elixir petroleum limited

and controlled entities

ABN 51 108 230 995

Interim Financial Report for the half-year ended

31 December 2018

Corporate Directory

Directors

Mr Ray Barnes – Non Executive Chairman
Mr Dougal Ferguson – Managing Director
Mr Neil Young – Executive Director
Mr Scott Patrizi - Non-Executive Director

Company Secretary

Mr Dougal Ferguson

Registered and Principal Administration Office

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Bankers

National Australia Bank Limited
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Perth WA 6000

Auditors - Australia

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

Auditors - UK

Greenwich and Co.
Level 2, 35 Outram Street
West Perth WA 6005

Share Registry

Security Transfer Australia
PO Box 52
Collins Street West
Victoria NSW 8007
Australia
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Stock Exchange Listing

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

Website

www.elixirpetroleum.com

The Directors of Elixir Petroleum Limited present their report on the Consolidated Entity, consisting of Elixir Petroleum Limited ("the Company" or "Elixir") and the entities it controlled during the half-year ended 31 December 2018 ("Consolidated Entity" or "Group").

DIRECTORS

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

Mr Ray Barnes	(Non-Executive Chairman)
Mr Dougal Ferguson	(Managing Director)
Mr Neil Young	(Chief Executive Officer and Executive Director) – *appointed 14 December 2018*
Mr Scott Patrizi	(Non-Executive Director)

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

REVIEW AND RESULTS OF OPERATIONS

Operating and Financial Results

For the half-year ended 31 December 2018, the Group recorded an after-tax loss of $978,642 (31 December 2017: loss of $411,566). During the half-year, the Group's primary focus was to finalise the acquisition of two new venture opportunities in Alaska and Mongolia which have now been completed and has provided the Company with an expanded asset base in addition to its current exploration asset portfolio.

On 12 September 2018, the Company announced that Golden Horde Limited ("GOH") had been advised that the Mongolian Cabinet had approved the award of the Nomgon IX CBM PSC to GOH and a week later, that the PSC had been signed by the Mineral Resources and Petroleum Authority of Mongolia ("MRPAM"). This cleared the path for Elixir to exercise its option to acquire GOH and the acquisition of GOH was completed on 14 December 2018.

Concurrently, the Company announced that it had signed a Binding Terms Sheet to acquire three leases totalling 35,423 acres on the Alaskan North Slope. The Company completed the acquisition on 14 November 2018 and subsequently successfully bid for a further 10 leases comprising a further 114,310 acres (together "Project Peregrine").

On 29 November 2018, the Company entered into an Option Agreement with Entek Energy Limited ("Entek") in connection with its Alaskan assets. Subsequent to the end of the half-year, Entek exercised its option to acquire Project Peregrine for up to 200 million Entek shares, which the Company intends to distribute to shareholders via an in-specie return of capital subsequent to the closing of the transaction. Entek will also refund the Company's cash costs associated with the 114,310 additional acres acquired over Project Peregrine. On 18 February 2019, Entek agreed to provide the Company with an interim bridging loan of US$500,000 to supplement the cash costs associated with the additional Project Peregrine lease costs, which will be offset against the U$1.35 million the Company has paid subsequent to the end of the half-year.

The transaction with Entek remains subject to several conditions, the principal conditions being each company receiving its shareholders' approval with shareholder meetings scheduled for 29 March 2019 for the Company and 3 April 2019 for Entek. Following shareholder approvals and satisfaction of the remaining conditions, the transaction is expected to close on or about 10 April 2019.

During the half year, the Company successfully completed a placement, raising $1.65 million (pre-costs) that provided the Company with additional funding to close its acquisition of the Project Peregrine assets. On 14 December 2018, the Company announced an offer for a pro-rata rights issue of options on a one (1) for four (4) basis at a cost of 1c per option, exercisable at 7.5c on or before 31 December 2020. Subsequent to the end of the half year, the offer closed and the Company successfully placed the full amount of the shortfall and raised $934,625 (before costs).

At 31 December 2018, Elixir had cash of $1,594,305 (30 June 2018: $2,484,234) and remains debt free.

OVERVIEW

Elixir is an international oil and gas exploration company with operations in Mongolia, the United States and France.

During the half-year, the Group's primary focus was to finalise the acquisition of two new venture opportunities in Alaska and Mongolia which have now been completed and have provided the Company with an expanded asset base in addition to its current exploration asset portfolio.

The Mongolian CBM opportunity, together with the more recently announced Alaskan acreage acquisition (Project Peregrine) provides the Company exposure to not only high margin gas markets in Asia but also high impact oil exploration acreage in an area that contains one of the most exciting new oil plays in North America.

The Company has entered into an Option Agreement with Entek with respect to Project Peregrine and subject to shareholder approvals and various other conditions being met, the Alaskan asset portfolio will be acquired by Entek for up to 200 million Entek shares, which the Company intends to distribute to shareholders via an in-specie capital return subsequent to the closing of the transaction.

More details of the Mongolian and Alaskan assets are provided in the Operations Review.

