elixir
petroleum limited

2013

Annual Report

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CORPORATE DIRECTORY

Directors & Management
Mr Alan Watson
Non-Executive Chairman

Mr Andrew Ross
Managing Director
(resigned 5 April 2013)

Mr Michael Price
Non-Executive Director

Dr John Robertson
Non-Executive Director

Mr Mark O'Clery
Non-Executive Director
(appointed 14 August 2012)

Mr Sam Willis
Non-Executive Director
(appointed 30 August 2013)

Mr Matthew Szwedzicki
Chief Operating Officer

Company Secretary
Mr Nicholas Ong
(appointed 27 March 2013)

Mr Keith Bowker
(appointed 9 July 2012)
(resigned 27 March 2013)

Ms Julie Foster
(resigned 9 July 2012)

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Telephone: (+61) 8 9323 2000

Bankers
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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
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Stock Exchange Listing
Australian Securities Exchange
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Code EXR

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CHAIRMAN'S LETTER

DEAR SHAREHOLDER

Against a challenging background for the small oil and gas sector, Elixir has undertaken a comprehensive review of its existing assets as well as examining a considerable number of new venture opportunities. Whilst the Board frequently encountered unrealistic value expectations from vendors of new venture opportunities, the strategic review process highlighted that Moselle remains our most prospective asset, and is more attractive than many of the available alternate opportunities reviewed. Accordingly, the Board is focusing on the Moselle project and is concentrating the Company's efforts and resources to realise value from this asset whilst remaining cognisant of relevant opportunities that may materialise. Consistent with this strategy, the Company has taken measures to narrow its asset base, and undertaken actions to reduce its fixed operational costs in order to preserve the long term value we see in Moselle. The reduction in operating costs will be evident in the coming year.

One of the highlights of the year was the identification, and subsequent independent verification, of significant conventional oil and gas prospectivity at Moselle. There are several large gas and oil prospects which have been mapped in the permit area. If these prospects are hydrocarbon charged, we believe they will not require hydraulic fracture stimulation to produce commercially. We see strong gas market fundamentals with prevailing high prices and strong demand in France. There is also significant existing pipeline infrastructure with unutilised capacity traversing our permit. We remain interested in securing a partner to assist us with the further exploration of these prospects by way of additional seismic acquisition, and ultimately drilling.

We note the significant industry interest in unconventional oil and gas globally that is transforming the energy landscape with oil production in the U.S. having risen by circa 50% since 2008. This increased energy self sufficiency and much cheaper energy cost for industry in the U.S. has significantly assisted in stimulating the economy and improving its competitiveness internationally. Within Europe unconventional oil and gas activity has recently centred on the United Kingdom, where the Government has adopted a framework of measures to regulate the use of hydraulic fracture stimulation techniques in onshore areas. In France, the debate and discussion on unconventional oil and gas continues. A progress report on "Alternative techniques for hydraulic fracturing and the exploitation of non-conventional hydrocarbons" was tabled in the French Parliament in mid-2013. The final version of the report is due to be tabled before the French Parliament in late 2013. Elixir continues to believe the underlying unconventional potential in the Moselle Permit is extremely large and the Company will endeavour to preserve this upside potential for shareholders whilst pursuing the conventional prospectivity of the company's permits.

In the UK, Elixir completed a farmout of Blocks 12/18 and 12/19c in the Inner Moray Firth region of the UK North Sea in December 2012 to Adriatic Oil Plc. More recently, in September 2013, Elixir agreed to an amendment of the farmout with Adriatic obtaining an additional 55% interest in the blocks in exchange for providing a free carry (up to the drill or drop decision) on Elixir's remaining 20% participating interest. Work is continuing on these blocks with a view to assessing prospectivity leading up to the drill-or-drop decision.

Elixir is reviewing options for its interest in the High Island project in the Gulf of Mexico, USA. After detailed technical and economic analysis, the Company elected not to participate in the workover of the two producing wells in the field proposed by the Operator in February 2013. As at the date of this report, the operator has not advanced these workover activities. The project continues to produce at low rates and Elixir will assess the best course of action for its interest in the Project, which may include divestment or withdrawal from the JV with the associated crystallisation of abandonment liabilities.

In August 2013, Elixir successfully completed a fully underwritten, non-renounceable entitlement issue raising approximately $1.85 million (before costs). This saw the introduction of new shareholders to our register, as well as our largest shareholder, New Standard Energy (ASX:NSE), increasing its shareholding. The Board also undertook a review of its composition and structure, which saw the appointment of Mr Sam Willis in late August 2013 and the announcement that Mr John Robertson would not be seeking re-election to the Board at the Company's annual general meeting in October 2013.

We thank our shareholders for their support through the period and look forward to a more successful year in 2014.

Yours sincerely

Alan Watson
Non-Executive Chairman

STRATEGY

Elixir Petroleum Limited ("Elixir" or "Company") is an internationally focused oil and gas exploration company.

Elixir's strategy is to acquire and progress interests in exploration licences with high impact potential, to work up prospects internally and to seek farmin partners to assist with the further delineation and ultimately drilling of identified prospects. Currently, Elixir is pursuing this strategy in Europe with interests in exploration licences onshore in France and offshore in the UK North Sea.

Details on Elixir's assets and operations can be found at www.elixirpetroleum.com and at www.asx.com.au. A summary of the Group's operations during the 2013 financial year follows.

Elixir operates in the oil and gas sector and is subject to risks relating to exploration, drilling and production of oil and gas which may not be generally associated with other sectors. Particular risks to note associated with France include Government legislation and regulation (including prohibiting the use of hydraulic fracture stimulation techniques). In addition, Elixir's US assets are towards the end of their economic life at which point the costs associated with abandonment will be crystallised.

FRANCE

Moselle Permit (EXR 100%, Operator)

The Moselle Permit, acquired by Elixir in April 2010, is located in north-eastern France in the Saar-Lorraine Basin. The permit is approximately 5,360 km^2 in area, or approximately 1.32 million acres, and is currently the largest single exploration block in onshore France and one of the largest exploration permits that is prospective for both conventional and unconventional hydrocarbons in Western Europe.

The permit was originally awarded in January 2009 for an initial five year term. A renewal application was submitted in early September 2013 for an extension of the permit term into its second five year exploration period. All expenditure obligations relating to the first exploration period have been met and the Company expects the extension into a second exploration period to be forthcoming.

The unconventional potential within Moselle was assessed early in the permit's initial term, and led to an independent assessment by Netherland, Sewell and Associated, Inc ("NSAI") of an unrisked gross unconventional undiscovered original oil in place best estimate (P50) of 164.7 billion barrels and original gas in-place best estimate (P50) of 649.7 trillion cubic feet.

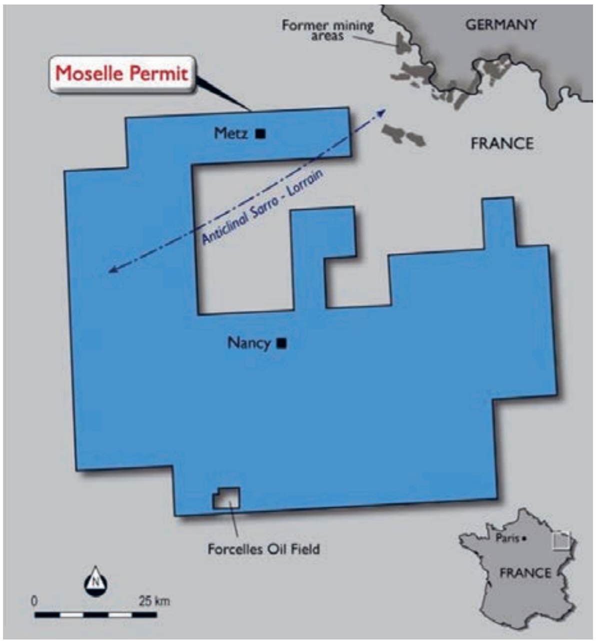

Figure 1: Location of the Moselle Permit

Subsequent to this potential reserve assessment, in mid-July 2011, legislation was enacted by the French Parliament prohibiting the use of hydraulic fracture stimulation ("fraccing") as a well completion technique in France. This has meant that the significant value associated with unconventional prospectivity identified in the Moselle Permit cannot be pursued for the time being, and the Company has therefore redirected its focus to the substantial conventional prospectivity within the permit.

Conventional Prospectivity

As a result of technical work undertaken in the 2013 financial year, Elixir has identified new examples of established conventional play types for the area, as well as an exciting new play comprising previously untested reservoir objectives associated with large structures located in the central part of the permit. The three key play types are:

- The **Paris Basin Play** – Lower Triassic sandstones (existing play type)
- The **Westphalian Play** – Fractured Westphalian sandstones (existing play type)
- The **Stephanian Play** – Upper Carboniferous Stephanian sandstones (new play type)

In addition to the existing conventional Triassic and Westphalian plays within the Moselle Permit, Elixir has identified a significant new play type in the Stephanian targeting reservoirs in large Carboniferous thrust anticlines. Although the Stephanian was not the target of past wells, there are five historic wells that intersect parts of the Stephanian sequence in the permit. The analysis of core and log data from these wells demonstrates reservoir quality, while reprocessed seismic, which has been corrected for static issues, has enabled identification and mapping of large anticlinal structures.

Elixir's strategy is to acquire and progress interests in exploration licences with high impact potential

Substantial potential is also present in the more traditionally exploited existing play types in the Lower Triassic (which hosts the nearby La Trois Fontaine gas field and the Forcelles oil field) and Westphalian, where gas to surface has been achieved in a number of historic wells.

Figure 2 below shows a schematic NW-SE cross-section for the Moselle Permit. The shallow Lorraine Anticline, which contains older Westphalian sequences and has been a focus of past exploration efforts, is illustrated on the northern end of the section. Towards the south, the Nancy Anticline trend contains several thousand meters of untested younger Stephanian sediments associated with a series of large thrust structures. Historic wells have hydrocarbon shows throughout the sequences as shown.

