ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

31 May 2006

Shares Placement

Elixir Petroleum Limited ("Elixir" or "Company") (ticker symbols - ASX: EXR, AIM: ELP) is pleased to announce that it will make a sophisticated investor placement of 6.5 million shares at 40 cents (Australian) each to raise A$2.6 million in new capital.

Irrevocable commitments have been received by the Company's placement manager, Argonaut Securities Pty Ltd, for completion of the placement by 6 June 2006.

The Company intends to use the funds raised from the placement to fund opportunities currently within the Company's portfolio and in adding additional opportunities.

Russell Langusch, Elixir's Managing Director, said:

"We are very pleased to be undertaking this placement which adds to the flexibility of extracting value from our current portfolio and to the ability to add opportunities to enhance shareholder value."

This announcement is the announcement referred to in the trading halt request on 30 May 2006 and the Company requests trading in its securities re-commence immediately.

Elixir is not aware of any reason why the trading halt should not be released.

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