OPERATIONS REVIEW

Mongolia
Acquisition of Golden Horde Limited

In October 2017, the Company executed a Binding Terms Sheet for an option to acquire GOH for 79 million shares in the Company. GOH was established in 2011 with the sole purpose of securing CBM rights (also known as Coal Seam Gas or CSG) in Mongolia.

The Nomgon IX CBM PSC is the first unconventional PSC issued pursuant to the country's updated Petroleum Law, which was passed by Parliament in 2014. Nomgon IX, which covers an area of over 7 million acres, lies proximate to the Chinese border and is ideally placed for future gas sales into the extensive Northern China gas transmission and distribution network.

On 12 September 2018 after several months delay, the Company announced that it had received official notice from GOH that the Mongolian Cabinet had awarded the Nomgon IX CBM PSC and on 18 September 2018, GOH notified the Company that the Nomgon IX CBM PSC has been executed.

During the half year, an Independent Prospective Resource Report for the Nomgon area was completed by ERC Equipoise, a London headquartered firm that is one of the world's largest reserves and resources auditors. The key results of the Report are summarized below. Please refer to the Company's ASX announcement dated 19 November 2018 for more details.

Nomgon IX CBM PSC: Mongolia		Low	Best	High
Probabilistic Calculations	Unit	(1U)	(2U)	(3U)
Unrisked Recoverable Prospective Resources	TCF	13.6	40.1	117.2
Chance of Geological Discovery			0.19	
Risked Recoverable Prospective Resources*	TCF	2.6	7.6	22.2

**Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.*

The risked recoverable prospective resource of 7.6 Tcf is a globally significant amount of gas and is of a scale that is expected to be able underwrite the construction of major new pipelines to the high priced and rapidly growing Chinese gas market and also meet Mongolian domestic demand.

The Company commenced exploration activities with the initial work consisting of field mapping and reprocessing of existing gravity data over the PSC area. This work has assisted in determining the exact location of the proposed 2D seismic acquisition programme which will ultimately determine the sites of the proposed initial two well drilling programme. A baseline environmental impact study (BEIS) has now been completed and approved over the Nomgon IX PSC area, with a detailed environmental impact study (DEIS) now underway.

Subsequent to the half year end, the Company completed its planning for the upcoming 2D seismic acquisition program over the Nomgon IX CBM PSC. The primary objective of the survey is to identify and image coal seams in the subsurface up to 1,500 metres in depth to enable the optimal location for two CBM core-holes scheduled for the second half of 2019.

Following the finalisation of the 2D seismic lines and field acquisition parameters, seismic contractors were invited to tender through a formal process as required under the PSC. The contractors were asked to demonstrate their capability in acquiring and processing the 2D seismic program and provide a cost estimate for the program.

Eight companies responded and have now lodged tenders, including subsidiaries of Chinese National Oil Companies as well as experienced Mongolian seismic acquisition companies. The Company is currently assessing the tenders in conjunction with the regulator and expects to commence negotiation of a seismic contract shortly.

The Company has scheduled the seismic acquisition to commence in the second quarter.

USA (Alaska)
Project Peregrine (Elixir 100% Working Interest)

On 12 September 2018, Elixir announced that it has signed a Binding Terms Sheet to acquire a 100% Working Interest in 35,423 acres in Alaska (Project Peregrine). The consideration for the acquisition of the Alaskan leases consisted of reimbursement of the sellers back costs which totalled US$803,859 and the grant of an over-riding royalty.

The leases lie within the National Petroleum Reserve of Alaska ("NPR-A") which is managed by the United States Bureau of Land Management ("BLM"). The Company was required to lodge a US$300,000 bond with the BLM which is refundable upon cessation or relinquishment of the leases in good standing. The leases were originally awarded in 2014 for a period of 10 years, expiring 1 March 2024. Annual rentals are US$3/acre which must be paid on or before the lease anniversary date in order to retain the leases. The Lessor is the BLM which is entitled to receive a 12.5% royalty if or when production commences.

The Company entered into an Area of Mutual Interest ("AMI") with the sellers whereby the sellers cannot compete with the Company for new leases within the AMI. In consideration of entering the AMI, the sellers will be assigned a 1.5% overriding royalty on all leases acquired within the AMI. On 13 December 2018, the Company announced that it was named the successful high bidder on further leases covering 114,310 acres within the NPRA. Eight of the ten leases acquired in the 2018 BLM NPR-A lease sale are within the AMI.

On 29 November 2018, the Company entered into an Option Agreement with Entek Energy Limited ("Entek") in connection with its Alaskan assets. Subsequent to the end of the half-year, Entek exercised its option to acquire Project Peregrine.

The consideration for the purchase will be the issue of Entek shares to the Company. The total number of Entek shares to be issued is determined under a formula in the Option Agreement and the Company calculates this to be approximately 185 million Entek shares. It is the Company's intention to distribute the Entek shares received to its current shareholders on a pro-rata basis. Each Elixir shareholder is expected to receive approximately one Entek share for each two Elixir shares held once the acquisition completes.