Elixir has identified significant prospective resource potential across the conventional prospects at Moselle, which is located largely in the south-western portion of the permit, and which will be retained in full (together with the most prospective areas for unconventional exploration) under the current permit renewal application.

As an example, the Nancy East prospect is a broad structure with over 40km^2 of areal closure. It is expected that a single well could penetrate and test the four

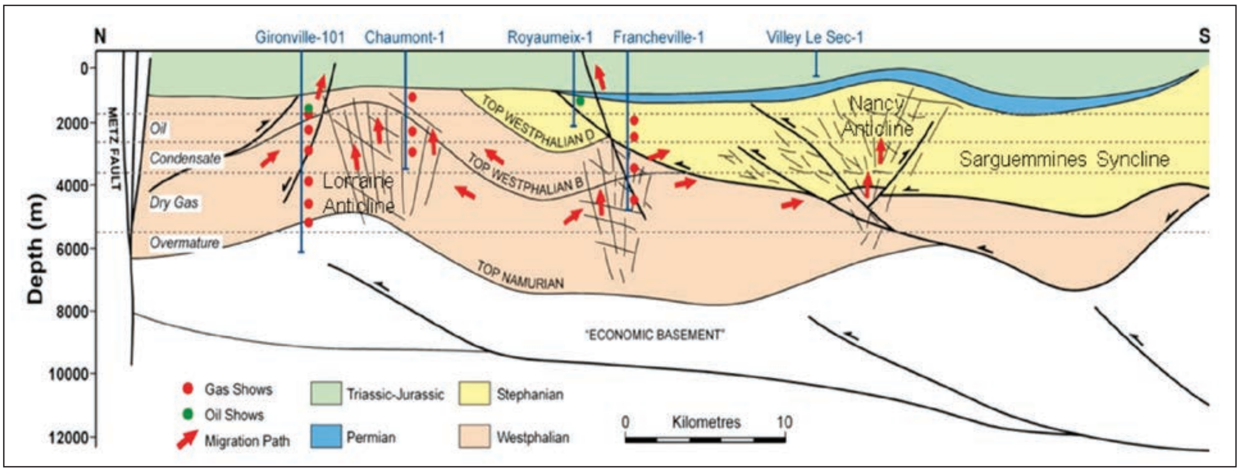

Figure 2 – Schematic cross-section oriented NW-SE across the Moselle Permit

primary stacked reservoir targets at Top Carboniferous, Intra-Stephanian 1, Intra-Stephanian 2 and Intra-Stephanian 3 levels as shown in Figure 3 below.

Structural closures at Lower Triassic (Top Buntsandstein), Base Stephanian and Westphalian C horizons are also mapped, but are considered secondary targets due to their relatively small size and higher risk profile.

In order to verify the technical studies undertaken by Elixir, RPS Energy Services Pty Ltd ("RPS") was engaged in April 2013 to provide an Independent Resources Report in relation to three of the conventional prospects identified within the Moselle Permit. The RPS Independent Resources Report was completed in June 2013 and largely confirmed Elixir's technical work, verifying the potential for significant conventional prospective resources

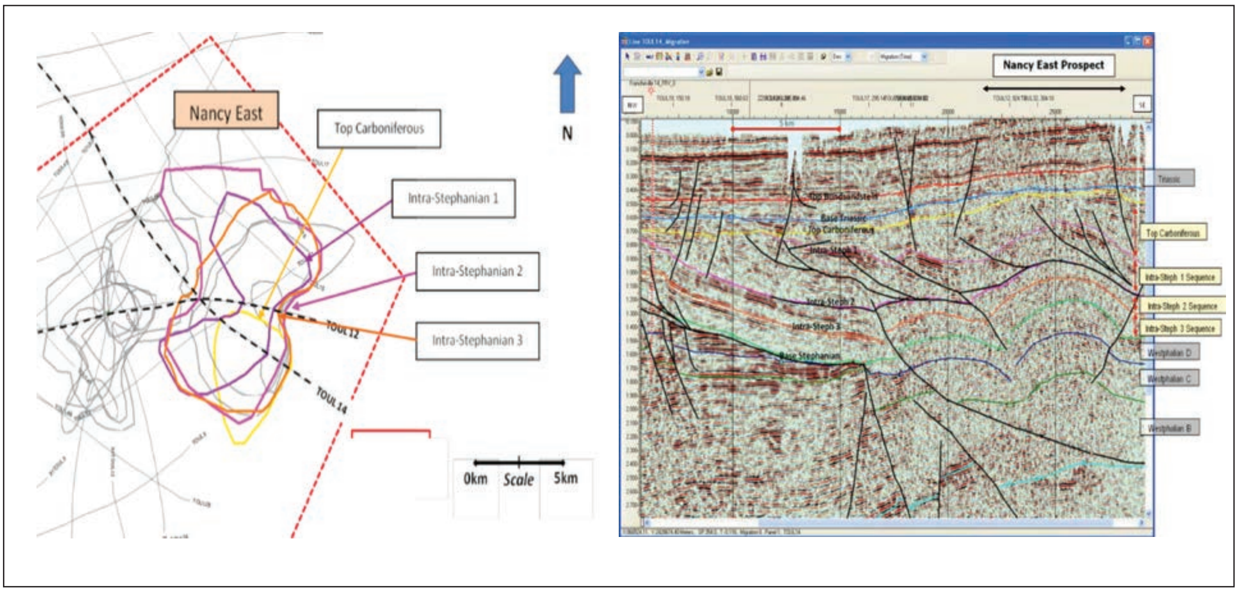

Figure 3 – Nancy East Stacked Prospect Outlines and Seismic Cross Section

in each of the three prospects analysed. RPS determined the following prospective recoverable resource estimates with respect to the three prospects.

Table 1: Prospective Recoverable Gas Resources (Bcf) – Mean Estimate

Prospect	Unrisked Total (if all sequences are successful) [1]	Probabilistic Total (given at least one success) [2]
Nancy East (4 sequences)	**626 Bcf**	**235 Bcf** (GPoS [3] 37%)
Bullseye [4] (6 sequences)	**208 Bcf**	**55 Bcf** (GPoS 50%)
West Chaumont [4] (1 sequence)	**25 Bcf**	**25 Bcf** (GPoS 25%)
Total: Nancy East, Bullseye and West Chaumont	**861 Bcf** [5]	**157 Bcf** [6] (GPoS 80%)

1 *Statistical aggregation assuming that all sequences are successful. The probability of this occurring is the product of all risks and is likely to be extremely small.*
2 *Statistical aggregation assuming that at least one sequence is successful. The total takes into account all possible successful outcomes and the mean value of this distribution represents the true expectation of success.*
3 *GPoS means Geological Probability of Success.*
4 *An alternate realisation for the Lower Triassic sequence in Bullseye and West Chaumont is oil rather than gas – please see oil case table below.*
5 *Summation is subject to rounding differences.*
6 *This is a probabilistic total rather than an arithmetic addition.*

An alternate realisation for the Lower Triassic sequence in both the Bullseye and West Chaumont prospects is that the sequence is oil charged rather than gas charged. This is similar to the classic 'Paris Basin' play, as evidenced by the small Forcelles oil field located in (but excised from) the southern part of the Moselle Permit.

RPS has determined the following in place and prospective resource estimates with respect to the oil potential in these two prospects.

Table 2: Undiscovered Oil Initially-in-Place (mmbbl) and Prospective Recoverable Oil Resources – Mean Estimate

Prospect	Undiscovered Oil Initially in Place (MMbbls) [1]	Prospective Oil Resources (MMbbls) [1]
Bullseye (1 sequence oil only)	**116 mmbbls** [2] (GPoS 24%)	**40 mmbbls** [2] (GPoS 24%)
West Chaumont (1 sequence)	**104 mmbbls** [3] (GPoS 25%)	**36 mmbbls** [3] (GPoS 25%)

1 *The GPoS is the chance of discovering hydrocarbons within the prospect and not specifically oil.*
2 *This alternate realisation for the Lower Triassic sequence in the Bullseye prospect displaces 31 Bcf of prospective gas resources from the 208 Bcf probabilistic total shown in Table 1 and from the 861 Bcf total combined for all prospects in Table 1.*
3 *This alternate realisation for the Lower Triassic sequence in the West Chaumont prospect displaces the entire 25 Bcf of prospective gas resources shown in Table 1 and from the 861 Bcf total combined for all prospects in Table 1.*

It is estimated that the Nancy East, Bullseye and West Chaumont prospects on a combined basis contain collective mean unrisked prospective recoverable resources of 861 Bcf if entirely gas filled, or 805 Bcf of gas and 76 mmbbls of oil if the Lower Triassic 'Paris Basin' reservoirs (targeted in the Bullseye and West Chaumont prospects) are oil filled.

The results of the RPS independent resource report confirms the significant conventional resource potential in the Moselle area (incorporating both shallow oil and deeper gas potential), and the attractive risk profile of each of the prospects assessed. In particular, the oil cases generated for the shallow Lower Triassic reservoir objectives in the Bullseye and West Chaumont prospects provide a very attractive alternative target to the significant gas potential defined for the deeper Stephanian and Westphalian reservoirs in the Bullseye and Nancy East prospects.

Strong Gas Market Fundamentals, Good Fiscal Terms and Existing Infrastructure

The French gas market has strong fundamentals, with a robust gas price and a major disparity between domestic gas production and consumption, with a deficit of some 1.6 Tcf per annum which has to be imported.

A tax and royalty regime exists in France which offers attractive fiscal terms, with a 5% flat royalty rate on field gas production above 30 MMcf/d and a 34.3% tax rate, including local taxes.

Existing pipeline infrastructure and relatively low population density in the Saar-Lorraine Basin region should allow for rapid commercialisation of any discovery. Regionally, gas pipeline and storage infrastructure is well established, with a number of existing intra-European pipelines crossing the Moselle Permit area. Storengy (a GdF company) also operates the Cerville-Velaine gas storage facility located approximately 20km from the eastern boundary of the Nancy East prospect. In addition, the area is well serviced by roads, power, water and labour supply.

The French gas market has strong fundamentals, with a robust gas price and a major disparity between domestic gas production and consumption.

