical change of 90 basis points was used to calculate the Group's sensitivity to future interest rate movements as this figure approximates the movement in bond yields published by the Reserve Bank of Australia for bonds with a 12 month maturity (2011: 0.90%).

(b) Credit risk

The Consolidated Entity seeks to trade only with recognised, trustworthy third parties and it is the Consolidated Entity's policy to perform credit verification procedures in relation to any customers wishing to trade on credit terms with the Consolidated Entity.

Notwithstanding the above, the Consolidated Entity is exposed to a level of credit risk arising from the fact that a large proportion of its receivables and non-current oil & gas assets relate to its interests in projects operated by private companies.

The Board are of the opinion that the credit risk arising as a result of this concentration of the Consolidated Entity's assets is more than offset by the potential benefits to be gained through continuing to build on the Consolidated Entity's relationship with the operators of its existing projects.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below, none of which are impaired. The Group has a number of recourse options available in the event of counterparty default, including but not limited to de facto security over jointly held assets.

28. Financial risk management (continued)

	Consolidated	
	2012	2011
	$	$
Trade and other receivables	**369,155**	784,633
Non-current receivables	**576,757**	587,887

Credit risk also arises from cash and cash equivalents and deposits with financial institutions. For banks and financial institutions, only independently rated parties with minimum rating of 'A' are accepted.

	Consolidated	
	2012	2011
	$	$
Cash at bank and short-term bank deposits		
AA Rated	**2,859,262**	1,115,078
A Rated	**627,238**	204,991
	3,486,500	1,320,069

(c) Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Consolidated Entity is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, and ensuring that the Consolidated Group has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

Maturities of financial liabilities
As at reporting date the Consolidated Entity had total financial liabilities of $525,235 (2011: $402,084), comprised of non interest-bearing trade creditors and accruals with a maturity of less than 6 months.

(d) Net fair value

The carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value as at 30 June 2012.

29. Events occurring after the reporting period

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

(a) On 9th July 2012, the Company appointed Keith Bowker as Company Secretary following the resignation of Julie Foster. On the same day, the Company also changed its principal place of business, registered office address and contact details.

(b) On the 14th August 2012, the Company appointed Mark O'Clery as an independent non-executive Director.

Other than as disclosed above, no events have occurred since 30 June 2012 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements (including the Directors' Report).

30. Commitments and contingencies

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

	Consolidated	
	2012	2011
	$	$
Capital commitments		
Within one year	**-**	94,365
More than one year but less than five years	**-**	-
Total	**-**	94,365
Non-cancellable operating lease commitments		
Within one year	**135,635**	57,013
More than one year but less than five years	**174,989**	52,483
Total	**310,624**	109,496
Total commitments	**310,624**	203,861

During the year, Elixir Petroleum Limited has taken out an operating lease for offices in Australia, commencing 1 July 2012. At reporting date the remaining lease term was 3 years (2011: nil).

Elixir Petroleum (Technical Services) Ltd holds an operating lease for offices in the United Kingdom, the rental lease is held by Elixir Petroleum (Technical Services) Ltd. At the reporting date the remaining lease term was 1 year (2011: 2 years).

Corporate Governance Statement

Elixir Petroleum Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of the resulting policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

The following governance-related documents can be found on the Company's website at www.elixirpetroleum.com, under the section marked "Corporate Governance".

Charters

Board
Audit & Risk Management Committee
Remuneration Committee
Nomination Committee

Policies and Procedures

Code of Conduct (summary)
Policy and Procedure for Selection and (Re)Appointment of Directors
Policy on Assessing the Independence of Directors
Process for Performance Evaluation
Policy for trading in Company Securities
Risk Management Policy
Procedure for the Selection, Appointment and Rotation of External Auditor
Policy on Continuous Disclosure
Shareholder Communication Policy
Whistleblower Policy
Summary of Compliance Procedures
Diversity Policy

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2011/2012 financial year ("**Reporting Period**"). The information in this statement is current at 30 June 2012.

Board of Directors

Roles and responsibilities of the Board and Senior Executives (Recommendations: 1.1 & 1.3)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting and assisting the Managing Director in implementing the running of the general operations and financial business of the Company in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

The Board Charter is available on the Company's website.

Skills, experience, expertise and period of office of each Director (Recommendation 2.6)

A profile of each Director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

The term of appointment for each Director is as follows:

Name	Appointed	Term	Resigned
Alan Watson (Chair)	10/10/11	Indefinitely	
Andrew Ross	12/11/07	Indefinitely	
Michael Price	13/01/11	Indefinitely	
John Robertson	05/04/05	Indefinitely	
Mark O'Clery	14/08/12	Indefinitely	
Jonathan Stewart (Chair)	12/11/07	Indefinitely	29/11/11
Iain Knott	13/01/05	Indefinitely	22/07/11

Mr O'Clery was appointed to as a non-executive director on 14 August 2012 subsequent to the end of the Reporting Period.