Entek will also refund the Company's cash costs associated with the 114,310 additional acres acquired over Project Peregrine. On 18 February 2019, Entek agreed to provide the Company with an interim bridging loan of US$500,000 to supplement the cash costs associated with the additional Project Peregrin lease costs, which will be offset against the U$1.35 million the Company has paid subsequent to the end of the half-year.

Subject to each company's shareholder approvals, the transaction is expected to close in April 2019 and it is proposed that Elixir's current Managing Director, Mr Dougal Ferguson will join Entek as its Managing Director and that Mr Neil Young will continue as Chief Executive of the Company upon completion of the transaction with Entek.

USA (Other)
Petra Project (Elixir 25% Working Interest)

Elixir has a residual interest in 3,330 net acres in its Petra Project in Colorado. These leases continue to expire with no ongoing commitments or costs associated with the leases.

France
Moselle Permit (EXR 100%, Operator)

The second exploration period of the Moselle Permit formally expired on 19 January 2019. Elixir had previously applied for a three-year extension of the second exploration period, which if granted would have extended the expiry of the second exploration period to 20 January 2022. Elixir has not been advised as at the date of this report if this extension has been granted or rejected.

CORPORATE

Board and Management Changes

During the half year on completion of the acquisition of GOH, Mr Neil Young was appointed Chief Executive Officer and executive director effective 14 December 2018.

There were no other Board or Management changes during the half year.

Changes in Capital Structure

On 20 September 2018, the Company undertook a placement of 33,000,000 ordinary shares raising $1.65 million (before costs) and on 9 November 2018, the Company undertook a one (1) for six (6) bonus issue of shares to shareholders as at the record date for no consideration.

On 14 December 2018, the Company completed its acquisition of GOH, issuing 79 million consideration shares.

On 14 December 2018, the Company issued a total of 10,000,000 ordinary shares on vesting of Class A, Class B and Class E Performance Rights (see Note 9 for details).

As at 31 December 2018 and as at the date of the Directors' Report, the total number of unlisted Options on issue is 8,000,000 options exercisable at $0.04, expiring on 30 September 2019.

There were no other changes to the issued capital structure during the half-year.

EVENTS OCCURRING AFTER REPORTING DATE

No event has arisen since 31 December 2018 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity, other than the following items:

a) On 14 December 2018, the Company announced a pro-rata offer of new options to shareholders at the ratio of one (1) new option for every four (4) shares held. The new options were priced at $0.01 per option and are exercisable at $0.075 per option on or before 31 December 2020. On 24 January 2019, the Company announced that it had received applications for 17,210,055 new options which left a shortfall of 76,252,482 to be placed by the Company. On 1 March 2019, the Company announced that it had successfully placed the shortfall. As a result, the Company raised an additional $934,625 (before costs) and issued a total of 93,462,537 options which are listed and trading (ASX: EXROA).

b) On 31 January 2019, Entek exercised its option to acquire one of the Company's wholly owned subsidiaries, Emerald House LLC, which owns a 100% interest in 13 leases in the NPR-A. The consideration for the acquisition will consist of approximately 185 million Entek shares which the Company intends to distribute to shareholders via an in specie capital return subsequent to closing of the transaction, which remains subject to both companies' shareholder approvals and other conditions precedents.

c) On 18 February 2019, the Company announced that it had accepted the 10 leases it had won in the 2018 NPR-A lease sale. The Company paid US$1.25 million to the BLM on acceptance of the leases which is to be repaid by Entek on completion of the transaction. To assist in the funding of the lease payment, Entek has provided the Company with a US$500,000 bridging loan which will be offset against the U$1.25 million on completion of the transaction, which is expected to occur on or about 10 April 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's independence declaration is included on page 7 of the half-year financial report. Signed in accordance with a resolution of the Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors

DOUGAL FERGUSON
Managing Director

Perth, Western Australia
15 March 2019

Information contained in this report with respect to the Nomgon IX CBM PSC and Project Peregrine was compiled by Elixir or from publicly available material and reviewed by Mr. Ray Barnes, the Chairman of Elixir, who has a B.Sc.(Hons) degree in Geology and has had more than 40 years' experience in the practice of petroleum geology, including more than 10 years' experience in the estimation of petroleum reserves and resources. Mr. Barnes consents to the inclusion in this report of the information in the form and context in which it appears.

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ELIXIR PETROLEUM LIMITED

As lead auditor for the review of Elixir Petroleum Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Elixir Petroleum Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Elixir Petroleum Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1(d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 15 March 2019

Directors' Declaration

The Directors declare that:

(a) The consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

  i. Giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the consolidated entity;

  ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

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

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

DOUGAL FERGUSON
Managing Director

Perth, Western Australia
15 March 2019

Consolidated statement of profit or loss and other comprehensive income
For the half year ended 31 December 2018

