



ASX RELEASE

12 February, 2008

POMPANO PROJECT – UPDATE

Elixir Petroleum Limited (“Elixir” or “the Company”) is pleased to provide an update on activities at the Pompano Project.

Since our last announcement on 5 February 2008, the 6,700 sands in Well 103229#1 (“Well #1”) have been perforated and gas circulated to surface from this zone. Well #1 was then shut-in and a dual string completion assembly run in hole.

At the time of the operator’s report at 06:00 hours on 11 February 2008 (US/CST), preparations were underway to perforate and flow to surface the deeper A sands and B sands. The forward plan is to carry out multi-rate flow tests on the A and the B sands before releasing the rig from the current location.

The rig will then be moved to the second drilling location, which is over the main production platform. Operations will then commence to spud the second well in the programme, Well 103230#1 (“Well #2”). It is anticipated that facilities and flowline refurbishment activities will commence on the satellite “B” caisson following the release of the rig from the Well #1 location.

While operations are underway, the Company will issue routine drilling releases every Tuesday or at any such time that material matters require an earlier release.

The Participants in Well #1 and their respective working interests are:

Elixir Petroleum Ltd *	25.0%
Buccaneer Energy Ltd *	65.0%
Baron Petroleum Inc.	7.5%
Streamline Exploration Inc.	2.5%
	100%

* Interests held indirectly via their respective shareholdings in wholly-owned subsidiaries.

Elixir’s 25% working interest in Well #1 will be reduced by 5.5% pursuant to a ‘back-in’ arrangement with AnaTexas once Elixir has recouped its total investment in the well, plus 20%.

Yours sincerely,

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Pompano Project – Background

The Pompano gas field lies offshore in the Gulf of Mexico, in Brazos Block 446-L SE/4, which is approximately 90 miles southwest of Houston Texas. The field is approximately 7 miles offshore in 55 feet of water.

The Pompano gas field was discovered in 1966 and has produced over 120 billion cubic feet of gas prior to being shut-in in 2003. The Pompano Project is essentially a re-development of the Pompano gas field with new well locations based on modern 3D seismic data.

Well #1 has been directionally drilled from the field's existing "B" satellite platform to 7,825 feet measured depth. Well #1 has intersected three gas bearing sands located between 6,700 feet and 7,426 feet measured depth.

The Pompano Project will use the field's extensive existing production and pipeline facilities, which will achieve a significant capital cost saving and a reduction in time to production for the project.