Director independence (Recommendations: 2.1, 2.2, 2.3 & 2.6)

The Board has a majority of directors who are independent. The Board considers that its current composition is adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business.

The independent directors of the Company are Alan Watson, John Robertson, Michael Price and Mark O'Clery (appointed 14 August 2011). These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds.

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The non-independent directors of the Company are Andrew Ross, Jonathan Stewart (resigned 29 November 2011) and Iain Knott (resigned 22 July 2011).

The independent Chair of the Board is Alan Watson. Mr Watson meets the criteria of an independent director as set out in the Company's Policy on Assessing Independence. The Board believes that the current composition of the Board is appropriate when the current size and structure of the Company is taken into consideration. John Robertson has been appointed the lead independent director and assumes the role of chair in situations where Mr Watson is unable to act as chair.

The Managing Director of the Company is Andrew Ross.

Independent professional advice (Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibilities of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Selection and (Re)Appointment of Directors (Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular the Nomination Committee is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance as well as the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company's Policy and Procedure for the Selection and (Re)/Appointment of Directors available on the Company's website.

Board committees

Nomination Committee (Recommendations: 2.4 & 2.6)

The Board has established a Nomination Committee. The members of the Nomination Committee are Alan Watson (Chair), Andrew Ross, Michael Price and John Robertson.

The Nomination Committee held one meeting during the Reporting Period. All Nomination Committee members were in attendance.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Company's website.

Audit Committee (Recommendations: 4.1, 4.2, 4.3 & 4.4)

The Company has established an Audit & Risk Management Committee which is structured in compliance with Recommendation 4.2.

The Board has adopted an Audit & Risk Management Committee Charter which describes the role, composition, functions and responsibilities of the Audit & Risk Management Committee.

The Audit & Risk Management Committee held two meetings during the Reporting Period. Details of the directors' attendance at the Audit & Risk Management Committee meetings are set out in the Directors' Report.

Name	No. of meetings attended
Michael Price (Chair) (independent non-executive director)	2
Alan Watson (independent non-executive director)	2
John Robertson (independent non-executive director)	2
Jonathon Stewart (independent non-executive director) (resigned 29 November 2011)	1

Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit & Risk Management Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit & Risk Management Committee and any recommendations are made to the Board.

This Company's Audit & Risk Management Committee Charter and the Company's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Company's website.

Remuneration Committee (Recommendations: 8.1, 8.2, 8.3 & 8.4)

The Company has established a Remuneration Committee. The members of the Remuneration Committee are John Robertson (Chair), Alan Watson (joined 12 April 2012) and Michael Price.

The Remuneration Committee held two meetings during the Reporting Period. Details of the directors' attendance at the Remuneration Committee meetings are set out in the Directors' Report.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time-to-time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company. The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement regarding the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested elements under any equity based remuneration schemes.

The Company's Remuneration Charter is available on the Company's website.

Performance evaluation

Senior executives (Recommendations: 1.2 & 1.3)

The Board is responsible for evaluating the performance of senior executives. The Board evaluates the performance of senior executives annually on a formal basis.

During the Reporting Period an informal evaluation of the senior executive took place at the completion of one year's employment with the Company, and subsequently on an annual basis.

Board, its committees and individual directors (Recommendations: 2.5 & 2.6)

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board Committees and individual directors. The Nomination Committee is responsible for evaluating the Managing Director via a formal interview process. All other evaluations are undertaken on an informal basis as required. The practice in this area is considered sufficient as the Company has a very small Board with little change in membership.

The performance of the Managing Director and other Executive Directors (if any) is reviewed annually by the Remuneration Committee against a list of key performance indicators, to determine whether or not the executives are performing according to their expected level. The Remuneration Committee takes into consideration external factors and changes in Company policy that may affect the ability of the executive directors to perform in accordance with their key performance indicators.

During the Reporting Period no evaluation of the Board and its committees took place. The Board did intend for an evaluation of the Board and its committees to take place during the Reporting Period, however there were further changes to the Board, including the appointment of a new Chair. An evaluation of the Board, its committees and individual directors has been initiated and will be completed during the next financial year.

A summary of the Company's Process for Performance Evaluation is available on the Company website.

Ethical and responsible decision making

Code of Conduct (Recommendations: 3.1 & 3.5)

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the obligations and the reasonable expectations of their stakeholders, and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of Conduct is available on the Company website.

Diversity (Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The Board has not set measurable objectives for achieving gender diversity. In light of the Company's stage of development and the location and nature of the Company's operations, the Board does not consider it practical to formally establish measurable objectives for achieving gender diversity at this time. However, the Company is committed to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contribution of diverse skills and talent from its directors, officers and employees.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

	Proportion of women
Whole organisation	0 out of 3 (0%)
Senior Executive positions	1 out of 2 (50%)
Board	0 out of 5 (0%)

A copy of the Company's Diversity Policy is available on the Company's website.