	Note	Consolidated 31-Dec-2018 $	31-Dec-2017 $
Other income from continuing operations		**20,464**	10,863
Total Income		**20,464**	10,863
General and administrative costs	**(2)**	**(461,337)**	(310,465)
Depreciation, depletion and amortisation expense	**(2)**	**(481)**	(588)
Business development costs		**(61,296)**	(95,681)
Lease operating costs		**(3,971)**	(4,310)
Share based payments	**(9)**	**(472,021)**	(11,385)
Loss from continuing operations before income tax expense		**(978,642)**	(411,566)
Income tax expense / benefit		**-**	-
Net loss after tax for the period	**(3)**	**(978,642)**	(411,566)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**14,216**	(1,024)
Other comprehensive income (loss) for the half-year		**14,216**	(1,024)
Total comprehensive income (loss) for the half-year		**(964,426)**	(412,590)
Total comprehensive income (loss) attributable to Owners of the parent – Elixir Petroleum Limited		**(964,426)**	(412,590)
(Loss) per share for the half year attributed to the owners of Elixir Petroleum Limited			
Basic and diluted loss per share (cents per share)		**(0.4)**	(0.2)

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

Consolidated statement of financial position
As at 31 December 2018

	Note	Consolidated 31-Dec-2018 $	30-Jun-2018 $
Assets			
Current assets			
Cash and cash equivalents		**1,594,305**	2,484,234
Other receivables		**48,987**	21,056
Assets held for sale	**(8)**	**1,984,423**	-
Other assets		**13,666**	-
Total current assets		**3,641,381**	2,505,290
Non-current assets			
Trade and other receivables	**(4)**	**821,809**	783,735
Plant and equipment		**4,015**	3,528
Deferred exploration and evaluation expenditure	**(7)**	**2,957,843**	-
Total non-current assets		**3,783,667**	787,263
Total assets		**7,425,048**	3,292,553
Liabilities			
Current liabilities			
Trade and other payables		**383,174**	102,486
Provisions	**(5)**	**911,920**	858,708
Total current liabilities		**1,295,094**	961,194
Total liabilities		**1,295,094**	961,194
Net assets		**6,129,954**	2,331,359
Equity			
Contributed equity	**(11)**	**77,949,419**	73,658,419
Reserves		**1,057,596**	571,359
Accumulated losses		**(72,877,061)**	(71,898,419)
Total equity		**6,129,954**	2,331,359

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

Consolidated statement of changes in equity

For the half-year ended 31 December 2018

Consolidated	Contributed Equity $	Share Based Payment Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2018	73,658,419	470,291	101,068	(71,898,419)	2,331,359
(Loss) for the half-year	-	-	-	(978,642)	(978,642)
Other comprehensive income					
Exchange difference on translation of foreign operations	-	-	14,216	-	14,216
Total comprehensive income (loss) for the half-year	**-**	**-**	**14,216**	**(978,642)**	**(964,426)**
Transactions with owners, in their capacity as owners					
Performance Rights expense	-	472,021	-	-	472,021
Shares issued during the half-year	4,415,000	-	-	-	4,415,000
Share issue costs	(124,000)	-	-	-	(124,000)
Total Transactions with owners	4,291,000	472,021	-	-	4,763,021
Balance at 31 December 2018	**77,949,419**	**942,312**	**115,284**	**(72,877,061)**	**6,129,954**
Balance at 1 July 2017	72,162,176	344,379	101,842	(70,999,282)	1,609,115
(Loss) for the half-year	-	-	-	(411,566)	(411,566)
Other comprehensive income					
Exchange difference on translation of foreign operations	-	-	(1,024)	-	(1,024)
Total comprehensive income (loss) for the half-year	**-**	**-**	**(1,024)**	**(411,566)**	**(412,590)**
Transactions with owners, in their capacity as owners					
Options expense	-	4,453	-	-	4,453
Performance Rights expense	-	6,932	-	-	6,932
Shares issued during the half-year	1,782,500	-	-	-	1,782,500
Share issue costs	(286,256)	-	-	-	(286,256)
Total Transactions with owners	1,496,244	11,385	-	-	1,507,629
Balance at 31 December 2017	**73,658,420**	**355,764**	**100,818**	**(71,410,848)**	**2,704,154**

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

Consolidated statement of cash flows

For the half-year ended 31 December 2018

	Note	Consolidated 31-Dec-2018 $	Consolidated 31-Dec-2017 $
Cash flows from operating activities			
Payments to suppliers and employees		**(409,777)**	(453,834)
Net cash (outflow) from operating activities		**(409,777)**	(453,834)
Cash flows from investing activities			
Payments for exploration and evaluation		**(1,557,443)**	(154,482)
Payments for property, plant and equipment		**(969)**	-
Payment of exploration bonds		**(423,031)**	-
Interest and other receivables		**24,284**	7,392
Net cash (outflow) from investing activities		**(1,957,159)**	(147,090)
Cash flows from financing activities			
Proceeds from issues of shares		**1,650,000**	1,600,000
Repayment of borrowings		**(48,993)**	-
Share issue costs		**(124,000)**	(103,756)
Net cash inflow from financing activities		**1,477,007**	1,496,244
Net increase/(decrease) in cash and cash equivalents		**(889,929)**	895,320
Cash and cash equivalents at the beginning of the period		**2,484,234**	1,893,285
Effect of exchange rate changes on foreign currency denominated cash balances		**-**	(2,603)
Cash and cash equivalents at the end of the period		**1,594,305**	2,786,002

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

1. Basis of Preparation

a) Statement of compliance

These financial statements are general purpose financial statements for the half-year reporting period ended 31 December 2018, which have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Elixir Petroleum Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year reporting period other than the adoption of AASB 9 and AASB 15 which came into effect on 1 July 2018 but which have had no impact on the Company for the period ended 31 December 2018.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, notably AASB 15 *Revenue form Contracts with Customers*; and AASB 9 *Financial Instruments*, however, the Group did not have to make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2019 annual report as a consequence of these amendments.