Conventional Farmout

Elixir is interested in securing a partner to pursue the conventional oil and gas prospects that have been identified. At the time of this report a number of parties have expressed some interest but none of these discussions have progressed to a meaningful stage and it is uncertain if an acceptable deal will be reached in the near-term.

The Moselle Permit remains a significant opportunity for Elixir. With compelling conventional exploration potential having been identified, we look forward to continued progress being made at Moselle in the coming period.

UK NORTH SEA

Sunset Project - Blocks 12/18 & 12/19c, licence P1921 (EXR 75%, Operator proposed to reduce to 20% Non Operator)

In December 2012, Elixir announced the farmout of the Blocks to Adriatic Oil Plc ("Adriatic"). Under the terms of the farmout, Adriatic was assigned a 25% participating interest in the licence in consideration for funding the cost of interpreting newly purchased 3D seismic data over the blocks up to an agreed maximum value, together with a cash contribution towards Elixir's prior costs on the project.

In September 2013, Elixir announced an amendment to the original farmout agreement. Under the amended terms of the Farmout, Adriatic will be assigned a further 55% participating interest (resulting in a total 80% Adriatic participating interest) in the Licence in consideration for fully funding re-processing of the acquired 3D seismic data, and interpretation of the re-processed data. In addition, all costs related to any farm-out required to fulfil the licence's drill or drop requirements before February 2014 will be borne solely by Adriatic. Adriatic will become the operator of the licence subject to regulatory approvals.

Elixir will retain a 20% participating interest (free carried until the drill or drop decision). The completion of the amended Farmout is subject to usual closing conditions, including regulatory approvals.

GULF OF MEXICO, USA

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

The High Island field is located offshore the Gulf of Mexico, approximately 65 kilometres south-east of Houston. Elixir has participated in the project since the discovery of the field through the drilling of the original exploration well in January 2007. Following commissioning, production commenced from two wells in September 2007. In total, the field has produced 76 mmscf of gas and 7,090 barrels of condensate during the most recent reporting period.

Elixir is currently considering its options with respect to its continued involvement with the High Island project, which is near the end of its economic life, and which may include divestment of the Company's working interest in the Project or withdrawal from the Joint Venture with the resultant crystallisation of abandonment liabilities. The Company has provided for a liability of $842,559 associated with High Island abandonment in its accounts.

Pompano Project (EXR – 25% WI)

The operator reported that in June 2012 the two leases associated with this project were relinquished by the partners who held the remaining working interests in them. Elixir had previously elected not to participate in the ultimately unsuccessful workover operations conducted on the project's two production wells.

Elixir retains an interest in the surface leases associated with the production platform and a nearby well caisson, for which it retains an obligation to contribute to the costs associated with the eventual abandonment of these facilities. Elixir currently has in place a US$565,000 bond with respect to the future abandonment of these facilities which is anticipated to fully cover this obligation.

NEW VENTURES

During the year the Company evaluated a number of new asset and corporate opportunities with a view to expanding Elixir's current portfolio of interests. However, none of the opportunities reviewed was assessed as providing the same upside potential as the Moselle Permit.

The Company has sought to expand its acreage position in France with the filing of two new permit applications for areas adjacent to the Moselle Permit area with the result of these applications at this stage unknown.

CORPORATE

The Company undertook a capital raising following the end of the reporting period in July 2013. Elixir raised approximately $1.85 million (before costs) via a fully underwritten non-renounceable rights issue. As a result of priority sub-underwriting of the issue, the Company's largest shareholder, New Standard Energy Limited (ASX:NSE), increased its ownership stake in the Company to 28.2%.

Following the completion of the fundraising the Board undertook a review of its composition and structure, and agreed to appoint Mr Sam Willis (a non-executive director of NSE) as a non-executive director to the Board. Contemporaneously with this appointment Mr John Robertson indicated that he would not be seeking re-election to the Board at the upcoming annual general meeting of the Company.

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 2013 ("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
Mr Andrew Ross *(resigned 5 April 2013)*
Mr Michael Price
Dr John Robertson
Mr Mark O'Clery *(appointed 14 August 2012)*
Mr Sam Willis *(appointed 30 August 2013)*

Other than as stated above, each director held office from 1 July 2012 until the date of this report.

PRINCIPAL ACTIVITIES

Elixir is an oil and gas exploration company whose primary purpose is to source early stage exploration projects with a view to investigation and progressing these projects toward ultimate development and production. There was no significant change in the nature of these activities during the year.

SUMMARY FINANCIAL & OPERATING REVIEW

Operating Results
For the financial year ended 30 June 2013, the Consolidated Entity recorded a net loss after tax of $2,087,203 (2012: $2,650,931) after charging as expenses, amortisation costs of $74,153 (2012: $91,401), exploration and evaluation costs of $102,921 (2012: $144,814) and impairment of oil and gas properties of $362,705 (2012: $1,594,188).

Corporate and Financial
The Consolidated Entity had no financing debt during the reporting period. At 30 June 2013, the Consolidated Entity held cash totalling $984,995 (2012: $3,486,500).

The Company undertook a capital raising following the end of the reporting period in July 2013. Elixir raised approximately $1.85 million before costs via a fully underwritten non-renounceable rights issue. As a result of priority sub-underwriting the issue, the Company's largest shareholder, New Standard Energy Limited (ASX:NSE) increased its ownership stake in the Company to 28.2%.

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
Qualifications: B.Sc (Hons.)
Board Committees: Chair of Nomination Committee and Member of Remuneration and Audit and Risk 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, investor relations strategies and regulatory obligations.

Other current directorships of Australian listed public companies:
- Aurora Oil & Gas Limited; and
- Wilson HTM Investment Group (appointed 15 July 2013)

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:
1,534,702 fully paid ordinary shares

Mr Michael Price – Non-Executive Director
Qualifications: BEcon, MBA, Grad Dip Appl Finance & Invest, FAICD
Board Committees: Chair of Audit and Risk Committee, 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:
999,999 fully paid ordinary shares

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

Interests in shares and options over shares in Group companies at the date of this report:
1,533,188 fully paid ordinary shares.

Mr Mark O'Clery – Non-Executive Director (appointed 14 August 2012)
Qualifications: B.Sc (Hons.)
Board Committees: Member of Remuneration Committee

Mr O'Clery is a Petroleum Geologist with over 25 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's broad technical and commercial experience 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:
306,940 fully paid ordinary shares

Mr. Sam Willis – Non-Executive Director (appointed 30 August 2013)
Qualifications: B.Com

Mr Willis is a non-executive director with the company's largest shareholder, New Standard Energy Limited, having previously been its Managing Director. Prior to his role at New Standard, Mr Willis worked in the corporate advisory and financial markets fields for over 10 years where his primary duties involved assisting companies achieve an ASX listing, providing general corporate advice, M&A assessment, deal co-ordination and structuring and capital raising for unlisted and listed companies.

Sam has also previously worked as a private client advisor with Hartleys, in an advisory capacity with Red Dingo (venture capital), and as an investment analyst with both Deutsche Bank and Schroders Investment Management in London.

Other current directorships of Australian listed public companies:
- Base Resources Limited (ASX: BSE); and
- New Standard Energy Limited (ASX:NSE)

Former directorships of Australian listed public companies in last three years:
Northern Energy Corporation Ltd (ASX: NEC) (resigned February, 2011)

Interests in shares and options over shares in Group companies at the date of this report:
767,351 fully paid ordinary shares

COMPANY SECRETARIES

Mr Nicholas Ong (appointed 27 March 2013)
Qualifications: BCom, GradDipAppFin, ACIS, MBA

Mr Ong is a Chartered Secretary and is a founding director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services.

Mr Keith Bowker (resigned 27 March 2013)
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 2013, 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	9	9	2	2	1	1
Mr. Andrew Ross (1)	7	7	-	-	-	-
Mr. Michael Price	9	9	2	2	1	1
Dr. John Robertson	9	9	2	2	1	1
Mr. Mark O'Clery (2)	8	8	-	-	1	1

(1) *Resigned 5 April 2013.*
(2) *Appointed a non-executive director 14 August 2012.*

SHARE OPTIONS

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

	Year Ended 30 June 2013		**Year Ended 30 June 2012**		
Grant Date*	Number	Exercise Price	Number	Exercise Price	Expiry
26-Jun-08	-		2,000,000	A$0.35	31-Mar-13
Total	-		2,000,000		

* In accordance with 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.

None of the options were exercised and they have all expired on 31 March 2013.

PERFORMANCE RIGHTS

At the date of this report the following performance rights have been granted over unissued capital.

	Year Ended 30 June 2013		Year Ended 30 June 2012	
Grant Date*	**Number**	**Expiry**	**Number**	**Expiry**
12-Nov-12	500,000	23-Jul-13	-	-
12-Nov-12	500,000	23-Jul-14	-	-
12-Nov-12	500,000	23-Jul-15	-	-
26-Apr-13	500,000	22-Apr-14	-	-
26-Apr-13	1,000,000	22-Oct-14	-	-
Total	3,000,000			

* Shareholder approval is not required for the grant of these performance rights hence the grant date is the actual dates of Offer and Acceptance under the Plan. The Performance Rights expiring 23 July 2013 did not vest and have expired.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of 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 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
Andrew Ross	Managing Director (resigned 5 April 2013)
Michael Price	Non-Executive Director
John Robertson	Non-Executive Director
Mark O'Clery	Non-Executive Director (appointed 14 August 2012)

(ii) Key Management Personnel

Matthew Szwedzicki	Chief Operating Officer
Iain Knott	Exploration Manager (redundant 22 October 2012)
John Anderson	Senior Geoscientist (redundant 31 March 2013)

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 high quality, high performing directors and key management personnel.

Remuneration philosophy

The performance of the Company, among other things, depends upon the quality of its directors and 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.

