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Company Announcements Platform
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**ACQUISITION OF SIGNIFICANT EXPLORATION ACREAGE ONSHORE FRANCE
Multiple Play Potential in Established Hydrocarbon Basin**

Elixir Petroleum Limited ("Elixir" or the "Company"), the international oil and gas exploration and production company (ASX:EXR) is pleased to advise that it has agreed to acquire the large Moselle Permit located in the East Paris Basin, onshore North-eastern France.

The Permit is prospective for a number of different play types including conventional gas, unconventional gas (i.e. tight sand and shale gas) and coal bed methane ("CBM").

Introduction

In the United States, advances in drilling and hydraulic fracturing techniques have opened huge reserves of unconventional gas that now mean the country is virtually self-reliant in terms of its gas-supply needs. A 2007 study from the National Petroleum Council, an advisory body to the US Department of Energy, estimated that the European continent could hold up to 549 trillion cubic feet ("Tcf") of shale gas, 431 Tcf of tight gas and 275 Tcf of CBM. For a continent whose hydrocarbon production peak is thought to have passed, these resources present an enticing prospect in the continuing effort on the part of European nations to secure energy independence.

Shale gas, which is considered the most promising hydrocarbon resource in Europe, is drawing significant investment into the continent. The last 18 months have seen ExxonMobil, ConocoPhillips, Shell, OMV and other large producers acquire significant land positions across the EU. A number of independent oil and gas companies, including Elixir, have joined the pursuit.

Overview

The Moselle Permit is 5,360 km² in area (or approximately 1.32 million acres), making it the largest single exploration block onshore France (see map below). The Permit was awarded in January 2009 to East Paris Petroleum Development Limited ("EPPDL") for an initial five year term. EPPDL is required to spend €3 million on exploration activities within the Permit during the initial term, of which a proportion has already been expended by EPPDL during 2009. There is no obligation to drill any wells during the initial term.

ASX CODE: EXR

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Elixir has agreed to acquire the entire issued share capital of EPPDL, the 100% interest holder and operator of the Moselle Permit. The consideration payable to the vendor on the completion of the acquisition includes a cash payment and an advisory services arrangement totalling US\$1 million, and will be met from Elixir's existing funds. The vendor is also to be granted an overriding royalty interest on any future production. Additionally, if a well is spudded on the Permit within the initial term, or part of the Permit is sold to a third party during the initial term, a further similar cash payment will be made to the vendor of EPPDL.

It is Elixir's intention to apply its experience in the identification, evaluation and presentation of new exploration opportunities for farmout, particularly for exploration and appraisal drilling, to the exciting potential of the Moselle Block.

Background

In the 40 year period between 1954 and 1995, twenty one oil and gas exploration wells were drilled within the Moselle Permit area. Of these, twelve wells (57%) had oil and/or gas shows. Exploration drilling density on the Moselle permit is sparse at one well every 255km², compared to the average for Europe (1 well / 116km²) and that of the United States (1 well / 28km²).

Over 3,000km of 2D seismic has previously been acquired over the Moselle Permit area. The Permit is prospective for a number of different play types including conventional gas, unconventional gas (i.e. tight sand and shale gas) and CBM.

Adjoining the Permit to the Northeast is the Lorraine Permit owned by European Gas Ltd (ASX:EPG). In November 2009, European Gas published a contingent gas resources estimate for the Lorraine Permit area of 3.69 Tcf gas and are currently testing the Folschviller 2 well on the Permit. To the West of the Moselle Permit lies the 100+ Bcf Trois-Fontaines Triassic gas field operated by Gaz de France which has been in production since 1982.

With declining domestic gas production France is a large net importer of natural gas (over 1.5Tcf/year), meaning a ready market exists to commercialise any gas discoveries. Several major gas pipelines also cross the Moselle Permit providing excellent access to gas markets within France and Europe more generally. Gas prices in Europe are robust and historically have exceeded prices achieved in the USA. The fiscal terms in France are excellent and are superior to those typically seen onshore in the USA.

Condition Precedent

The French Minister of Mines is required to be notified of the proposed change in control of EPPDL. The Minister is afforded a minimum period of two months from the date of the notification to object to the proposed change in control should this be determined necessary. Consequently, the completion of the acquisition of EPPDL by Elixir is conditional on the expiry of the objection period without such an objection to the change in control in EPPDL having been received from the Minister.

Commenting on the announcement, Elixir's Managing Director, Andrew Ross said:

"After a lengthy period of evaluation of opportunities in this area, we are delighted to have been able to enter into an agreement for the acquisition of the Moselle Permit in North-eastern France. The acquisition represents a significant expansion of our European exploration strategy and sees our first entry onshore into Western Continental Europe."

"This opportunity is particularly attractive given the stable political environment, established and growing gas market, excellent fiscal regime and the fact that the Moselle permit is prospective for a number of different play types, including shale gas."