AASB 15 *Revenue form Contracts with Customers* has no impact on the Group and is unlikely to do so in the foreseeable future.

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 *Financial Instruments* from 1 July 2018 did not give rise to any material transitional adjustments. In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Significant accounting estimates and judgments for share based payments values

The Group estimates the probability of award of performance rights issued to key management personnel and other consultants and advisors by reference to the likelihood that the performance measures will be met by the holders of those performance rights as at the date at which they are granted. The probability is considered binary (100% or 0%) for each class of performance rights and only where there is a high risk of failure to achieve the performance measures will 0% be used (e.g. stretch targets).

Impairment

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2018 that have been applied by the Group. The 30 June 2018 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2018.

b) Asset Acquisitions

The acquisition method of accounting is used to account for all asset acquisitions. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair value of the assets acquired
- Liabilities incurred to the former owners of the assets acquired
- Equity interests issued by the Group

Identifiable assets and liabilities are measured at their fair values at the acquisition date. Acquisition costs are capitalized as part of the asset acquired. The excess of the consideration transferred over the net identifiable assets and liabilities acquired is recorded as a fair value adjustment to the capitalised exploration and evaluation expenditure. If this amount is more than the fair value of the exploration and evaluation assets acquired, the difference is recognised directly in the consolidated statement of profit or loss.

c) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing us and a sale is considered highly probable. They are measured at the lower of their carrying value and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognized at the date of recognition.

Non-current assets classified as held for sale are not depreciated or amortised and are separated from the other assets in the balance sheet while they are classified as held for sale.

d) Going Concern

For the period ended 31 December 2018 the entity recorded a loss of $978,642 and had net cash outflows from operating activities of $409,777.

The ability of the entity to continue as a going concern is dependent on securing additional funding through completion of the sale of the Alaskan assets to Entek and the ability to raise additional capital to fund the entity's ongoing commitments for its Mongolian operations.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. Subsequent to half-year end, the entity has raised an additional $934,625 (before costs) following a successful pro-rata options issue and expects to receive additional funds (approximately US$850,000) from the sale of its Alaskan assets to Entek in April 2019.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- management has no reason to believe that the proposed sale of the Alaskan leases will not proceed;
- management has flexibility to modify its planned expenditure as required; and
- management has confidence that it will be able to raise sufficient new capital to fund its short to medium term planned business activities.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

This interim financial report was approved by the Board of Directors on 15 March 2019.

2. Loss for the half-year

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

	Consolidated	
	31-Dec-2018	31-Dec-2017
	$	$
Depreciation of plant and equipment	**481**	588
General and administrative costs		
Corporate compliance costs	**123,764**	34,056
Corporate management	**270,572**	187,972
Administration & office	**67,001**	88,437
	461,337	310,465

3. Segment information

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

	Mongolia	**United States**	**France**	**Other[1]**	**Group**
	$	**$**	**$**	**$**	**$**
Half year ended 31 December 2018					
Segment revenue and other income	-	-	-	20,464	**20,464**
Segment result	(38,663)	(103)	(4,063)	(935,813)	**(978,642)**
As at 31 December 2018					
Segment Assets	2,957,843	821,809	-	3,645,396	**7,425,048**
Segment liabilities	57,065	825,203	20,729	392,097	**1,295,094**
Half year ended 31 December 2017					
Segment revenue and other income	-	-	-	10,863	**10,863**
Segment result	-	(4,827)	(4,348)	(402,391)	**(411,566)**
As at 30 June 2018					
Segment Assets	**-**	784,719	-	2,507,834	**3,292,553**
Segment liabilities	-	783,735	20,574	156,885	**961,194**

Note 1: Other includes head office and assets held for sale which are not allocated to any reportable segment.

4. Other receivables

	Consolidated	
	31-Dec-2018	30-Jun-2018
	$	$
Non-current receivables		
Cash Deposit – Cottesloe Oil and Gas LLC security bond (i)	**821,809**	783,735

(i) The non-current receivable represents a cash backed security bond of US$575,000 (plus accrued capitalised interest) in favour of the previous owner of the Pompano platform and associated infrastructure which can be called upon in the event Cottesloe defaults on its share of the abandonment costs of this infrastructure. The movement in the value of the bond represents the foreign exchange movement associated with the cash deposit. Refer to Note 12 for more details on the performance bond.