Policy for Trading in Company Securities (Recommendations: 3.2 & 3.3)

The Company has established a Policy for Trading in Company Securities by directors, officers and employees.

A copy of the Company's Policy for Trading in Company Securities is available on the Company's website.

Continuous Disclosure
(Recommendations: 5.1 & 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A copy of the Company's Policy on Continuous Disclosure and a summary of the Company's Compliance Procedures are available on the Company's website.

Shareholder Communication
(Recommendations: 6.1 & 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

A copy of the Company's Shareholder Communication Policy is available on the Company's website.

Risk Management
(Recommendations: 7.1, 7.2, 7.3 & 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter he believes appropriate, with the prior approval of the Board.

The Board has established the Audit & Risk Management Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. A report by management on the effectiveness of the internal financial control and risk management systems is provided to the Audit & Risk Management Committee on an annual basis.

A report on the effectiveness of the risk management system in managing material business risks is prepared by management and provided to the Board on an annual basis.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established financial control procedures and authority limits for management, if proposed to be exceeded, requires prior Board approval;
- preparation and approval of an annual budget;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's system for managing its material business risks includes a risk register which is prepared by management to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed half yearly and updated, as required. Management reports to the Board on material business risks at each Board meeting.

The categories of risk identified as part of the Company's risk management system are:

- Financial risks;
- Operational;
- Technological;
- Economic cycle;
- Reputation; and
- Legal and compliance.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the Reporting Period.

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

A summary of the Company's Risk Management Policy is available on the Company's website.

The shareholder information set out below was applicable as at 30 September 2012.

1. Twenty largest shareholders

Ordinary shares	Number	Percentage
NEW STANDARD ENERGY LIMITED	38,079,066	13.73
AURORA OIL AND GAS LIMITED	33,833,334	12.20
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	14,859,844	5.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,544,340	5.25
CITICORP NOMINEES PTY LIMITED	10,447,618	3.77
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,100,076	2.56
ARGONAUT EQUITY PARTNERS PTY LIMITED	6,000,000	2.16
MR HENRY JOHN DEBURGH <RA & DJ BROUN A/C>	5,000,001	1.80
HENRY JOHN DEBURGH <THE ROCKTON A/C>	5,000,001	1.80
MR HENRY JOHN DEBURGH <TJ DEBURGH A/C>	5,000,001	1.80
NATIONAL NOMINEES LIMITED	4,842,340	1.75
CLELAND PROJECTS PTY LTD <CT A/C>	4,172,500	1.50
BEACON EXPLORATION PTY LTD	3,000,000	1.08
SDMO AUSTRALIA PTY LTD <THE BOTICA SUPER FUND A/C>	2,333,917	0.84
HAZARDOUS INVESTMENTS PTY LTD	2,013,755	0.73
MR P GRENVILLE SCHOCH	2,000,000	0.72
WALLOON SECURITIES PTY LTD	2,000,000	0.72
REEF INVESTMENTS PTY LTD <T D NAIRN SUPER FUND A/C>	1,750,000	0.63
SANDHURST TRUSTEES LTD <LMA A/C>	1,650,000	0.60
MR MARTIN GREEN	1,550,000	0.56
Total top 20	**165,176,793**	**59.56**
Other	112,073,844	40.44
Total ordinary shares on issue	**277,250,637**	**100.00**

2. Substantial shareholders

Set out below are the names of the substantial holders and the number of equity securities held by those substantial holders (including those equity securities held by their associates), as disclosed in the substantial holding notices given to the company:

Shareholder	Number	Percentage
NEW STANDARD ENERGY LIMITED	38,079,066	13.73
AURORA OIL AND GAS LIMITED	33,833,334	12.20
MR HENRY JOHN DEBURGH <RA & DJ BROUN A/C>	15,000,003	5.40
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	14,859,844	5.36
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,544,340	5.25

3. Distribution of equity securities

	Ordinary shares	Unlisted options
1 - 1,000	29	-
1,001 - 5000	51	-
5,001 - 10,000	55	-
10,001 - 100,000	589	-
100,001 - and above	277	2
	1,001	2

4. Unquoted securities

The names of the holders holding more than 20% of each class of unlisted securities are set out below:

	Class	Number
R11 Capital Pty Ltd <R11 Consulting A/C>	Tranche 3	1,250,000
Mr Iain Knott	Tranche 3	750,000

5. Voting rights

Refer notes 17 and 19 to the Financial Statements.

6. On-market buy back

There is currently no on-market buy back program for any of Elixir's listed securities.

7. Company secretary, registered and principal administrative office and share registry

Details can be found in the Corporate Directory at the beginning of the Annual Report.

8. List of interests in petroleum leases

Details of the Company's interests in petroleum leases can be found in Note 23 to the Financial Statements.

Elixir Petroleum Limited | ABN 51 108 230 995
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