He commented that shale gas plays are now firmly established as one of the most exciting sectors globally for the oil and gas industry, largely as a result of the continuing success of these types of plays onshore in the USA where members of Elixir's team and its largest shareholder have relevant experience.

"In the past year a large number of oil and gas companies, including the majors, have entered the search for unconventional hydrocarbons in Western Europe."

Mr Ross concluded that: "the ability to find, produce and deliver gas within one of the largest energy markets in the world holds great appeal and represents a significant opportunity for Elixir, and one that has the potential to deliver considerable value to shareholders over the medium to longer term."

Yours faithfully,
ELIXIR PETROLEUM LIMITED

Julie Foster
Company Secretary

Information contained in this announcement with respect to the Moselle Permit, was compiled from material reviewed by the Company's Exploration Director, Mr. I Knott, MSc (Hons), who has had more than 15 years experience in the practice of petroleum geology. Mr Knott consents to the inclusion in this report of the information in the form and context in which it appears.

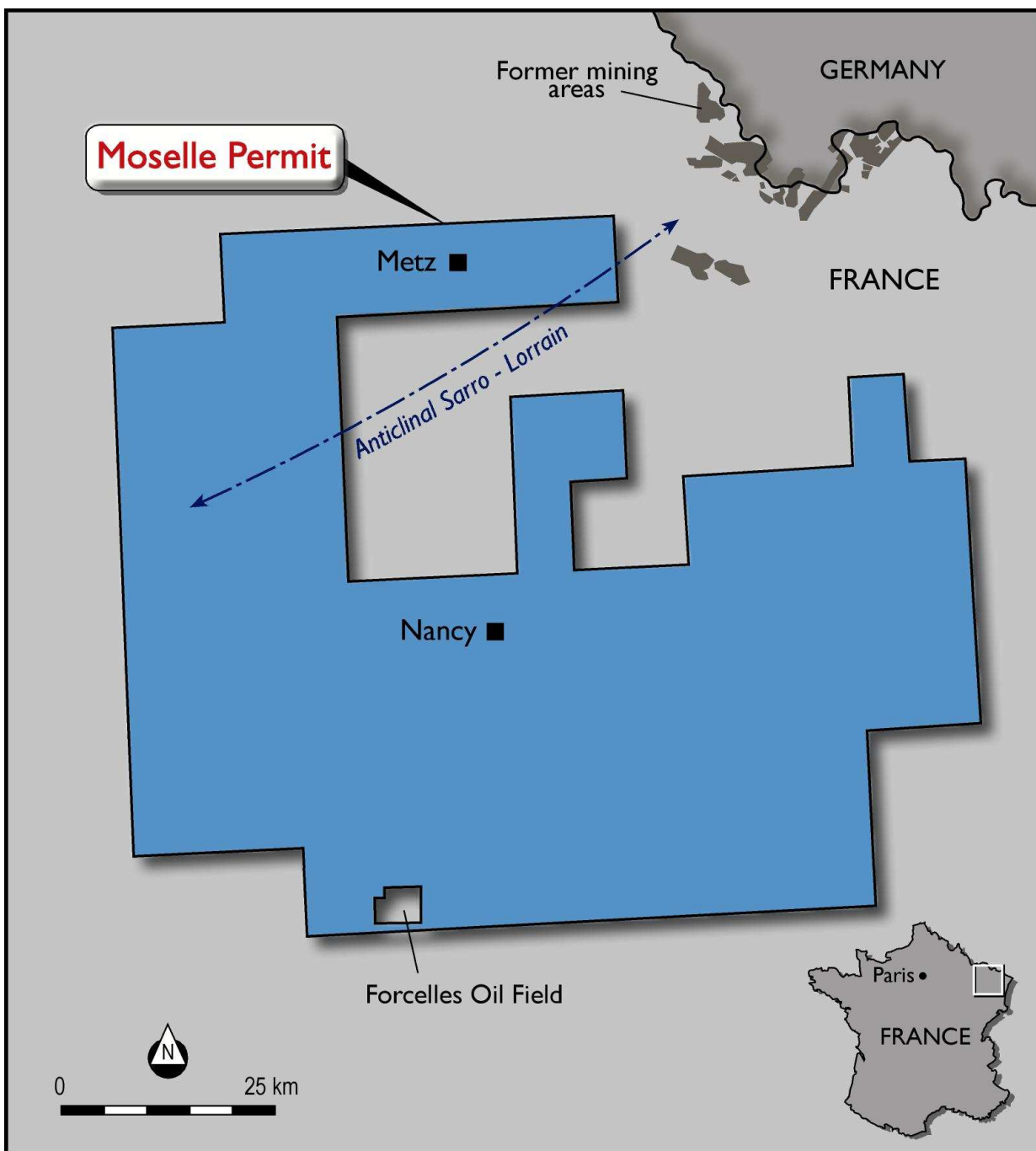


Figure 1: Map showing location of Moselle Permit in North-eastern France