5. Provisions

	Consolidated	
	31-Dec-2018	30-Jun-2018
	$	$
Current provisions		
Balance at the beginning of the period	**858,708**	800,640
Additional provisions	**22,983**	27,397
Amounts used	**(7,846)**	-
Foreign currency movement	**38,075**	30,671
Net carrying amount (i)	**911,920**	858,708

(i) The provisions represent provisions for employee entitlements ($90,111) and a provision for abandonment of the Pompano platform and associated infrastructure ($821,809), which is offset by the cash backed security bond noted above in Note 4.

6. Asset Acquisitions

On 12 September 2018, the Company announced that it had entered a binding terms sheet to acquire 35,423 acres made up of three leases in Alaska. The consideration for the acquisition was US$803,859, together with the assignment of an overriding royalty interest on the leases acquired. The acquisition closed on 14 November 2018. The Group has determined that the acquisition of the three leases does not constitute a business acquisition and the transaction has been accounted for as an asset acquisition. There were no other assets or liabilities associated with the acquisition of the leases. The assets acquired as described above, coupled with the additional 10 leases acquired by the Company pursuant to the successful 2018 NPR-A Lease Sale process, are classified as Assets Held for Sale.

On 14 December 2018, the Company acquired all the issued shares of Golden Horde Limited, which owns a 100% Working Interest in the Nomgon IX CBN PSC in Mongolia, which was awarded on 18 September 2018. The Company has held an option to acquire GOH since October 2017, the exercise of which has always been subject to the PSC being awarded. GOH had no other material assets, no full-time employees and no funding capability. Accordingly, the Group has determined that GOH did not constitute a business at the date of completion of the acquisition and the transaction has been accounted for as an asset acquisition.

6. Asset Acquisitions (continued)

Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration

79 million ordinary shares issues at the market price of $0.035	**$2,765,000**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value ($)
Cash and other receivables	131
Exploration and Evaluation Expenditure	2,957,843
Accrued expenses	(4,017)
GOH Convertible Notes	(48,993)
Loan from GOH Director (Neil Young)	(53,048)
Other Payables	(86,916)
Net assets acquired	**$2,765,000**

7. Deferred exploration and evaluation

	Consolidated	
	31-Dec-2018	30-Jun-2018
	$	$
Opening balance	**-**	-
Acquisition costs – Mongolia	**2,957,843**	-
	2,947,843	-

Capitalised expenditure incurred in the current period relates primarily to the Mongolian acquisition which was completed on 14 December 2018 and future expenditures are expected to be capitalised on an ongoing basis.

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

8. Carrying Value of Assets Held for Sale

	Consolidated	
	31-Dec-2018	30-Jun-2018
	$	$
Acquisition costs – Alaska Leases	**1,138,971**	-
Capitalised expenditure	**420,495**	-
Environmental Bond	**424,957**	-
Net assets held for sale	**1,984,423**	-

On 29 November 2018, the Company entered into an Option Agreement with Entek Energy Limited ("Entek") in connection with its Alaskan assets. On 31 January 2019, Entek exercised its option to acquire Emerald House LLC, which owns a 100% interest in 13 leases in the NPR-A. The consideration for the acquisition will consist of approximately 185 million Entek shares which the Company intends to distribute to shareholders via an in specie capital return subsequent to closing of the transaction, which remains subject to both companies' shareholder approvals and other conditions precedents.

9. Share Based Payments

Performance Rights

On 28 November 2018 shareholders approved, amongst other matters, the issue of a total of 27,500,000 Performance Rights to executives and consultants of the Company. 10,000,000 Performance Rights (Class E and Class F) were issued on 14 December 2018 and 17,500,000 (Class C and Class D) were issued on 17 December 2018. On 19 December 2018, 10,000,000 Performance Rights (Class A, Class B and Class E) fully vested based on milestones achieved and converted into shares.

The proportionate value of the Class C, Class D and Class F Performance Rights applicable to the half-year ended 31 December 2018 has been recorded as Share Based Payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The full value of the Class E Performance Rights together with the remaining un-expensed value of the Class A and Class B Performance Rights, all of which fully vested in the half-year ended 31 December 2018, has been recorded as Share Based Payments expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The (unvested) Performance Rights have no rights including but not limited to, no voting rights, no dividend rights and no right to a return of capital. The Performance Rights have been issued for nil consideration and upon achievement of the Milestones, convert into fully paid ordinary shares.

The terms and conditions of the Performance Rights issued during the half-year ended 31 December 2018 are summarised below:

Grant Date	Number	Vesting Conditions	Fair Value	Probability	Expiry Date
Performance Rights					
Managing Director					
Class E	2,500,000	Milestone E	$105,000	100%	28-Nov-19
Class F	2,500,000	Milestone F	$105,000	100%	28-May-20
Chief Executive Officer (Executive Director)					
Class C	7,500,000	Milestone C	$315,000	0%	28-Nov-23
Class D	10,000,000	Milestone D	$420,000	100%	28-May-20
Consultant					
Class E	2,500,000	Milestone E	$105,000	100%	28-Nov-19
Class F	2,500,000	Milestone F	$105,000	100%	28-May-20

The Class C Performance Rights vest if or when Milestone C is achieved, being a final investment decision, approved by the Board of the Company and the Mongolian Government, for a pilot production test within the Nomgon IX CBM PSC. The Class C Performance Rights expire on 23 November 2023.