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 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 2013 short term bonus payments to key management personnel of the Group of $15,000 (2012: $20,000) were paid as follows:

Performance related cash bonus

		Performance related cash bonus				
	Grant date	**Contractual performance bonus**	**Discretionary performance bonus**	**Total**	**Paid**	**Forfeited**
Key Management Personnel						
Matthew Szwedzicki	June 13	$15,000		15,000	100%	-

The contractual bonus paid to Mr Szwedzicki was in recognition of the additional work load and responsibility assumed post the resignation of Mr Andrew Ross from the position of Managing Director of the Company. 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 or Performance Rights 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 to the Company's employees and consultants to deliver long-term shareholder returns. Under the ESOP, participants are granted options or performance rights 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.

Options or performance rights 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 or performance rights 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 or performance rights without the approval of the board.

Details of options or performance rights 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 or performance right is convertible into one ordinary share of the Company. Further information on the options and performance rights are set out in note 23 of the Financial Statements.

The terms and conditions of each grant of performance rights to Mr Matthew Szwedzicki affecting remuneration in the previous, this or future reporting periods are as follows:

Grant date	12/11/2013	26/4/2013
Performance Criteria	**Tranche 1** (500,000 rights): 5-day VWAP of at least $0.041 at 23/7/13*.	**Tranche 1** (500,000 rights): 10-day VWAP of at least $0.06 at 22/4/14.
	Tranche 2 (500,000 rights): 5-day VWAP of at least $0.061 at 23/7/14 (50% greater than Tranche 1 hurdle).	**Tranche 2** (1,000,000 rights): 10-day VWAP of at least $0.07 at22/10/14.
	Tranche 3 (500,000 rights): 5-day VWAP of at least $0.091 at 23/7/15 (50% greater than Tranche 2 hurdle).	

* *These performance rights have expired unvested on 23/7/13.*

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 below shows various commonly used measures of performance for the 2009 to 2013 financial years:

	Year ended 30 June				
	2009	**2010**	**2011**	**2012**	**2013**
	$	**$**	**$**	**$**	**$**
Revenues and finance income	5,885,942	2,795,261	1,163,371	436,734	286,600
(Loss) after tax	(27,349,136)	(5,695,287)	(3,363,441)	(2,650,931)	(2,087,203)
Share price at start of year	0.26	0.05	0.05	0.05	0.05
Share price at end of year	0.05	0.05	0.05	0.05	0.02
Change	(0.21)	(0.00)	(0.00)	(0.00)	(0.03)
Loss per share	(0.15)	(0.03)	(0.02)	(0.01)	(0.01)
Total Shareholder Return (TSR) (i)	(0.36)	(0.03)	(0.02)	(0.01)	(0.04)

(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. Matthew Szwedzicki 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 2013 of $207,100 to be reviewed annually by the Board.

Notice period or termination benefit in lieu of notice (on behalf of the employer), other than for gross misconduct, equal to four months' salary and superannuation.

Remuneration of directors and key management personnel of the group for the current and previous financial year

2013	Short-term benefits				Post-employment benefits		Share-based payment		
	Cash salary and fees	Cash payment	Non-monetary benefits	Other (5)	Super-annuation	Retire-ment benefits	Options	Total	Perfor-mance related
	$	$	$	$	$	$	$	$	%
Non-executive directors									
John Robertson	50,000	-	-	-	-	-	-	50,000	-
Michael Price	45,872	-	-	-	4,128	-	-	50,000	-
Alan Watson	41,284	-	-	-	3,716	-	-	45,000	-
Mark O'Clery (1)	41,250	-	-	179,795	-	-	-	221,045	-
Sub-total non-executive directors	**178,406**	**-**	**-**	**179,795**	**7,844**	**-**	**-**	**366,045**	**-**
Executive directors									
Andrew Ross (2)	195,966	-	-	-	17,116	-	-	213,082	-
Iain Knott (3)	157,876	-	-	-	-	-	-	157,876	-
Sub-total executive directors	**353,842**		**-**	**-**	**17,116**	**-**	**-**	**370,958**	**-**
Key Management Personnel									
Matthew Szwedzicki	178,125	15,000	-	-	17,381	-	10,932	221,438	12%
John Anderson (4)	194,683	-	-	-	-	-	-	194,683	-
Sub-total other executives	**387,808**	**15,000**	**-**	**-**	**17,381**	**-**	**10,932**	**416,121**	**-**
Total Key Management Personnel	**920,056**	**-**	**-**	**179,795**	**42,341**	**-**	**10,932**	**1,153,124**	**-**

(1) Mr. O'Clery was appointed a non-executive director on 14 August 2012.
(2) Mr. Ross resigned as Managing Director on 5 April 2013
(3) Mr. Knott was made redundant on 22nd October 2012
(4) Mr. Anderson was made redundant on 31st March 2013
(5) Consultancy fees for oil and gas exploration predominantly in relation to the Moselle project were charged by Mark O'Clery on commercial terms amounting to $179,795 (2012: nil).

2012	Short-term benefits				Post-employment benefits		Share-based payment		
	Cash salary and fees	Cash payment	Non-monetary benefits	Other	Super-annuation (5)	Retire-ment benefits	Options	Total	Perfor-mance 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 and was retained as executive employee and considered to be a key management person.
(5) Includes pension scheme contributions for UK based executives.

Compensation options: granted and vested during the year

No compensation options were granted during the financial reporting period ended 30 June 2013 (2012: Nil).

Options granted as part of remuneration

No share options were granted during the financial reporting period ended 30 June 2013 (2012: Nil).

Performance Rights granted as part of remuneration

3,000,000 Performance Rights were granted to Mr Matthew Szwedzicki and Nil vested during the financial reporting period ended 30 June 2013 on the terms below (2012: Nil). Subsequent to financial year end 500,000 performance rights expired unvested on 23/7/13. Refer to Note 23 for details of Performance Rights.

Grant date	**12/11/2013**	**26/4/2013**
Performance Criteria	**Tranche 1** (500,000 rights): 5-day VWAP of at least \$0.041 at 23/7/13*. **Tranche 2** (500,000 rights): 5-day VWAP of at least \$0.061 at 23/7/14 (50% greater than Tranche 1 hurdle). **Tranche 3** (500,000 rights): 5-day VWAP of at least \$0.091 at 23/7/15 (50% greater than Tranche 2 hurdle).	**Tranche 1** (500,000 rights): 10-day VWAP of at least \$0.06 at 22/4/14. **Tranche 2** (1,000,000 rights): 10-day VWAP of at least \$0.07 at 22/10/14.

* *These performance rights have expired unvested on 23/7/13*

Adoption of remuneration report by shareholders

The adoption of the remuneration report for the financial year ended 30 June 2012 was put to shareholders of the Company at the Annual General Meeting (AGM) held on 30 November 2012. 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.

Dividends

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2013 (2012: Nil).

Matters subsequent to the end of the financial year

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

a. The Company undertook a capital raising following the end of the reporting period in July 2013. The Company successfully raised approximately $1.85 million before costs via a fully underwritten non-renounceable rights issue. As a result of priority sub-underwriting of the issue, the Company's largest shareholder, New Standard Energy Limited (ASX:NSE) increased its ownership stake in the Company to 28.2%.
b. On 30 August 2013, the Company announced the appointment of Mr Sam Willis as non-executive director of the Company.

Other than as disclosed above, no events have occurred since 30 June 2013 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

Refer to Operations Review on likely developments and future prospects of 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 and officers of Elixir 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 21 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

Alan Watson
Non-Executive Chairman
Perth, Western Australia
25 September 2013

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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 2013, 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

BDO Audit (WA) Pty Ltd
Perth, Western Australia
27 September 2013

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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 2013, the consolidated statement of profit or loss and other 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 year.

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, 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 company'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.

BDO

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 2013 and of its performance for the year 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Peter Toll

Director

Perth, Western Australia

Dated 27 September 2013

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and accompanying notes set out on pages 25 to 72, are in accordance with the *Corporations Act 2001*, including:

   a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

2. 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

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

4. 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

5. at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 12(b) 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 12(b).

The Directors have been given the declarations by the chief operating 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

Alan Watson
Non-Executive Chairman
Perth, Western Australia
25 September 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

		Consolidated	
		2013	2012
	Note	**$**	$
Continuing operations			
Revenue	(3)	**283,325**	436,733
Other income	(3)	**3,275**	-
Depreciation and amortisation expense	(4)	**(82,756)**	(104,023)
Impairment of Exploration & Evaluation Expenditure		**(362,705)**	(1,594,188)
Operating and Production costs		**(407,536)**	(576,757)
Exploration, evaluation and development costs expensed		**(102,921)**	(144,814)
Foreign exchange gain/(loss)		**24,379**	2,313
Administration and office Costs	(4)	**(1,442,264)**	(670,195)
Loss before income tax		**(2,087,203)**	(2,650,931)
Tax expense	(5)	**(0)**	(0)
Net Loss for the year		**(2,087,203)**	(2,650,931)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Foreign currency translation differences		**348,976**	27,699
		-	-
Other comprehensive income for the year		**348,976**	27,699
Total comprehensive loss for the year		**(1,738,227)**	(2,623,232)
Net loss attributable to:			
Members of the parent entity		**(2,087,203)**	(2,650,931)
		(2,087,203)	(2,650,931)
Total comprehensive loss attributable to:			
Members of the parent entity		**(1,738,227)**	(2,623,232)
		(1,738,227)	(2,623,232)
Loss per share			
From continuing and discontinued operations			
Basic and diluted (loss) per share (cents)	(8)	**(0.75)**	(1.18)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	Consolidated 2013 $	2012 $
Assets			
Current assets			
Cash and cash equivalents	(9)	**984,995**	3,486,500
Trade and other receivables	(10)	**670,025**	56,560
Other assets	(14)	**128,809**	312,595
Total current assets		**1,783,829**	3,855,655
Non-current assets			
Trade and other receivables	(10)	**-**	577,198
Property, plant and equipment	(13)	**22,891**	23,435
Oil and gas properties	(15)	**84,603**	272,386
Deferred exploration and evaluation expenditure	(16)	**3,979,316**	3,233,980
Total non-current assets		**4,086,810**	4,106,999
Total assets		**5,870,639**	7,962,654
Liabilities			
Current liabilities			
Trade and other payables	(17)	**218,112**	525,235
Provisions	(18)	**1,353,855**	55,099
Total current liabilities		**1,571,967**	580,334
Non-current liabilities			
Other provisions	(18)	**0**	1,356,354
Total non-current liabilities		**0**	1,356,354
Total liabilities		**1,571,967**	1,936,688
Net Assets		**4,298,672**	6,025,966
Equity			
Issued capital	(19)	**64,972,576**	64,972,576
Reserves	(26)	**1,215,562**	1,096,053
Accumulated Losses	(26)	**(61,889,466)**	(60,042,663)
Total equity		**4,298,672**	6,025,966

