



ASX RELEASE

4 March, 2008

POMPANO PROJECT – UPDATE

Elixir Petroleum Limited (“Elixir”) is pleased to provide an update on operations at the Pompano Gas Field at Brazos Block 446-L SE/4.

Drilling Operations

Since our last announcement, the operator of the Pompano Project, AnaTexas Offshore Inc., has advised that the 16” casing string in Well SL 103230 #1 (“Well #2”) was successfully cemented in position and that the 13 ½” hole section was drilled vertically to a planned depth of 3,550ft Measured Depth (“MD”). Additionally, the 10 ¾” casing string has been run into the 13 ½” hole and cemented in place.

At the time of the Operator’s report at 15:00hrs on 3 March 2008 (US/CST), the rig was making preparations for the drilling of the next hole section, which will be directionally drilled to a planned depth of 8,136ft MD. On a trouble-free basis, it is expected that this hole section will penetrate the shallowest of the target sands in Well #2 in about one week’s time.

Facilities Refurbishment

The refurbishment of the “B” Caisson and the “A” Production Platform and processing facilities is ongoing and well advanced. It is expected that a further announcement on the results of flowline testing operations will be made in the coming days, together with an indication of a first production date for Well #1.

The Participants in Well #2 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.

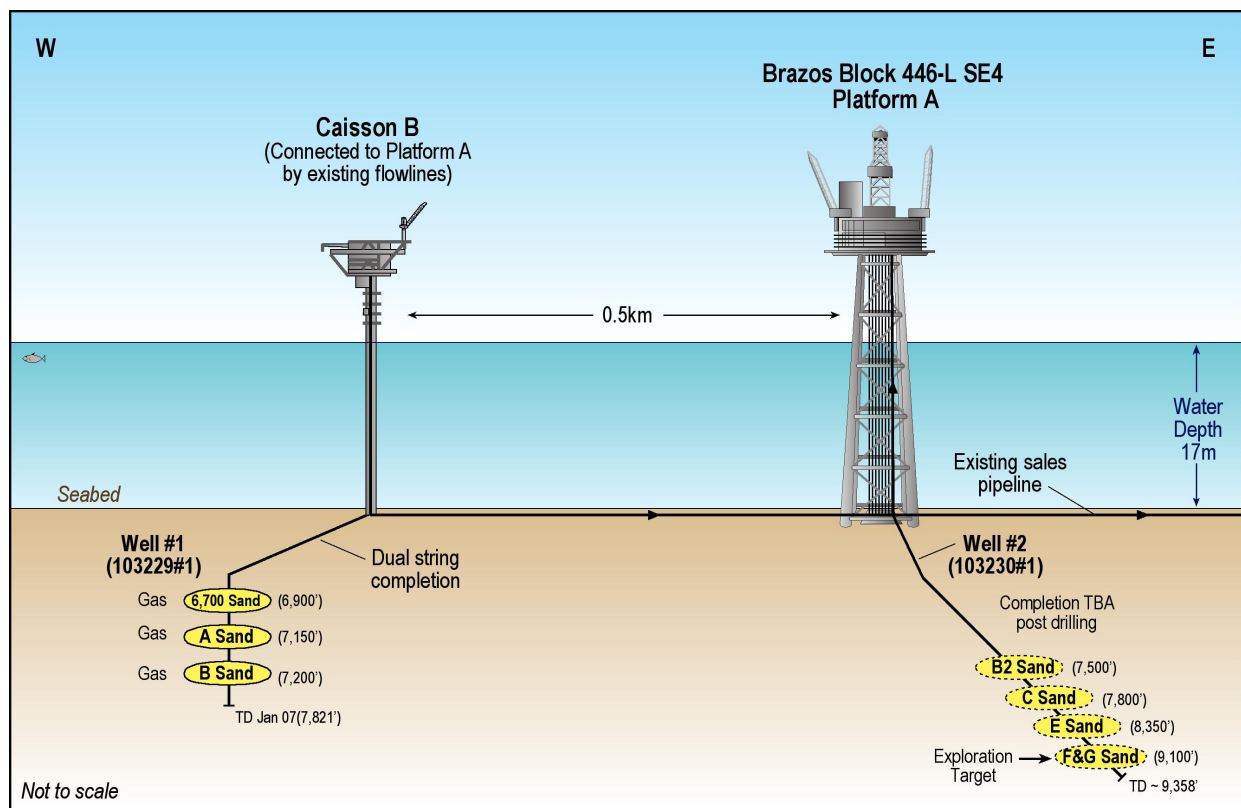
Elixir’s 25% working interest in Well #2 will be reduced by 5.5% pursuant to a ‘back-in’ arrangement with the Operator once Elixir has recouped 120% of its total investment in the well.

Yours sincerely,

Alex Neuling
Company Secretary
Elixir Petroleum Ltd

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.



Schematic: Pompano Field Layout

The Pompano gas field was discovered in 1966 and 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 was directionally drilled in January 2008 from the field's existing "B" satellite platform to 7,825 feet measured depth. Well #1 intersected three gas bearing sands located between 6,700 feet and 7,426 feet measured depth which have been successfully flow tested.

Well #2 spudded in late February 2008 and is being directionally drilled from the field's existing "A" Production Platform to 9,360 feet measured depth. Well #2 is targeting several sands which are anticipated to contain a combination of proved, probable and possible gas reserves.

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.