The Class D Performance Rights vest if or when Milestone D is achieved, being the successful drilling and testing of two coal bed methane wells within the PSC. The Class D Performance Rights expire on 28 May 2020.

The Class E Performance Rights were issued on 14 December 2018 and vested on 19 December 2018 when Milestone E was achieved, being the acquisition of at least 40,000 additional acres within the NPR-A on terms and conditions acceptable to the Board.

The Class F Performance Rights vest if or when Milestone F is achieved, being Board approval of a corporate transaction that introduces new capital or alternative funding to progress the exploration of the Alaskan leases. The Class F Performance Rights expire on 28 May 2020.

Performance Rights issued during the half-year ended 31 December 2017 are summarised below:

Grant Date	Number	Vesting Conditions	Fair Value	Expiry Date
Performance Rights				
Director				
Class A	2,000,000	Milestone A	$138,000	20-Dec-18
Class B	2,000,000	Milestone B	$138,000	20-Dec-20
Consultant				
Class A	500,000	Milestone A	$34,500	20-Dec-18
Class B	500,000	Milestone B	$34,500	20-Dec-20

The Class A Performance Rights vested on 19 December 2018 when Milestone A was achieved, being the completion of the proposed acquisition of Golden Horde Limited. The remaining un-expensed value of the Class A Performance Rights has been recorded as Share Based Payments expense in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

The Class B Performance Rights vested on 19 December 2018 when Milestone B was achieved, being certification of a Petroleum Resource Management System (PRMS) certified prospective resource of coal bed methane of greater than one trillion cubic feet within the PSC. The remaining un-expensed value of the Class B Performance Rights has been recorded as Share Based Payments expense in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

Reconciliation of Share Based Payments Expense for the half year:

Class	Date of Issue	Number	Fair Value	Expense
Class A Performance Rights	20 December 2017	2,500,000	$172,500	$81,760
Class B Performance Rights	20 December 2017	2,500,000	$172,500	$142,253
Class C Performance Rights	17 December 2018	7,500,000	$315,000	$Nil
Class D Performance Rights	17 December 2018	10,000,000	$420,000	$25,339
Class E Performance Rights	14 December 2018	5,000,000	$210,000	$210,000
Class F Performance Rights	14 December 2018	5,000,000	$210,000	$12,669
Totals		**32,500,000**		**$472,021**

10. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2018 (2017: Nil).

11. Issued Capital

	Consolidated	
	31-Dec-2018	30-Jun-2018
	$	$
384,763,232 fully paid ordinary shares (June 2018: 221,446,872)	**77,949,419**	73,658,419

For the six months ended 31 December 2018	**Number**	**$**
Balance at 1 July 2018	221,446,872	73,658,419
Placement made on 20 September 2018	33,000,000	1,650,000
Bonus issue to Shareholders	41,316,360	-
Shares issued to Golden Horde Ltd shareholders	79,000,000	2,765,000
Shares issued on conversion of vested Performance Rights	10,000,000	-
Share issue costs	-	(124,000)
Balance at 31 December 2018	**384,763,232**	**77,949,419**

For the twelve months ended 30 June 2018	**Number**	**$**
Balance at 1 July 2017	178,946,872	72,162,176
Placement made on 23 October 2017	40,000,000	1,600,000
Capital Raising Fee Shares	2,500,000	182,500
Share issue costs	-	(286,257)
Balance as at 30 June 2018	**221,446,872**	**73,658,419**

On 20 September 2018, the Company undertook a placement of 33,000,000 raising $1.65 million (before costs) and on 9 November 2018, the Company undertook a one for six bonus issue of shares issued to shareholders as at the record date for no consideration.

On 14 December 2018, the Company completed its acquisition of Golden Horde Limited, issuing 79 million consideration shares with a deemed value of 3.5 cents per share. The acquisition cost of $2.75 million has been capitalised to deferred exploration and evaluation expenditure attributable to Golden Horde's only asset, the Nomgon IX CBM PSC in Mongolia.

On 14 December 2018, the Company issued a total of 10,000,000 ordinary shares on vesting of Class A, Class B and Class E Performance Rights (see Note 7 for details). There were no other changes to the issued capital structure during the half-year.

At 31 December 2018, the Company had 8,000,000 unlisted Options over Shares on issue, each exercisable at $0.04 and expiring on 30 September 2019.

12. Commitments and Contingencies

The Consolidated Entity has contractual exploration expenditure commitments within the Nomgon IX CBM PSC in Mongolia which if not met, in certain circumstances could result in the PSC being terminated. The Nomgon IX CBM PSC was signed on 18 September 2018 and the expenditure commitment over the 10-year term of the PSC is US$30 million. The holder of the PSC is a Mongolian incorporated entity (GOH LLC) and there are no bank guarantees or parent company guarantees in place with respect to GOH LLC or the Mongolian government.