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Share Capital		Reserves			
	Ordinary	Accumulated Losses	Option Premium Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$	$
Consolidated Group						
Balance at 1 July 2011	60,644,366	(58,022,632)	1,773,184	871,300	(945,230)	4,320,988
Comprehensive income						
(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	-	(2,650,931)	-	-	27,699	(2,623,232)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the year	4,452,809					4,452,809
Share issue costs	(124,599)					(124,599)
Lapse of options		630,900		(630,900)		-
Total transactions with owners and other transfers	4,328,210	630,900	-	(630,900)	-	4,328,210
Balance at 30 June 2012	64,972,576	(60,042,663)	1,773,184	240,400	(917,531)	6,025,966
Comprehensive income						
Loss for the year		(2,087,203)				(2,087,203)
Exchange differences on translation of foreign operations					348,976	348,976
Total comprehensive income/(loss) for the year	-	(2,087,203)	-	-	348,976	(1,738,226)
Transactions with owners, in their capacity as owners, and other transfers						
Lapse of options		240,400		(240,400)		-
Performance rights issued during the year				10,932		10,932
Recognition of non-controlling interest of Sunset Permit						-
Total transactions with owners and other transfers	-	240,400	-	(229,468)	-	10,932
Balance at 30 June 2013	64,972,576	(61,889,466)	1,773,184	10,932	(568,555)	4,298,672

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		**291,308**	697,808
Payments to suppliers and employees		**(1,849,196)**	(1,953,309)
Net cash (used in) operating activities	(22a)	**(1,557,888)**	(1,255,501)
Cash flows from investing activities			
Payments for capitalised oil & gas properties		**(101,854)**	543,376
Payments for capitalised exploration, evaluation and development		**(919,331)**	(1,441,921)
Interest received		**10,393**	8,832
Proceeds from Farm-in		**49,594**	-
Proceeds from sale of plant and equipment		**3,275**	-
Purchase of property, plant and equipment		**(10,073)**	(18,878)
Net cash (used in) investing activities		**(967,996)**	(908,591)
Cash flows from financing activities			
Proceeds from issues of shares		**-**	4,452,809
Payments for share issue costs		**-**	(124,599)
Net cash provided by financing activities		**-**	4,328,210
Net increase/(decrease) in cash held		**(2,525,884)**	2,164,118
Cash and cash equivalents at beginning of financial year	(9)	**3,486,500**	1,320,069
Effect of exchange rates on cash holdings in foreign currencies		**24,379**	2,313
Cash and cash equivalents at end of financial year	(9)	**984,995**	3,486,500

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

1. Summary of significant accounting policies

Basis of preparation
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Elixir Petroleum Limited at the end of the reporting period. A controlled entity is any entity over which Elixir Petroleum Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 12 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

1. Summary of significant accounting policies (continued)

b. Income Tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense / (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1. Summary of significant accounting policies (continued)

c. Segment Reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has determined, based on the reports reviewed by the Board of Directors that are used to make strategic decision, 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.

Basis of accounting for purposes of reporting by operating segments

i. Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

ii. Inter-segment transactions
An internally determined transfer price is set for all inter-segment sales. This price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received / to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(iii) Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(iv) Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items
The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Discontinued operations
- Retirement benefit obligations

1. Summary of significant accounting policies (continued)

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

1. Summary of significant accounting policies (continued)

e. 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.

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.

1. Summary of significant accounting policies (continued)

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.

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 2013 was $74,153 (2012: $91,401).

f. Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

1. Summary of significant accounting policies (continued)

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

ii. Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iii. Financial Liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

1. Summary of significant accounting policies (continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1. Summary of significant accounting policies (continued)

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

h. Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 11.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

i. 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 costs of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, e.g as the result of 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 recognised directly in equity.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

1. Summary of significant accounting policies (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

k. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Share-based payments

The Group operates an employee share, option and performance rights plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares, options and rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

l. 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.

1. Summary of significant accounting policies (continued)

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.

m. 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.

n. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

o. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax or value added tax.

1. Summary of significant accounting policies (continued)

p. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

q. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

r. Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or value added tax (VAT), except where the amount of GST or VAT incurred is not recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

t. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key 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:

1. Summary of significant accounting policies (continued)

i. 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 2013 was $74,153 (2012: $91,401).

ii. 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 Black-Scholes valuation model, using the assumptions detailed in note 23.

iii. 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(l). As at 30 June 2013 rehabilitation obligations have a carrying value of $1,342,935 (2012: $1,356,354).

iv. 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 2013 was $362,705 (2012: $1,594,188). 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 2013, the carrying value of oil & gas properties is $84,603 (2012: $272,386).

Key Judgments

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:

i. Exploration and Evaluation Expenditure
The Group's accounting policy for exploration, evaluation and development is set out at note 1(e). 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 2013 the carrying amount of deferred exploration and evaluation expenditure is $3,979,316 (2012: $3,233,980).

ii. Oil & Gas Properties
The Group's accounting policy for oil & gas properties is set out at note 1(e). Application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances,

1. Summary of significant accounting policies (continued)

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 2013 the carrying amount of oil & gas properties is $84,603 (2012: $272,386).

iii. 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:

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

u. New Accounting Standards for Application Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

i. AASB 9: *Financial Instruments (December 2010)* and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

1. Summary of significant accounting policies (continued)

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

ii. AASB 10: *Consolidated Financial Statements,* AASB 11: *Joint Arrangements,* AASB 12*: Disclosure of Interests in Other Entities,* AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments),* and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities.* AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

iii. AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). As existing Interests in Joint Ventures are already accounted for as joint operations, this Standard is not expected to significantly impact the Group's Financial Statements.

iv. AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

1. Summary of significant accounting policies (continued)

The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

v. AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

vi. AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

vii. AASB 119: *Employee Benefits (September 2011*) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - service cost and net interest expense in profit or loss; and
  - remeasurements in other comprehensive income.
- AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

1. Summary of significant accounting policies (continued)

viii. AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

ix. AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

x. AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011* Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements;
- AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

2. Parent Information

	2013 $	2012 $
The following information has been extracted from the books and records of the parents and has been prepared in accordance with Australian Accounting standards		
Statement of Financial Position		
Assets		
Current Assets	**685,698**	2,875,521
Non-current Assets	**4,763,139**	3,602,363
Total assets	**5,448,837**	6,477,884
Liabilities		
Current Liabilities	**1,150,165**	304,989
Total Liabilities	**1,150,165**	304,989
Equity		
Issued Capital	**64,972,576**	64,972,576
Retained earnings	**(62,458,020)**	(60,960,193)
Option Premium Reserve	**1,773,184**	1,773,184
Share-based Payment Reserve	**10,932**	240,400
Total Equity	**4,298,672**	6,025,967
Statement of Profit or Loss and other Comprehensive Income		
Total (loss)	**(1,885,156)**	(2,561,636)
Total comprehensive (loss)	**(1,885,156)**	(2,561,636)

At reporting date amounts receivable from controlled entities at cost totalled $16,160,395 (2012: $15,374,940). The amounts receivable were fully impaired at 30 June 2013 and 30 June 2012. The transactions were made interest free with no fixed terms for repayment.

Guarantees

Elixir Petroleum Limited has entered into a cross guarantee with Elixir Petroleum (Australia) Pty Ltd, a wholly owned subsidiary with the full details being disclosed at note 12.

Wholly-owned group

Details of interests in wholly-owned controlled entities are set out at note 12. Details of dealings with controlled entities are as follows:

2. Parent Information (continued)

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 2013 consisted of:

- Working capital advanced by Elixir Petroleum Limited.
- Provision of services by Elixir Petroleum Limited.
- 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 Group	
	2013	2012
	$	$
Sale of goods and services		
Management fees & recharges to subsidiaries	**-**	20,810
Loans to subsidiaries		
Balance at 1 July	**15,374,940**	13,695,211
Additions	**785,455**	1,679,729
Loans written off	**-**	-
Balance at 30 June	**16,160,395**	15,374,940

3. Revenue and Other Income

	Consolidated Group	
	2013	2012
(a) Revenue from continuing operations	**$**	$
Sales revenue		
– Revenue from oil and gas sales	**272,932**	427,901
	272,932	427,901
Other revenue		
– Interest received	**10,393**	8,832
	10,393	8,832
Total revenue	**283,325**	436,733
Other income		
– Gain on disposal of property, plant and equipment	**3,275**	-
Total other income	**3,275**	-

4. Loss for the Year

	Consolidated Group	
	2013 (1)	2012
	$	$
Loss before income tax from continuing operations includes the following specific expenses:		
Exploration, evaluation and development costs expensed	**102,921**	144,814
Depreciation & amortisation		
Amortisation of Oil & Gas Properties	**74,153**	91,401
Depreciation of plant and equipment	**8,603**	12,622
	82,756	104,023
Administration and office costs		
Corporate compliance (2)	**299,236**	72,742
Corporate management costs (3)	**805,684**	194,555
Rent of Office space	**153,774**	117,815
General administration	**183,570**	285,083
	1,442,264	670,195

(1) In 2013 the company encountered costs which are expected to be one-off in nature, which related primarily to the repatriation to Australia of certain key activities with associated offshore redundancy expense, together with onshore recruitment costs. Subsequent to year end, the company has changed its office space arrangements, allowing a reduction in expected rental in 2014.

(2) Accounting and audit fees have been reclassified in 2013 as corporate compliance expense whereas these expenses were classified as general administration expense in prior years.

(3) Corporate management costs for 2012 include the reversal of an overprovision amounting to $287,848.

Costs capitalised or recovered against Exploration Projects and Exploration Expenditure were also some $403,124 lower in 2013 than 2012. This has resulted in the overall administration and office costs appearing higher in 2013 than they have been in previous years as the capitalisation and recovery is offset against administration and office costs.

5. Tax Expense

	Consolidated Group	
	2013	2012
	$	$
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)		
– Consolidated group	**(626,161)**	(795,279)
Add:		
Tax effect of:		
– Foreign tax losses not recognised	**155,012**	(44,246)
– Revenue losses not recognised	**382,401**	232,784
– Effect of foreign tax differential	**29,985**	(477,335)
– Other non-allowable items	**23,485**	1,048,798
	(35,278)	(35,278)
Less:		
Tax effect of:		
Other allowable items	**(35,278)**	(35,278)
Income tax attributable to entity	**0**	0
The applicable weighted average effective tax rates as follows:	**0.0%**	0.0%
The following deferred tax balances have not been recognised		
Deferred tax assets		
Tax losses	**7,759,434**	7,219,098
Capital Raising Costs	**35,279**	35,279
Provisions and accruals	**547,106**	626,374
Total deferred tax assets	**8,341,819**	7,880,751
Deferred tax liability		
Oil and gas properties	**(862,544)**	(871,490)
Total deferred tax liability	**(862,544)**	(871,490)
Net deferred asset not recognised	**7,479,275**	7,009,261

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.

6. Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2013.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2013	2012
	$	$
Short-term employee benefits	**1,099,851**	923,615
Post-employment benefits	**42,341**	48,039
Share-based payments	**10,932**	-
Total KMP compensation	**1,153,124**	971,654

KMP Option Holdings

The number of options over ordinary shares held during the financial year by each KMP of the Group is as follows:

30 June 2013	**Balance at beginning of year**	**Granted during the year**	**Exercised during the year**	**Other changes during the year**	**Balance at the end of the year**	**Vested during the year**	**Vested and exercisable**	**Vested and un-exercisable**
Alan Watson	-	-	-	-	-	-	-	-
Andrew Ross	1,250,000	-	-	(1,250,000)	-	-	-	-
Michael Price	-	-	-	-	-	-	-	-
John Robertson	-	-	-	-	-	-	-	-
Mark O'Clery	-	-	-	-	-	-	-	-
Matthew Szwedzicki	-	-	-	-	-	-	-	-
Iain Knott	750,000	-	-	(750,000)	-	-	-	-
	2,000,000	-	-	(2,000,000)	-	-	-	-

30 June 2012	**Balance at beginning of year**	**Granted during the year**	**Exercised during the year**	**Other changes during the year**	**Balance at the end of the year**	**Vested during the year**	**Vested and exercisable**	**Vested and un-exercisable**
Alan Watson	-	-	-	-	-	-	-	-
Andrew Ross	2,500,000	-	-	(1,250,000)	1,250,000	-	1,250,000	-
Michael Price	-	-	-	-	-	-	-	-
John Robertson	-	-	-	-	-	-	-	-
Mark O'Clery	-	-	-	-	-	-	-	-
Jonathan Stewart	1,750,000	-	-	(1,750,000)	-	-	-	-
Iain Knott	1,750,000	-	-	(1,000,000)	750,000	-	750,000	-
	6,000,000	-	-	(4,000,000)	2,000,000	-	2,000,000	-

6. Key Management Personnel Compensation (continued)

KMP Shareholdings

The number of ordinary shares in Elixir Petroleum Limited held by each KMP of the Group during the financial year is as follows:

30 June 2013	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Alan Watson	-	-	-	-	-
Andrew Ross	455,001	-	-	(455,001)	-
Michael Price	466,668	-	-	-	466,668
John Robertson	425,000	-	-	-	425,000
Mark O'Clery	-	-	-	-	-
Matthew Szwedzicki	-	-	-	319,715	319,715
Iain Knott	-	-	-	-	-
	1,346,669	-	-	544,715	1,891,384

30 June 2012	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Alan Watson	-	-	-	-	-
Andrew Ross	390,000	-	-	65,001	455,001
Michael Price	466,668	-	-	-	466,668
John Robertson	425,000	-	-	-	425,000
Jonathan Stewart	1,281,250	-	-	-	1,281,250
	2,562,918	-	-	65,001	2,627,919

KMP Performance Right Holdings

The number of rights over ordinary shares held during the financial year by each KMP of the Group is as follows:

30 June 2013	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of the year	Vested during the year	Vested and exercisable	Vested and un-exercisable
Alan Watson	-	-	-	-	-	-	-	-
Andrew Ross	-	-	-	-	-	-	-	-
Michael Price	-	-	-	-	-	-	-	-
John Robertson	-	-	-	-	-	-	-	-
Mark O'Clery	-	-	-	-	-	-	-	-
Matthew Szwedzicki	-	3,000,000*	-	-	3,000,000	-	-	-
Iain Knott	-	-	-	-	-	-	-	-
	-	3,000,000	-	-	3,000,000	-	-	-

* 500,000 of these performance rights have expired unvested on 23/7/13

6. Key Management Personnel Compensation (continued)

KMP Performance Right Holdings (continued)

30 June 2012	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of the year	Vested during the year	Vested and exercisable	Vested and un-exercisable
Alan Watson	-	-	-	-	-	-	-	-
Andrew Ross	-	-	-	-	-	-	-	-
Michael Price	-	-	-	-	-	-	-	-
John Robertson	-	-	-	-	-	-	-	-
Jonathan Stewart	-	-	-	-	-	-	-	-
Iain Knott	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note: Related Party Transactions.

There were no loans to KMP or any Related Party's.

7. Auditors' Remuneration

	Consolidated Group	
	2013	2012
	$	$
BDO Audit (WA) Pty Ltd		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	**49,879**	53,449
	49,879	53,449
Macintyre Hudson LLP		
Remuneration of the auditor for:		
- auditing or reviewing the financial statements of subsidiaries	**18,158**	28,047
	18,158	28,047
KSI (WA) Pty Ltd		
Remuneration of the auditor for:		
- auditing or reviewing the financial statement of subsidiaries	**28,506**	-
	28,506	-

8. Loss per Share

	Consolidated Group 2013	Consolidated Group 2012
	$	$
(a) Reconciliation of earnings to profit or loss		
Loss used in the calculation of dilutive EPS	**(2,087,203)**	(2,650,931)
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**277,250,637**	224,029,801
	Cents	Cents
(c) Basic and diluted loss per share	**(0.75)**	(1.18)

9. Cash and Cash Equivalents

	Note	Consolidated Group 2013	Consolidated Group 2012
		$	$
Cash at bank and on hand		**926,767**	3,437,304
Short-term bank deposits		**58,228**	49,196
	(25)	**984,995**	3,486,500

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 25.

10. Trade and Other Receivables

	Consolidated Group 2013	Consolidated Group 2012
	$	$
Current		
Trade receivables	**41,320**	56,560
Term receivables	**628,705**	-
Total current trade and other receivables	**670,025**	56,560
Non-current		
Term receivables	**-**	577,198
	-	577,198
Total non-current trade and other receivables	**-**	577,198

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

10. Trade and Other Receivables (continued)

Impaired trade receivables

No Consolidated Entity trade receivables were past due or impaired as at 30 June 2013 (2012: nil) and there is no indication that amounts recognised as trade and other receivables will not be recovered in the normal course of business.

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
(a) Financial Assets Classified as Loans and Receivables			
Trade and other Receivables			
Total current		**670,025**	56,560
Total non-current		**-**	577,198
		670,025	633,758
Financial assets	(25)	**670,025**	633,758

11. Joint Venture

Interest in Joint Venture Operations

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

Project	Blocks	Activity	Location	Working Interest 2013	Working Interest 2012
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%

The table below sets out other projects that the Consolidated Entity has a controlling interest in.

Project	Blocks	Activity	Location	Working Interest 2013	Working Interest 2012
Moselle Permit	Moselle	Oil & Gas field, exploration project	France	**100%**	100%
Tiger Prospect	211/12b	Oil & Gas field, exploration project	UK	**-**	100%
Dumas	30/25a	Oil & Gas field, exploration project	UK	**-**	100%
Sunset	12/18 & 12/19C	Oil & Gas field, exploration project	UK	**75%**	100%

12. Controlled Entities

Controlled Entities Consolidated

Subsidiaries of Elixir Petroleum Limited:	Country of Incorporation	Percentage Owned (%)*	
		2013	2012
Elixir Petroleum (Australia) Pty Ltd	Australia	100.00	100.00
Elixir Petroleum (Europe) Ltd	United Kingdom	100.00	100.00
Elixir Petroleum (Technical Services) Ltd	United Kingdom	100.00	100.00
Elixir Petroleum (France) Ltd	United Kingdom	100.00	100.00
Elixir Petroleum (Moselle) Ltd	United Kingdom	100.00	100.00
Elixir Petroleum (Meuse) Ltd	United Kingdom	-	100.00
Elixir Petroleum (Thionville) Ltd	United Kingdom	-	100.00
Cottesloe Oil & Gas LLC	USA	100.00	100.00
Cottesloe Oil & Gas Inc	USA	100.00	100.00

* Percentage of voting power is in proportion to ownership

Elixir Petroleum Limited and Elixir Petroleum (Australia) Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debtors 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.