There are no contractual commitments with respect to the Alaskan leases, other than an annual lease rental fee of US$3/acre, which if not paid, can result in the leases being terminated by the Bureau of Land Management (BLM). As at the date of this report, all rentals for all the 13 leases currently owned by the Company, for the period through to February 2020, have been paid.

Cottesloe Oil and Gas LLC ("Cottesloe"), a wholly owned subsidiary of the Group, was a party to a Joint Operating Agreement ("JOA") with amongst others, Buccaneer Resources LLC ("Buccaneer"), a wholly owned subsidiary of Buccaneer Energy Limited on the Pompano Project ("Pompano"). During 2011 the Operator proposed activities at Pompano which Cottesloe declined to participate in thus impacting its status and future rights and obligations under the JOA. The remaining JV partners ultimately elected to shut in the wells and relinquish the two associated leases during 2012 with abandonment obligations remaining outstanding. Buccaneer applied for bankruptcy and following various bankruptcy proceedings since the initial filing for bankruptcy, the remaining assets of Buccaneer have been transferred to a Liquidating Trustee whose responsibility is to dispose of the remaining Buccaneer assets. The liquidation plan for Buccaneer (the "Plan") provides that the rights of certain parties remain unaltered by the bankruptcy until such time as there is a claim to pay for the obligation to plug and abandon the wells in the Pompano field. The Plan further provides that the assets associated with the Pompano field (the platform and right of access to the well site) were conveyed to the Liquidating Trustee.

It is unclear whether Cottesloe is still a party to the JOA, but if this is the case, there is the possibility that in the event of a default by the operator on its share of the abandonment cost of the platform, associated infrastructure and the wells, then Cottesloe could potentially be liable for its increased proportionate share of the cost. Cottesloe's only asset is a cash backed bond, the face value of which (including capitalised interest) is now approximately US$581,000 in favour of the previous owner of the platform and associated infrastructure which can be called upon in the event Cottesloe defaults on its share of the abandonment costs of this infrastructure. The cash backed bond provided by Cottesloe does not extend to any costs of abandoning the wells. There is no parent company guarantee in place between the Company and any of the other co-venturers in the Pompano project and therefore there is limited recourse to the Company or any other subsidiary of the Group should a claim be made on Cottesloe for an amount in excess of its assets.

13. Fair Values of Financial Instruments

Recurring fair value measurements

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

14. Events Occurring After Reporting Date

No event has arisen since 31 December 2018 that would be likely to materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity or the state of affairs of the Consolidated Entity, other than the following items:

a) On 14 December 2018, the Company announced a pro-rata offer of new options to shareholders at the ration of one new option for every four shares held. The new options were priced at $0.01 per option and are exercisable at $0.075 per option on or before 31 December 2020. On 24 January 2019, the Company announced that it had received applications for 17,210,055 new options which left a shortfall of 76,252,482 to be placed by the Company. On 1 March 2019, the Company announced that it had successfully placed the shortfall. As a result, the Company raised $934,625 (before costs) and issued a total of 93,462,537 options which are listed and trading (ASX: EXROA).

b) On 31 January 2019, Entek exercised its option to acquire one of the Company's wholly owned subsidiaries, Emerald House LLC, which owns a 100% interest in 13 leases in the NPR-A. The consideration for the acquisition will consist of approximately 185 million Entek shares which the Company intends to distribute to shareholders via an in specie capital return subsequent to closing of the transaction, which remains subject to both companies' shareholder approvals and other conditions precedents.

c) On 18 February 2019, the Company announced that it had accepted the 10 leases it had won in the 2018 NPR-A lease sale. The Company paid US$1.25 million to the BLM on acceptance of the leases which is to be repaid by Entek on completion of the transaction. To assist in the funding of the lease payment, Entek has provided the Company with a US$500,000 bridging loan which will be offset against the U$1.25 million on completion of the transaction, which is expected to occur on or about 10 April 2019.

15. Related Party Transactions

There have been no changes to related parties from those disclosed in the 30 June 2018 financial statements other than the appointment of Mr. Neil Young as Chief Executive Office and Executive Director, which occurred on 14 December 2018 following completion of the acquisition of Golden Horde Limited.

During the half-year, related party transactions were limited to the payment of an executive salary to the Managing Director (Dougal Ferguson), the Chief Executive Officer and director fees to Non-Executive directors. Subsequent to shareholder approval, Mr. Ferguson was issued with five million Performance Rights (refer to Note 9 for more details).

In addition to his accrued salary from his date of appointment to 31 December 2018, Mr. Neil Young, an executive director, received a payment of $18,446 for redemption of a convertible note he held in Golden Horde Limited (principal plus interest). As at 31 December 2018 (repaid in January 2019) Mr. Young had made a loan to GOH (interest free) of $53,045 for operational costs incurred prior to completion of the acquisition of GOH by the Company. Mr. Young is employed on an annual salary of $250,000 per annum (inclusive of superannuation) and his employment may be terminated at the Company's discretion by giving three (3) months written notice or payment in lieu of notice.

In addition, Mr. Young was issued with 17.5 million Performance Rights (approved by shareholders at the 2018 Annual General Meeting), the details of which are disclosed in the Share Based Payments Note 9.