12. Controlled Entities (continued)

	Closed Group 2013 $	Closed Group 2012 $
Financial information in relation to:		
i. Statement of Profit or Loss and Other Comprehensive Income:		
Profit before income tax	**(24,045,356)**	(1,784,035)
Income tax expense		
Profit after income tax	**(24,045,356)**	(1,784,035)
Profit attributable to members of the parent entity	**(24,045,356)**	(1,784,035)
ii. Accumulated losses:		
Accumulated losses at the beginning of the year	**(35,454,022)**	(33,669,988)
Loss after income tax	**(24,045,356)**	(1,784,035)
Accumulated losses at the end of the year	**(59,258,977)**	(35,454,023)
iii. Statement of Financial Position:		
Current Assets		
Cash and cash equivalents	**655,296**	2,859,724
Trade and other receivables	**10,122**	25,913
Other current assets	**20,281**	
Total current assets	**685,699**	2,885,637
Non-current Assets		
Receivables	**6,952,145**	6,167,517
Investment in subsidiaries	**16,798**	22,774,797
Other plant and equipment	**22,891**	19,292
Total non-current assets	**6,991,834**	28,961,606
Total assets	**7,677,533**	31,847,243
Current Liabilities		
Trade and other payables	**179,819**	306,613
Provisions		8,492
Total current liabilities	**179,819**	315,105
Total liabilities	**179,819**	315,105
Net assets	**7,497,714**	31,532,138
Equity		
Issued capital	**64,972,575**	64,972,575
Reserves	**1,784,116**	2,013,585
Accumulated losses	**(59,258,977)**	(35,454,022)
	7,497,714	31,532,138

12. Controlled Entities (continued)

During the year the investment in subsidiaries was adjusted to its fair value by recording an impairment of $22,753,666. The fair value adjustment recognises the impairment in subsidiaries over a number of years, to bring the closed group to a value consistent with the consolidated group.

13. Property, Plant and Equipment

	Consolidated Group	
	2013	2012
	$	$
Plant and Equipment		
Plant and equipment:		
At cost	**30,795**	90,265
Accumulated depreciation	**(7,904)**	(66,830)
Accumulated impairment losses	**-**	-
	22,891	23,435
Total plant and equipment	**22,891**	23,435
Total property, plant and equipment	**22,891**	23,435

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment	Total
	$	**$**
Consolidated Group:		
Balance at 1 July 2011	17,179	17,179
Additions	18,445	18,445
Depreciation Expense	(12,622)	(12,622)
Foreign exchange movement	433	433
Balance at 30 June 2012	23,435	23,435
Additions	10,842	10,842
Disposals	(2,783)	(2,783)
Depreciation Expense	(8,603)	(8,603)
Balance at 30 June 2013	22,891	22,891

14. Other Assets

	Consolidated Group	
	2013	2012
	$	$
Current Prepaid Insurance	**101,951**	312,595
Other current assets	**26,858**	-
	128,809	312,595

15. Oil & Gas Properties

	Consolidated Group	
Producing projects	**2013**	2012
	$	$
At Cost		
At 1 July	**31,593,408**	29,949,203
Additions	**24,236**	-
Foreign Exchange Movement	**5,606,093**	1,644,205
At 30 June	**37,223,737**	31,593,408
Future Restoration Costs Capitalised		
At 1 July	**1,356,354**	1,126,344
Foreign Exchange Movement	**150,584**	230,010
At 30 June	**1,506,938**	1,356,354
Accumulated Amortisation		
At 1 July	**(17,916,869)**	(17,090,740)
Amortisation for the year	**(74,153)**	(91,401)
Foreign exchange movement	**(1,993,487)**	(734,728)
At 30 June	**(19,984,509)**	(17,916,869)
Impairment		
At 1 July	**(14,760,507)**	(12,272,640)
Impairment	**-**	(1,588,465)
Foreign Exchange Movement	**(3,738,658)**	(899,402)
At 30 June	**(18,499,165)**	(14,760,507)
Fair Value Adjustment		
At 1 July	**-**	-
Fair Value Adjustment(1)	**(162,398)**	-
At 30 June	**(162,398)**	-
Net Carrying Value	**84,603**	272,386

(1) The fair value adjustment is to recognise discounting for the rehabilitation provision at 2 years.

16. Deferred exploration & evaluation expenditure

	Consolidated Group	
	2013	2012
	$	$
Balance at 1 July	**3,233,980**	1,769,126
Amount Capitalised during the year	**919,331**	1,441,064
Farm-in Proceeds	**(49,594)**	-
Impairment	**(362,705)**	(5,728)
Foreign Exchange Movements	**238,304**	29,518
Balance at 30 June	**3,979,316**	3,233,980

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

17. Trade and Other Payables

	Consolidated Group	
	2013	2012
	$	$
Current		
Unsecured liabilities		
Trade payables	**198,577**	477,885
Sundry payables and accrued expenses	**19,535**	47,350
	218,112	525,235

18. Provisions

	Consolidated Group	
	2013	2012
	$	$
Current		
Oil Well Restoration		
Opening balance at 1 July	**-**	-
Additional Provisions	**1,342,935**	-
Balance at 30 June	**1,342,935**	-
Short-term Employee Benefits		
Opening balance at 1 July	**55,099**	307,209
Amounts used	**(44,178)**	(252,110)
Balance at 30 June	**10,921**	55,099
Total	**1,353,855**	55,099

	Consolidated Group	
	2013	2012
	$	$
Non-Current		
Oil Well Restorations		
Opening balance at 1 July	**1,356,354**	1,126,344
Additional provisions	**-**	181,681
Fair value adjustment	**(162,398)**	-
Foreign Exchange Movement	**148,979**	48,329
Reclassification to current	**(1,342,935)**	-
Balance at 30 June	**0**	1,356,354

Provision for Oil Well Restoration

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(l).

19. Issued Capital

	Consolidated Group 2013 $	Consolidated Group 2012 $
277,250,637 (2012: 277,250,637) fully paid ordinary shares	**64,972,576**	64,972,576
	64,972,576	64,972,576

As at 30 June 2013 the company has authorised share capital amounting to 277,250,637 ordinary shares.

(a) Ordinary Shares	Consolidated Group 2013 No.	Consolidated Group 2012 No.
At the beginning of the reporting period	**277,250,637**	188,988,472
Shares issued during the year		
11 October 2011		28,300,000
19 March 2012		6,400,000
30 March 2012		34,146,116
11 April 2012		19,416,049
At the end of the reporting period	**277,250,637**	277,250,637

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

i. For information relating to the Elixir Petroleum Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 23: Share-based Payments.

ii. For information relating to share options issued to key management personnel during the financial year. Refer to Note 23: Share-based Payments.

(c) Capital Risk Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

20. Capital and Leasing Commitments

	Consolidated Group	
	2013	2012
	$	$
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable—minimum lease payments		
not later than 12 months	**38,447**	135,635
between 12 months and 5 years	**96,923**	174,989
	135,370	310,624

21. Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has determined, based on the reports reviewed by the Board of Directors that are used to make strategic decision, 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.

i. Segment Performance

30 June 2013	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Revenue					
External Sales	272,932	3,275	-	-	276,207
Interest revenue	-	-	-	10,393	10,393
Total segment revenue	272,932	3,275	-	10,393	286,600
Segment net profit (loss) from continuing operations before tax					(2,087,203)

30 June 2012	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Revenue					
External Sales	427,901	-	-	-	427,901
Interest revenue	-	-	-	8,832	8,832
Total segment revenue	427,901	-	-	8,832	436,733
Segment net profit (loss) from continuing operations before tax					(2,650,931)

21. Operating Segments (continued)

ii. Segment Assets

30 June 2013	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Segment assets	1,080,873	115,454	3,946,729	727,583	5,870,639
Reconciliation of segment assets to group assets					
Total group assets					5,870,639

30 June 2012	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Segment assets	1,080,892	390,878	2,877,587	3,613,296	7,962,653
Reconciliation of segment assets to group assets					
Total group assets					7,962,653

iii. Segment Liabilities

30 June 2013	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Segment liabilities	1,361,368	9,982	13,304	187,312	1,571,967

30 June 2012	Oil & Gas Production (USA) $	Oil & Gas Exploration (UK) $	Oil & Gas Exploration (France) $	Other Corporate Activities $	Total $
Segment liabilities	1,475,802	12,908	6,147	441,831	1,936,688
Reconciliation of segment liabilities to group liabilities					
Total group liabilities					1,936,688

No reconciliation is required of segment information as the information as presented is used by the Board to make strategic decisions.

22. Cash Flow Information

	Consolidated Group	
	2013	2012
	$	$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	**(2,087,203)**	(2,650,931)
Non-operating cash flows		
Interest Income	**(10,393)**	(8,832)
Non-cash flows in profit		
Impairment write down of oil and gas properties	**362,705**	1,594,188
Depreciation, depletion & amortisation	**82,756**	104,023
Share-based payment	**10,932**	
Net exchange rate differences	**235,272**	25,386
Net (gain)/loss on disposal of property, plant and equipment	**(3,275)**	-
(Increase)/decrease in current assets	**147,520**	(161,720)
Increase/(decrease) in current liabilities	**(271,558)**	94,495
Increase/(decrease) in provisions	**(24,644)**	(252,110)
Cash flow from operations	**(1,557,888)**	(1,255,501)

23. Share Based Payments

i. The granting of up to 15,000,000 options under the Elixir Employee Share Option 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 Company has issued 3,000,000 performance rights under an Executive Incentive Plan as approved by the Board in September 2012. The performance rights are issued to non-related party executives of the Company hence shareholder approval for the issue of performance rights, as well as the Executive Incentive Plan has not been sought. The Company intends to seek shareholders' approval for both plans in the upcoming annual general meeting

ii. Performance Rights granted to key management personnel are as follows:

Grant Date	Number	Share Price at Grant Date	Vesting Date
12/11/2012	500,000	$0.0238	23/07/2013
12/11/2012	500,000	$0.0238	23/07/2014
12/11/2012	500,000	$0.0238	23/07/2015
26/04/2013	500,000	$0.0220	22/04/2014
26/04/2013	1,000,000	$0.0220	22/10/2014

These performance rights vest over a 2 year period. Vesting is subject to KMP meeting specified performance criteria and shore price conditions. Further details of these performance rights are provided in the remuneration report. The rights hold no voting or dividend rights but have been listed. The rights lapse when a KMP ceases their employment with the group. 500,000 performance rights with a vesting date of 23 July 2013 have expired unvested.

23. Share Based Payments (continued)

A summary of the movements of all company options and performance rights issued is as follows:

	Consolidated Group	
	Number	Weighted average exercise price
Options outstanding as at 1 July 2011	6,000,000	$0.32
Granted		
Forfeited		
Exercised		
Expired	(4,000,000)	
Options outstanding as at 30 June 2012	2,000,000	$0.35
Performance Rights Granted	3,000,000	$0.00
Options Forfeited		
Options Exercised		
Options Expired	(2,000,000)	
Rights outstanding as at 30 June 2013	3,000,000	
Options exercisable as at 30 June 2013:	-	
Options exercisable as at 30 June 2012:	2,000,000	

The fair value of the rights granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of rights granted during the year was $36,587. These values were calculated using the Black Scholes option pricing model applying the following inputs:

Weighted average life of the rights:	1.3 years
Expected share price volatility:	148%
Risk free interest rate:	2.60%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

The life of the performance rights is based on the vesting date of the right.

	Consolidated Group	
	2013	2012
	$	$
Share Based Payment Expense	10,932	-

24. Related Party Transactions

(a) The Group's main related parties are as follows:

i. Entities exercising control over the Group:
The ultimate parent entity that exercises control over the Group is Elixir Petroleum Limited, which is incorporated in Australia.

ii. Key Management Personnel:
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6: Key Management Personnel Compensation.

iii. Entities subject to significant influence by the Group:
An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iv. Other Related Parties
Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the year.

25. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2013	2012
	Note	**$**	$
Financial Assets			
Cash and cash equivalents	(9)	**984,995**	3,486,500
Loans and receivables	(10a)	**670,025**	633,758
Total Financial Assets		**1,655,021**	4,120,258
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	(17)	**218,112**	525,235
Total Financial Liabilities		**218,112**	525,235

25. Financial Risk Management (continued)

Financial Risk Management Policies

Company Management along with the Audit and Risk Committee have been delegated responsibility by the Board of Directors for, among other issues, managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that have otherwise been assessed as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries (refer Note 12 for details).

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia, the USA, France and the United Kingdom given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables is provided in Note 10.

25. Financial Risk Management (continued)

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

		Consolidated group	
		2013	2012
	Note	**$**	$
Cash and cash equivalents			
AA Rated		737,830	2,859,262
A Rated		247,165	627,238
	(9)	984,995	3,486,500

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

25. Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial liabilities due for payment								
Trade and other payables	218,112	525,235					218,112	525,235
Total contractual outflows	218,112	525,235	-	-	-	-	218,112	525,235
Less bank overdrafts							-	-
Total expected outflows	218,112	525,235	-	-	-	-	218,112	525,235

	Within 1 Year		1 to 5 years		Over 5 years		Total	
Consolidated Group	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	984,995	3,486,500					984,995	3,486,500
Trade, term and loans receivables	41,320	369,155	628,705	577,198			670,025	946,353
Total anticipated inflows	1,026,315	3,855,655	628,705	577,198	-	-	1,655,020	4,432,853
Net (outflow) / inflow on financial instruments	808,203	3,330,420	628,705	577,198	-	-	1,436,908	3,907,618

(c) Market Risk

i. 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.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the US Dollar, UK Pound Sterling and Euro may impact on the Group's financial results unless those exposures are appropriately hedged.

25. Financial Risk Management (continued)

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 the USD cash inflows, GBP and Euro outflows, the natural hedge provided by the USD 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 period enter into transaction 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:

	2013			2012		
	USD	**GBP**	**Euro**	**USD**	**GBP**	**Euro**
Cash	361,636	79,048	20,345	406,915	141,125	6,147
Trade and other receivables	31,198	19,158		227,937	83,970	
Non-current receivables	628,705			586,500		
Trade Payables	(18,434)	26,286		(121,374)	(71,218)	
	1,003,105	124,492	20,345	1,099,978	153,877	6,147

iii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or currency risk) for commodities.

The Group is exposed to commodity price risk through its High Island Joint Venture operations and through the general valuation of deferred exploration and evaluation expenditure. Contracts for the sale and physical delivery of oil and gas are executed whenever possible on a pricing basis intended to achieve a relevant index target. Where pricing terms deviate from the index, derivative commodity contracts may be used when available to return realised prices to the index. Oil and gas future markets and economic forecasts are constantly monitored to determine whether to implement a hedging program. There were no hedges in place at the end of the reporting period.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
Year ended 30 June 2013	**Profit**	**Equity**
	$	**$**
+/- 0.9% in interest rates	22,514	22,514
+/- 20% in AUD relative to USD & GBP	688,609	688,609

	Consolidated Group	
Year ended 30 June 2012	**Profit**	**Equity**
	$	**$**
+/- 0.9% in interest rates	31,379	31,379
+/- 20% in AUD relative to USD & GBP	399,184	399,184

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

26. Reserves and Accumulated Losses

	Consolidated Group	
	2013	2012
	$	$
Foreign currency translation reserve		
Opening Balance	**(917,531)**	(945,230)
Currency translation differences arising during the year	**348,976**	27,699
Closing Balance	**(568,555)**	(917,531)
Option Premium Reserve		
Opening Balance	**1,773,184**	1,773,184
Closing Balance	**1,773,184**	1,773,184
Share-based payment reserve		
Opening Balance	**240,400**	871,300
Lapse of Options	**(240,400)**	(630,900)
Rights granted during the year	**10,932**	
Closing Balance	**10,932**	240,400
Accumulated losses		
Opening balance	**(60,042,663)**	(58,022,632)
Net loss for the year	**(2,087,203)**	(2,650,931)
Lapse of options	**240,400**	630,900
Closing balance	**(61,889,466)**	(60,042,663)

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 2,000,000 ESOP Tranche 3 employee options issued as part of share based payments expired or were forfeited resulting in a de-recognition of $240,400.

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.

27. Events After the Reporting Period

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

a. The Company undertook a capital raising following the end of the reporting period in July 2013. The Company successfully raised approximately $1.85 million before costs via a fully underwritten non-renounceable rights issue. As a result of priority sub-underwriting of the issue, the Company's largest shareholder, New Standard Energy Limited (ASX:NSE) increased its ownership stake in the Company to 28.2%.

b. On 30 August 2013, the Company announced the appointment of Mr Sam Willis as non-executive director of the Company.

Other than as disclosed above, the directors are not aware of any significant events since the end of the reporting period.

28. Company Details

The registered office of the company is:

Elixir Petroleum Limited
Level 3
89 St Georges Terrace
Perth WA 6000

The principal place of business is:

Elixir Petroleum Limited
Level 3
89 St Georges Terrace
Perth WA 6000

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 2012/2013 financial year ("**Reporting Period**"). The information in this statement is current at 30 June 2013.

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 Company's executives 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 Chief Operating Officer or, if the matter concerns the Chief Operating Officer, 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	05/04/13
Michael Price	13/01/11	Indefinitely	-
John Robertson	05/04/05	Indefinitely	-
Mark O'Clery	140/8/12	Indefinitely	-
Sam Willis*	30/08/13	Indefinitely	-

*Mr Willis was appointed to as a director 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. 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 director of the Company is Mr Sam Willis. Mr Willis is a director of New Standard Energy Ltd which is a substantial shareholder of the Company.

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 Chief Operating Officer of the Company is Matthew Szwedzicki.

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 (where one has been appointed), 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 is 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), Michael Price and John Robertson.

The Nomination Committee did not meet in a separate forum during the Reporting Period as all activity relating to nomination matters was undertaken by the full Board during the period under review.

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

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 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 and / or performance rights granted at the discretion of the Remuneration Committee and subject to obtaining the relevant approvals. The grant of options and / or performance rights 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 senior executive 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 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 resignation of the Company's Managing Director. 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	1 out of 2 (50%)
Senior Executive positions	1 out of 2 (50%)
Board	0 out of 4 (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 Chief Operating Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Operating Officer 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 Chief Operating Officer 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.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

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 Chief Operating Officer has provided a declaration to the Board in accordance with section 295A of the Corporations Act and has 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 20 September 2013.

1. Twenty largest shareholders

	Ordinary shares	Number	Percentage
1	NEW STANDARD ENERGY LIMITED	121,734,102	28.23
2	AURORA OIL AND GAS LIMITED	28,000,000	6.49
3	CITICORP NOMINEES PTY LIMITED	17,276,561	4.01
4	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	15,215,460	3.53
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,682,683	2.25
6	MR HENRY JOHN DEBURGH <RA & DJ BROUN A/C>	7,777,779	1.80
7	HENRY JOHN DEBURGH <THE ROCKTON A/C>	7,777,779	1.80
8	MR HENRY JOHN DEBURGH <TJ DEBURGH A/C>	7,777,779	1.80
9	CLELAND PROJECTS PTY LTD <CT A/C>	6,490,555	1.50
10	ARGONAUT EQUITY PARTNERS PTY LIMITED	6,000,000	1.39
11	AURORA OIL AND GAS LIMITED	5,833,334	1.35
12	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,646,703	1.31
13	MR P GRENVILLE SCHOCH	5,104,105	1.18
14	MR MAXIMILIAN CLEMENS HOLZNER	4,673,114	1.08
15	TINTERN (VIC) PTY LTD <A & MILLER FAMILY A/C>	4,487,148	1.04
16	SANDHURST TRUSTEES LTD <LMA A/C>	3,612,781	0.84
17	MR RICHARD JAMES HARRIS + MRS SUSAN ELIZABETH HARRIS <HARRIS FAMILY SUPER FUND A/C>	3,349,999	0.78
18	CONSTABLE INVESTMENTS GROUP LIMITED	3,330,000	0.77
19	BEACON EXPLORATION PTY LTD	3,000,000	0.70
20	WALOON SECURITIES PTY LTD	3,000,000	0.70
	Total top 20	**269,769,882**	**62.56**
	Other	161,508,474	37.44
	Total ordinary shares on issue	**431,278,356**	**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	121,734,102	28.23
AURORA OIL AND GAS LIMITED	33,833,334	7.84

3. Distribution of equity securities

	Ordinary shares	Unlisted options
1 - 1,000	32	-
1,001 - 5000	49	-
5,001 - 10,000	51	-
10,001 - 100,000	533	-
100,001 - and above	305	-
	1,001	-

4. Unquoted securities

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

Holder	Class	Number
Southwesterley Pty Ltd ATF the Southwesterley Trust	Performance Rights	2,500,000

5. Voting rights

Refer Note 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 11 to the Financial Statements.

elixir
petroleum limited